20240626099990

Johnson & Johnson Nordic AB

Org nr 556454-9227

Årsredovisning för räkenskapsåret 2023

Styrelsen avger följande årsredovisning.

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Om inte annat anges redovisas alla belopp i svenska kronor. Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Allmänt om bolaget

Bolaget äger och förvaltar aktier och andra värdepapper. Genom dotterbolag omfattar verksamheten försäljning och marknadsföring av hälso- och sjukvårdsprodukter, läkemedel samt konsumentprodukter. Inom koncernen bedrivs också klinisk forskning och utveckling inom läkemedelsområdet i samarbete med den internationella verksamheten inom.

Bolaget är ett helägt dotterbolag till Johnson & Johnson, New Brunswick, USA och är moderbolag i en underkoncern med de helägda dotterbolagen Johnson & Johnson AB (556063-2514), och Janssen-Cilag AB (556024-0037). Någon koncernredovisning för innevarande räkenskapsår har inte upprättats med hänvisning till 7 kap 2§ Årsredovisningslagen.
Företagets säte är Solna kommun, Stockholms län.

Väsentliga händelser under räkenskapsåret

Inga väsentliga händelser har inträffat under räkenskapsåret.

Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser inträffade efter räkenskapsåret.

Flerårsjämförelse

		2023	2022	2021	2020	2019
Resultat efter finansiella poster	tkr	212 387	104 569	497 868	804 967	836 663
Balansomslutning	tkr	1 288 954	639 905	1 297 389	1 416 895	1 052 808
Soliditet	%	27,4	70,8	65,0	79,3	96,7

Nyckeltalsdefinitioner framgår av Not 1.

20240626099991

Förändringar i eget kapital

	tkr	Aktiekapital	Reservfond	Övrigt fritt eget kapital	Summa eget kapital
Belopp vid årets ingång		100	67 263	385 832	453 195
Utdelning		—	—	-300 000	-300 000
Årets resultat		—	—	200 000	200 000
Belopp vid årets utgång		**100**	**67 263**	**285 832**	**353 195**

Förslag till resultatdisposition

Till årsstämmans förfogande står följande vinstmedel:	SEK
Balanserade vinstmedel	85 832 023
Årets resultat	200 000 000
	285 832 023

Styrelsen föreslår att vinstandelen disponeras så att

Utdelning	285 000 000
i ny räkning överförs	832 023
	285 832 023

Styrelsen föreslår bemyndigas att besluta om tidpunkt då utdelningen skall betalas.

Styrelsen anser att förslaget är förenligt med försiktighetsregeln i 17 kap. 3 § aktiebolagslagen enligt följande redogörelse: Styrelsens uppfattning är att vinstutdelningen är försvarlig med hänsyn till de krav verksamhetens art, omfattning och risk ställer på storleken på det egna kapitalet, bolagets konsolideringsbehov, likviditet och ställning i övrigt.

Resultaträkning	**Not**	**2023**	**2022**
Övriga externa kostnader		-30 590	-29 340
Rörelseresultat		**-30 590**	**-29 340**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag		200 000 000	104 355 345
Övriga ränteintäkter	6	36 685 390	596 572
Räntekostnader och liknande resultatposter	7	-24 268 086	-353 096
Summa resultat från finansiella poster		**212 417 304**	**104 598 821**
Resultat efter finansiella poster		**212 386 714**	**104 569 481**
Bokslutsdispositioner	2	-12 386 714	-214 136
Årets resultat		**200 000 000**	**104 355 345**

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Balansräkning	**Not**	**31/12/2023**	**31/12/2022**
Tillgångar			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	3	157 561 373	157 561 373
Summa anläggningstillgångar		**157 561 373**	**157 561 373**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		1 131 191 602	482 104 035
Kassa och bank		200 839	239 429
Summa omsättningstillgångar		**1 131 392 441**	**482 343 464**
Summa tillgångar		**1 288 953 814**	**639 904 837**
Eget kapital och skulder			
Eget kapital			
Bundet eget kapital			
Aktiekapital (10 000 aktier med kvotvärde 10)		100 000	100 000
Reservfond		67 262 982	67 262 982
		67 362 982	**67 362 982**
Fritt eget kapital			
Balanserad vinst eller förlust		85 832 023	281 476 678
Årets resultat		200 000 000	104 355 345
		285 832 023	385 832 023
Summa eget kapital		**353 195 005**	**453 195 005**
Kortfristiga skulder			
Skulder till koncernföretag		935 758 809	186 709 832
Summa kortfristiga skulder		**935 758 809**	**186 709 832**
Summa eget kapital och skulder		**1 288 953 814**	**639 904 837**

Noter

Not 1 Redovisnings- och värderingsprinciper

Årsredovisningen har upprättats i enlighet med BFNAR 2016:10 Årsredovisning i mindre aktiebolag.

Utländsk valuta

Tillgångar och skulder i utländsk valuta värderas till balansdagens kurs.

Nedskrivningar

När det finns en indikation på att en tillgång eller en grupp av tillgångar minskat i värde görs en bedömning av dess redovisade värde. I de fall det redovisade värdet överstiger det beräknade återvinningsvärdet skrivs det redovisade värdet omedelbart ner till detta återvinningsvärde.

En tidigare nedskrivning av en tillgång återförs när det har skett en förändring i de antaganden som vid nedskrivningstillfället låg till grund för att fastställa tillgångens återvinningsvärde. Det återförda beloppet ökar tillgångens redovisade värde, dock högst till det värde tillgången skulle ha haft (efter avdrag för normala avskrivningar) om ingen nedskrivning gjorts.

Finansiella anläggningstillgångar

Finansiella tillgångar som är avsedda för långsiktigt innehav redovisas till anskaffningsvärde. Har en finansiell anläggningstillgång på balansdagen ett lägre värde än det bokförda värdet skrivs tillgången ner till detta värde om det kan antas att värdenedgången är belastande.

Aktier och andelar i dotterbolag

Aktier och andelar i dotterbolag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskilling som erlagts för aktierna samt förvärvskostnader. Eventuella koncernbidrag redovisas som bokslutsdisposition. Utdelning från dotterbolag redovisas som intäkt.

Fordringar

Fordringar med förfallodag mer än 12 månader efter balansdagen redovisas som anläggningstillgångar, övriga som omsättningstillgångar. Fordringar upptas till det belopp som efter individuell prövning beräknas bli betalt.

Information om moderföretaget

Moderföretaget i den största koncern där Johnson & Johnson Nordic AB är dotterföretag och koncernredovisning upprättas är Johnson & Johnson, New Brunswick, NJ 08933 (USA). www.jnj.com.

Någon koncernredovisning upprättas inte med hänvisning till 7 kap. 2§ Årsredovisningslagen.

20240626099993

Ersättning till revisorerna

Arvode för revision betalas av dotterbolaget Johnson & Johnson AB och omfattar även moderbolaget.

Ersättningar till anställda

Bolaget har inte någon anställd personal och har under året inte betalt ut några löner eller andra ersättningar.

Nyckeltalsdefinitioner

Soliditet

Eget kapital i förhållande till balansomslutningen.

Not 2 Bokslutsdispositioner

	2023	2022
Erhållet koncernbidrag	—	—
Lämnade koncernbidrag	-12 386 714	-214 136
Summa	-12 386 714	-214 136

Not 3 Andelar i dotterföretag

	2023	2022
Ingående anskaffningsvärden	157 561 373	157 561 373
Utgående ackumulerat anskaffningsvärde	157 561 373	157 561 373
Utgående redovisat värde	157 561 373	157 561 373

	Säte	Kapitalandel %	Rösträttsandel %	Antal aktier	Bokfört värde 31/12/2023	Bokfört värde 31/12/2022
Johnson & Johnson AB (556063-2514)	Solna	100	100	5 500	141 703 373	141 703 373
Janssen-Cilag AB (556024-0037)	Solna	100	100	6 000	15 858 000	15 858 000
Total					157 561 373	157 561 373

Not 4 Väsentliga händelser efter räkenskapsårets slut

Inga väsentliga händelser inträffade efter räkenskapsåret.

Not 5 Uppgift om moderföretag

Moderföretaget i den minsta koncern där företaget ingår och som upprättar koncernredovisning är Johnson & Johnson med säte i New Brunswick, NJ, USA.

Not 6 Ränteintäkter

	2023	2022
Ranteintakter	36 685 390	596 573
Summa	36 685 390	596 573
Varav avseende koncernföretag	36 685 390	596 573

Not 7 Räntekostnader

	2023	2022
Räntekostnader	-24 268 086	-353 096
Summa	-24 268 086	-353 096
Varav avseende koncernföretag	-24 268 086	-353 096

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Solna, den dag som framgår av vår elektroniska signatur

Åsa Ardesjö
Styrelseledamot

Duarte Marchand
Styrelsens ordförande

Refik Öner
Styrelseledamot

Vår revisionsberättelse har lämnats den dag som framgår av vår elektroniska signatur
Öhrlings PricewaterhouseCoopers AB

Anna Wergelius
Auktoriserad revisor

Deltagare

JOHNSON & JOHNSON NORDIC AB Sverige

Signerat med Svenskt BankID — *2024-06-24 20:41:33 UTC*

Namn returnerat från Svenskt BankID: Duarte João Lourinho Marchand

Datum

Duarte Marchand

Leveranskanal: E-post

JOHNSON & JOHNSON NORDIC AB 556454-9227 Sverige

Signerat med Svenskt BankID — *2024-06-25 06:49:37 UTC*

Namn returnerat från Svenskt BankID: Mehmet Refik Oner

Datum

Refik Öner

Leveranskanal: E-post

JOHNSON & JOHNSON NORDIC AB 556063-2514 Sverige

Signerat med Svenskt BankID — *2024-06-25 07:11:06 UTC*

Namn returnerat från Svenskt BankID: ÅSA ARDESJO

Datum

Asa Ardesjo

Leveranskanal: E-post

ÖHRLINGS PRICEWATERHOUSECOOPERS AB 556029-6740 Sverige

Signerat med Svenskt BankID — *2024-06-25 07:13:33 UTC*

Namn returnerat från Svenskt BankID: ANNA WERGELIUS

Datum

Anna Wergelius
Auktoriserad revisor

Leveranskanal: E-post

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FASTSTÄLLELSEINTYG TILL ÅRSREDOVISNING

Undertecknad styrelsemedlem i Johnson & Johnson Nordic Aktiebolag, org nr 556454-9227, intygar dels att denna kopia av årsredovisningen och revisionsberättelsen gällande räkenskapsåret 2023, överensstämmer med originalet, dels att resultaträkningen och balansräkningen har fastställts på årsstämma den 25 juni 2024. Årsstämman beslutade att godkänna styrelsens förslag till hur resultatet ska disponeras.

Solna 25 juni 2024

Duarte Marchand

Styrelsens ordförande

20240626090996

Revisionsberättelse

Till bolagsstämman i Johnson & Johnson Nordic AB, org.nr 556454-9227

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Johnson & Johnson Nordic AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Johnson & Johnson Nordic ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Johnson & Johnson Nordic AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Johnson & Johnson Nordic AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Johnson & Johnson Nordic AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Johnson & Johnson Nordic AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den dag som framgår av vår elektroniska signatur

Öhrlings PricewaterhouseCoopers AB

Anna Wergelius
Auktoriserad revisor

Deltagare

ÖHRLINGS PRICEWATERHOUSECOOPERS AB 556029-6740 Sverige

Signerat med Svenskt BankID — *2024-06-25 07:13:11 UTC*

Namn returnerat från Svenskt BankID: ANNA WERGELIUS — Datum

Anna Wergelius
Auktoriserad revisor

Leveranskanal: E-post

20240626090997

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 31, 2023

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
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 of incorporation)	(I.R.S. Employer Identification No.)
One Johnson & Johnson Plaza New Brunswick, New Jersey	08933
(Address of principal executive offices)	(Zip Code)

One Johnson & Johnson Plaza
New Brunswick, New Jersey 08933
(Address of principal executive offices)
Registrant's telephone number, including area code: (732) 524-0400

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, Par Value $1.00	JNJ	New York Stock Exchange
0.650% Notes Due May 2024	JNJ24C	New York Stock Exchange
5.50% Notes Due November 2024	JNJ24BP	New York Stock Exchange
1.150% Notes Due November 2028	JNJ28	New York Stock Exchange
1.650% Notes Due May 2035	JNJ35	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 every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☑ No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 $430 billion.

On February 9, 2024, there were 2,408,767,228 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III:	Portions of the registrant's proxy statement for its 2024 annual meeting of shareholders filed within 120 days after the close of the registrant's fiscal year (the "Proxy Statement"), are incorporated by reference to this report on Form 10-K (this "Report").

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Cautionary note regarding forward-looking statements

This Annual Report on Form 10-K and Johnson & Johnson's other publicly available documents contain "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Management and representatives of Johnson & Johnson and its subsidiaries (the Company) also may from time to time make forward-looking statements. Forward-looking statements do not relate strictly to historical or current facts and reflect management's assumptions, views, plans, objectives and projections about the future. Forward-looking statements may be identified by the use of words such as "plans," "expects," "will," "anticipates," "estimates" and other words of similar meaning in conjunction with, among other things: discussions of future operations; expected operating results and financial performance; impact of planned acquisitions and dispositions; impact and timing of restructuring initiatives, including associated cost savings and other benefits; the Company's strategy for growth; product development activities; regulatory approvals; market position and expenditures.

Because forward-looking statements are based on current beliefs, expectations and assumptions regarding future events, they are subject to uncertainties, risks and changes that are difficult to predict and many of which are outside of the Company's control. Investors should realize that if underlying assumptions prove inaccurate, or known or unknown risks or uncertainties materialize, the Company's actual results and financial condition could vary materially from expectations and projections expressed or implied in its forward-looking statements. Investors are therefore cautioned not to rely on these forward-looking statements. Risks and uncertainties include, but are not limited to:

Risks related to product development, market success and competition

- Challenges and uncertainties inherent in innovation and development of new and improved products and technologies on which the Company's continued growth and success depend, including uncertainty of clinical outcomes, additional analysis of existing clinical data, obtaining regulatory approvals, health plan coverage and customer access, and initial and continued commercial success;
- Challenges to the Company's ability to obtain and protect adequate patent and other intellectual property rights for new and existing products and technologies in the United States and other important markets;
- The impact of patent expirations, typically followed by the introduction of competing generic, biosimilar or other products and resulting revenue and market share losses;
- Increasingly aggressive and frequent challenges to the Company's patents by competitors and others seeking to launch competing generic, biosimilar or other products and increased receptivity of courts, the United States Patent and Trademark Office and other decision makers to such challenges, potentially resulting in loss of market exclusivity and rapid decline in sales for the relevant product sooner than expected;
- Competition in research and development of new and improved products, processes and technologies, which can result in product and process obsolescence;
- Competition to reach agreement with third parties for collaboration, licensing, development and marketing agreements for products and technologies;
- Competition based on cost-effectiveness, product performance, technological advances and patents attained by competitors; and
- Allegations that the Company's products infringe the patents and other intellectual property rights of third parties, which could adversely affect the Company's ability to sell the products in question and require the payment of money damages and future royalties.

Risks related to product liability, litigation and regulatory activity

- Product efficacy or safety concerns, whether or not based on scientific evidence, potentially resulting in product withdrawals, recalls, regulatory action on the part of the United States Food and Drug Administration (U.S. FDA) (or international counterparts), declining sales, reputational damage, increased litigation expense and share price impact;
- The impact, including declining sales and reputational damage, of significant litigation or government action adverse to the Company, including product liability claims and allegations related to pharmaceutical marketing practices and contracting strategies;
- The impact of an adverse judgment or settlement and the adequacy of reserves related to legal proceedings, including patent litigation, product liability, personal injury claims, securities class actions, government investigations, employment and other legal proceedings;

- Increased scrutiny of the healthcare industry by government agencies and state attorneys general resulting in investigations and prosecutions, which carry the risk of significant civil and criminal penalties, including, but not limited to, debarment from government business;
- Failure to meet compliance obligations in compliance agreements with governments or government agencies, which could result in significant sanctions;
- Potential changes to applicable laws and regulations affecting United States and international operations, including relating to: approval of new products; licensing and patent rights; sales and promotion of healthcare products; access to, and reimbursement and pricing for, healthcare products and services; environmental protection; and sourcing of raw materials;
- Compliance with local regulations and laws that may restrict the Company's ability to manufacture or sell its products in relevant markets, including requirements to comply with medical device reporting regulations and other requirements such as the European Union's Medical Devices Regulation;
- Changes in domestic and international tax laws and regulations, increasing audit scrutiny by tax authorities around the world and exposures to additional tax liabilities potentially in excess of existing reserves; and
- The issuance of new or revised accounting standards by the Financial Accounting Standards Board and regulations by the Securities and Exchange Commission.

Risks related to the Company's strategic initiatives, healthcare market trends and the realization of benefits from the separation of the Company's Consumer Health Business

- Pricing pressures resulting from trends toward healthcare cost containment, including the continued consolidation among healthcare providers and other market participants, trends toward managed care, the shift toward governments increasingly becoming the primary payors of healthcare expenses, significant new entrants to the healthcare markets seeking to reduce costs and government pressure on companies to voluntarily reduce costs and price increases;
- Restricted spending patterns of individual, institutional and governmental purchasers of healthcare products and services due to economic hardship and budgetary constraints;
- Challenges to the Company's ability to realize its strategy for growth including through externally sourced innovations, such as development collaborations, strategic acquisitions, licensing and marketing agreements, and the potential heightened costs of any such external arrangements due to competitive pressures;
- The potential that the expected strategic benefits and opportunities from any planned or completed acquisition or divestiture by the Company may not be realized or may take longer to realize than expected;
- The potential that the expected benefits and opportunities related to past and ongoing restructuring actions may not be realized or may take longer to realize than expected;
- The Company's ability to divest the Company's remaining ownership interest in Kenvue Inc. (Kenvue) and realize the anticipated benefits from the separation; and
- Kenvue's ability to succeed as a standalone publicly traded company.

Risks related to economic conditions, financial markets and operating internationally

- The risks associated with global operations on the Company and its customers and suppliers, including foreign governments in countries in which the Company operates;
- The impact of inflation and fluctuations in interest rates and currency exchange rates and the potential effect of such fluctuations on revenues, expenses and resulting margins;
- Potential changes in export/import and trade laws, regulations and policies of the United States and other countries, including any increased trade restrictions or tariffs and potential drug reimportation legislation;
- The impact on international operations from financial instability in international economies, sovereign risk, possible imposition of governmental controls and restrictive economic policies, and unstable international governments and legal systems;
- The impact of global public health crises and pandemics;

- Changes to global climate, extreme weather and natural disasters that could affect demand for the Company's products and services, cause disruptions in manufacturing and distribution networks, alter the availability of goods and services within the supply chain, and affect the overall design and integrity of the Company's products and operations;
- The impact of global or economic changes or events, including global tensions and war; and
- The impact of armed conflicts and terrorist attacks in the United States and other parts of the world, including social and economic disruptions and instability of financial and other markets.

Risks related to supply chain and operations

- Difficulties and delays in manufacturing, internally, through third-party providers or otherwise within the supply chain, that may lead to voluntary or involuntary business interruptions or shutdowns, product shortages, withdrawals or suspensions of products from the market, and potential regulatory action;
- Interruptions and breaches of the Company's information technology systems or those of the Company's vendors, which could result in reputational, competitive, operational or other business harm as well as financial costs and regulatory action;
- Reliance on global supply chains and production and distribution processes that are complex and subject to increasing regulatory requirements that may adversely affect supply, sourcing and pricing of materials used in the Company's products; and
- The potential that the expected benefits and opportunities related to restructuring actions may not be realized or may take longer to realize than expected, including due to any required approvals from applicable regulatory authorities.

Investors also should carefully read the risk factors described in Item 1A of this Annual Report on Form 10-K for a description of certain risks that could, among other things, cause the Company's actual results to differ materially from those expressed in its forward-looking statements. Investors should understand that it is not possible to predict or identify all such factors and should not consider the risks described above and in Item 1A to be a complete statement of all potential risks and uncertainties. The Company does not undertake to publicly update any forward-looking statement that may be made from time to time, whether as a result of new information or future events or developments.

Part I

Item 1. Business

General

Johnson & Johnson and its subsidiaries (the Company) have approximately 131,900 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the healthcare field. Johnson & Johnson is a holding company, with 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 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 Company's two business segments: Innovative Medicine (previously referred to as Pharmaceutical) and MedTech. 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 and the day-to-day operations of those companies. Each subsidiary within the business segments is, with limited exceptions, managed by residents of the country where located.

Segments of business

Following the completion of the separation of the Consumer Health business (Kenvue) in August 2023, the Company is now organized into two business segments: Innovative Medicine and MedTech. Additional information required by this item is incorporated herein by reference to the narrative and tabular descriptions of segments and operating results under: Item 7. Management's discussion and analysis of results of operations and financial condition of this Report; and Note 17 Segments of business and geographic areas of the notes to consolidated financial statements included in Item 8 of this Report.

Innovative Medicine

The Innovative Medicine segment is focused on the following therapeutic areas: Immunology (e.g., rheumatoid arthritis, psoriatic arthritis, inflammatory bowel disease and psoriasis), Infectious Diseases (e.g., HIV/AIDS), Neuroscience (e.g., mood disorders, neurodegenerative disorders and schizophrenia), Oncology (e.g., prostate cancer, hematologic malignancies, lung cancer and bladder cancer), Cardiovascular and Metabolism (e.g., thrombosis, diabetes and macular degeneration) and Pulmonary Hypertension (e.g., Pulmonary Arterial Hypertension). Medicines in this segment are distributed directly to retailers, wholesalers, distributors, hospitals and healthcare professionals for prescription use. Key products in the Innovative Medicine 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, active psoriatic arthritis and active ankylosing spondylitis and active polyarticular juvenile idiopathic arthritis (pJIA) in people 2 years of age and older; STELARA (ustekinumab), a treatment for adults and children with moderate to severe plaque psoriasis, for adults with active psoriatic arthritis, for adults with moderately to severely active Crohn's disease and treatment of moderately to severely active ulcerative colitis; TREMFYA (guselkumab), a treatment for adults with moderate to severe plaque psoriasis and active psoriatic arthritis; EDURANT (rilpivirine), PREZISTA (darunavir) and PREZCOBIX/REZOLSTA (darunavir/cobicistat), antiretroviral medicines for the treatment of human immunodeficiency virus (HIV) in combination with other antiretroviral products and SYMTUZA (darunavir/cobicistat/emtricitabine/tenofovir alafenamide), a once-daily single tablet regimen for the treatment of HIV; CONCERTA (methylphenidate HCl) extended-release tablets CII, a treatment for attention deficit hyperactivity disorder; INVEGA SUSTENNA/XEPLION (paliperidone palmitate), for the treatment of schizophrenia and schizoaffective disorder in adults; INVEGA TRINZA/TREVICTA (paliperidone palmitate), for the treatment of schizophrenia in patients after they have been adequately treated with INVEGA SUSTENNA for at least four months; SPRAVATO (Esketamine), a nasal spray, used along with an oral antidepressant, to treat adults with treatment-resistant depression (TRD) and depressive symptoms in adults with major depressive disorder (MDD) with suicidal thoughts or actions; CARVYKTI (ciltacabtagene autoleucel), a chimeric antigen receptor (CAR)-T-cell therapy for the treatment of patients with relapsed/refractory multiple myeloma; ZYTIGA (abiraterone

acetate), a treatment for patients with prostate cancer; ERLEADA (apalutamide), a next-generation androgen receptor inhibitor for the treatment of patients with prostate cancer; IMBRUVICA (ibrutinib), a treatment for certain B-cell malignancies, or blood cancers and chronic graft versus host disease; DARZALEX (daratumumab), a treatment for multiple myeloma; DARZALEX FASPRO (daratumumab and hyaluronidase-fihj), a treatment for multiple myeloma and light chain (AL) Amyloidosis; 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, and for the treatment and reduction of risk of recurrence of DVT and PE to reduce the risk of major cardiovascular events in patients with coronary artery disease (CAD) and peripheral artery disease (PAD), for the treatment and secondary prevention of thromboembolism in pediatric patients, and for thromboprophylaxis in pediatric patients following the Fontan procedure; OPSUMIT (macitentan) as monotherapy or in combination, indicated for the long-term treatment of pulmonary arterial hypertension (PAH); UPTRAVI (selexipag), the only approved oral and intravenous, selective IP receptor agonist targeting a prostacyclin pathway in PAH. Many of these medicines were developed in collaboration with strategic partners or are licensed from other companies and maintain active lifecycle development programs.

MedTech

The MedTech segment includes a broad portfolio of products used in the Interventional Solutions, Orthopaedics, Surgery and Vision categories. Interventional Solutions include electrophysiology products (Biosense Webster) to treat heart rhythm disorders, the heart recovery portfolio (Abiomed) which includes technologies to treat severe coronary artery disease requiring high-risk PCI or AMI cardiogenic shock, and Neurovascular care (Cerenovus) that treats hemorrhagic and ischemic stroke. The Orthopaedics portfolio (DePuy Synthes) includes products and enabling technologies that support Hips, Knees, Trauma, and Spine, Sports & Other. The Surgery portfolios include advanced and general surgery technologies (Ethicon), as well as solutions that focus on breast aesthetics (Mentor), and Ear, Nose and Throat (Acclarent) procedures. Johnson & Johnson Vision products include ACUVUE Brand contact lenses and TECNIS intraocular lenses for cataract surgery. These products are distributed to wholesalers, hospitals and retailers, and used predominantly in the professional fields by physicians, nurses, hospitals, eye care professionals and clinics.

Geographic areas

Johnson & Johnson and its subsidiaries (the Company) have approximately 131,900 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the healthcare field. The Company conducts business in virtually all countries of the world with the primary focus on products related to human health and well-being.

The products made and sold in the international business include many of those described above under Segments of Business – Innovative Medicine and MedTech. 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 those developed in the U.S. and 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 significant number of patents in the U.S. and other countries relating to their products, product uses, formulations and manufacturing processes, which in the aggregate are believed to be of material importance to the Company in the operation of its businesses. The Company's subsidiaries face patent challenges from third parties, including challenges seeking to manufacture and market generic and biosimilar versions of the Company's key

pharmaceutical products prior to expiration of the applicable patents covering those products. Significant legal proceedings and claims involving the Company's patent and other intellectual property are described in Note 19 Legal proceedings—Intellectual property of the Notes to Consolidated Financial Statements included in Item 8 of this Report.

Sales of the Company's largest product, STELARA (ustekinumab) accounted for approximately 12.8% of the Company's total revenues for fiscal 2023. Accordingly, the patents related to this product are believed to be material to the Company. Janssen Biotech, Inc., a wholly-owned subsidiary of Johnson & Johnson, owns patents specifically related to STELARA. The latest expiring United States composition of matter patent expired in 2023. As a result of settlements and other agreements with third parties, the Company does not anticipate the launch of a biosimilar version of STELARA before January 1, 2025 in the United States. The latest expiring European composition of matter patent (Supplementary Protection Certificate) expires in 2024.

Sales of the Company's second largest product, collectively DARZALEX (daratumumab) and DARZALEX FASPRO (daratumumab and hyaluronidase-fihj), accounted for approximately 11.4% of the Company's total revenues for fiscal 2023. Accordingly, the patents related to this product are believed to be material to the Company. Genmab A/S owns two patent families related to DARZALEX, and Janssen Biotech, Inc. has an exclusive license to those patent families. The two patent families both expire in the United States in 2029, and in Europe, compound patent protection in select countries extends to 2031/2032. Janssen Biotech, Inc. owns a separate patent portfolio related to DARZALEX FASPRO.

Trademarks

The Company's subsidiaries have made a practice of selling their products under trademarks and of obtaining protection for these trademarks by all available means. These trademarks are protected by registration in the U.S. and other countries where such products are marketed. The Company considers these trademarks in the aggregate to be of material importance in the operation of its businesses.

Seasonality

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

Competition

In all of their product lines, the Company's subsidiaries compete with companies both locally and globally. Competition exists in all product lines without regard to the number and size of the competing companies involved. Competition in research, both internally and externally sourced, involving the development and the improvement of new and existing products and processes, is particularly significant. The development of new and innovative products, as well as protecting the underlying intellectual property of the Company's product portfolio, is important to the Company's success in all areas of its business. The competitive environment requires substantial investments in continuing research.

Environment

The Company is subject to a variety of environmental laws and regulations in the United States and other jurisdictions. The Company believes that its operations comply in all material respects with applicable environmental laws and regulations. The Company's compliance with these requirements is not expected to have a material effect upon its capital expenditures, cash flows, earnings or competitive position.

Regulation

The Company's businesses are subject to varying degrees of governmental regulation in the countries in which operations are conducted, and the general trend is toward increasingly stringent regulation and enforcement. The Company is subject to costly and complex U.S. and foreign laws and governmental regulations and any adverse regulatory action may materially adversely affect the Company's financial condition and business operations. In the U.S., the pharmaceutical product and medical technology industries have long been subject to regulation by various federal and state agencies, primarily as to product safety, efficacy, manufacturing, advertising, labeling and safety reporting. The exercise of broad regulatory powers by the U.S. Food and Drug Administration (the U.S. FDA) continues to result in increases in the amounts of testing and documentation required for U.S. FDA approval of new drugs and devices and a corresponding increase in the expense of product introduction. Similar trends are also evident in major markets outside of the U.S.

The new medical device regulatory framework and the evolving privacy, data localization, and emerging cyber security laws and regulations around the world are examples of such increased regulation. Within the U.S., an increasing number of U.S. States have enacted comprehensive privacy laws and federal regulators (e.g., the U.S. FDA, FTC and HHS) continue to stress the intersection of health and privacy as a compliance and enforcement priority. In the EU, multiple directives and laws (including NIS2, EHDS, the Data Act, the Cyber Resilience Act, and the AI Act) are rapidly changing privacy and cybersecurity compliance requirements while introducing new enforcement risks. In addition, China has introduced broad personal information protection and data security regulations, with more anticipated, thereby increasing China's scrutiny of company compliance and data transfer practices. With other jurisdictions enacting similar privacy laws, local data protection authorities will force greater accountability on the collection, access and use of personal data in the healthcare industry. These laws can also restrict transfers of data across borders, potentially impacting how data-driven health care solutions are developed and deployed globally in a compliant manner. Moreover, as a result of the broad scale release and availability of Artificial Intelligence (AI) technologies such as generative AI, a global trend towards more comprehensive and nuanced regulation (e.g., White House's Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence; the EU AI Act) to ensure the ethical use, privacy, and security of AI is underway that includes standards for transparency, accountability, and fairness, which will require compliance developments or enhancements.

The regulatory agencies under whose purview the Company operates have administrative powers that may subject it to actions such as product withdrawals, recalls, seizure of products and other civil and criminal sanctions. In some cases, the Company's subsidiaries may deem it advisable to initiate product recalls regardless of whether it has been required or directed to.

The U.S. FDA and regulatory agencies around the globe are also increasing their enforcement activities. If the U.S. FDA were to conclude that we are not in compliance with applicable laws or regulations, or that any of our pharmaceutical products or medical technologies are ineffective or pose an unreasonable health risk, the U.S. FDA could ban such products, detain or seize adulterated or misbranded products, order a recall, repair, replacement, or refund of such products, refuse to grant pending applications for marketing authorization or require certificates of foreign governments for exports, and/or require us to notify health professionals and others that the products present unreasonable risks of substantial harm to the public health. The U.S. FDA may also assess civil or criminal penalties against us, our officers or employees and impose operating restrictions on a company-wide basis, or enjoin and/or restrain certain conduct resulting in violations of applicable law. The U.S. FDA may also recommend prosecution to the U.S. Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively marketing and selling our products and limit our ability to obtain future clearances or approvals, and could result in a substantial modification to our business practices and operations. Equivalent enforcement mechanisms exist in different countries in which we conduct business.

The costs of human healthcare have been and continue to be a subject of study, investigation and regulation by governmental agencies and legislative bodies around the world. In the U.S., attention has been focused by states, regulatory agencies and Congress on prices, profits, overutilization and the quality and costs of healthcare generally. Laws and regulations have been enacted to require adherence to strict compliance standards and prevent fraud and abuse in the healthcare industry. There is increased focus on interactions and financial relationships between healthcare companies and healthcare providers. Various state and federal transparency laws and regulations require disclosures of payments and other transfers of value made to certain healthcare practitioners, including physicians, teaching hospitals, and certain non-physician practitioners. Federal and foreign laws governing international business practices require strict compliance with anti-bribery standards and certain prohibitions with respect to payments to any foreign government official. Payors and Pharmacy Benefit Managers (PBMs) are a potent force in the marketplace, and increased attention is being paid to the impact of PBM practices on healthcare cost and access in the U.S.

Our business has been and continues to be affected by federal and state legislation that alters the pricing, coverage, and reimbursement landscape. At the federal level, in August 2022, President Biden signed into law the Inflation Reduction Act

(IRA), which includes provisions that effectively authorize the government to establish prices for certain high-spend single-source drugs and biologics reimbursed by the Medicare program, starting in 2026 for Medicare Part D drugs and 2028 for Medicare Part B drugs. On August 29, 2023, the Centers for Medicare & Medicaid Services ("CMS") published the first "Selected Drug" list, which includes XARELTO and STELARA as well as IMBRUVICA, which is developed in collaboration and co-commercialized in the U.S. with Pharmacyclics LLC, an AbbVie company. The Selected Drug list also included other medicines targeting disease states that are prevalent in the Medicare population. There remains uncertainty, however, regarding how the federal government will establish prices for the selected products, as the IRA specifies a ceiling price but not a minimum price. In any event, we anticipate that the selected products will be subjected to a government-established price for the Medicare population.

The IRA also contains provisions that impose rebates if certain prices increase at a rate that outpaces the rate of inflation, beginning October 1, 2022, for Medicare Part D drugs and January 1, 2023, for Medicare Part B drugs. Separate IRA provisions redesign the Medicare Part D benefit in various ways, including by shifting a greater portion of costs to manufacturers within certain coverage phases and replacing the Part D coverage gap discount program with a new manufacturer discounting program. Failure to comply with IRA provisions may subject manufacturers to various penalties, including civil monetary penalties.

In July 2023, Janssen Pharmaceuticals, Inc. (Janssen) filed litigation against the U.S. Department of Health and Human Services as well as the Centers for Medicare and Medicaid Services challenging the constitutionality of the Inflation Reduction Act's (IRA) Medicare Drug Price Negotiation Program. The litigation requests a declaration that the IRA violates Janssen's rights under the First Amendment and the Fifth Amendment to the Constitution and therefore that Janssen is not subject to the IRA's mandatory pricing scheme. The impact of the IRA on our business and the broader pharmaceutical industry remains uncertain, as litigation filed by Janssen and other pharmaceutical companies remains ongoing and CMS has yet to publicly announce the maximum fair price for each of the selected drugs.

Additionally, we expect continued scrutiny on drug pricing and government price reporting from Congress, agencies, and other bodies at the federal and state levels, which may result in additional regulations or other mechanisms to increase pricing transparency and controls.

There are a number of additional bills pending in Congress and healthcare reform proposals at the state level that would affect drug pricing, including in the Medicare and Medicaid programs. This changing legal landscape has both positive and negative impacts on the U.S. healthcare industry with much remaining uncertain as to how various provisions of federal and state law, and potential modification or repeal of these laws, will ultimately affect the industry. The IRA and any other federal or state legislative change could affect the pricing and market conditions for our products.

In addition, business practices in the healthcare industry have come under increased scrutiny, particularly in the U.S., by government agencies and state attorneys general, and resulting investigations and prosecutions carry the risk of significant civil and criminal penalties. Of note is the increased enforcement activity by data protection authorities in various jurisdictions, particularly in the European Union, where significant fines have been levied on companies for data breaches, violations of privacy requirements, and unlawful cross-border data transfers. In the U.S., the Federal Trade Commission has stepped up enforcement of data privacy with several significant settlements (including settlements concerning the downstream sharing of personal information and use and disclosure of personal health data) and there have been a material increase in class-action lawsuits linked to the collection and use of biometric data and use of tracking technologies.

Further, the Company relies on global supply chains, and production and distribution processes, that are complex, and subject to increasing regulatory requirements that may affect sourcing, supply and pricing of materials used in the Company's products. These processes also are subject to complex and lengthy regulatory approvals.

Employees and human capital management

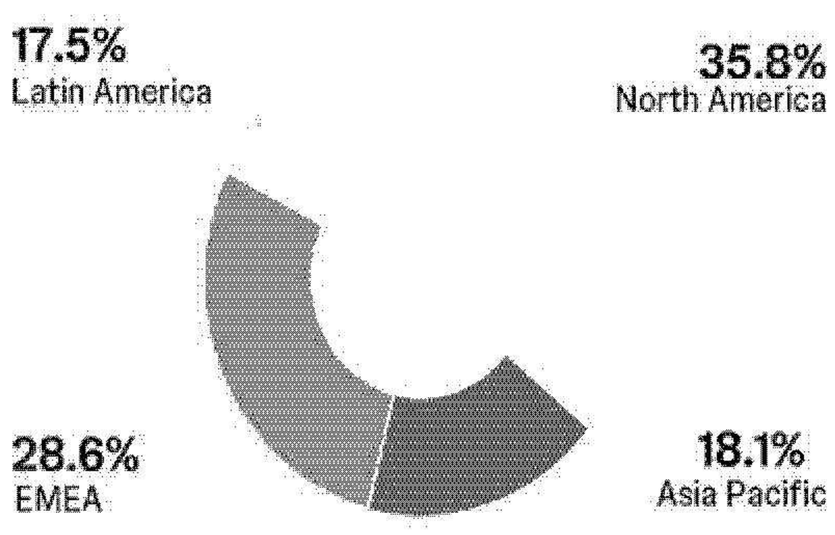
As of December 31, 2023, the number of employees was approximately:

	2023
Employees[1]	134,400
Full-time equivalent (FTE) positions[2]	131,900

1 "Employee" is defined as an individual working full-time or part-time, excluding fixed term employees, interns and co-op employees. Employee data may not include full population from more recently acquired companies and individuals on long-term disability are excluded. Contingent workers, contractors and subcontractors are also excluded.

2 FTE represents the total number of full-time equivalent positions and does not reflect the total number of individual employees as some work part-time.

Employees by region (in percentages)



Strategy

The Company believes that its employees are critical to its continued success and are an essential element of its long-term strategy. Management is responsible for ensuring that its policies and processes reflect and reinforce the Company's desired corporate culture, including policies and processes related to strategy, risk management, and ethics and compliance. The Company's human capital management strategy is built on three fundamental focus areas:

- Attracting and recruiting the best talent
- Developing and retaining talent
- Empowering and inspiring talent

Underpinning these focus areas are ongoing efforts to cultivate and foster a culture built on diversity, equity and inclusion (DEI), innovation, health, well-being and safety, where the Company's employees are encouraged to succeed both professionally and personally while helping the Company achieve its business goals.

Culture and employee engagement

At the Company, employees are guided by Our Credo which sets forth the Company's responsibilities to patients, consumers, customers, healthcare professionals, employees, communities and shareholders. Employees worldwide must adhere to the Company's Code of Business Conduct which sets basic requirements and serves as a foundation for the Company policies, procedures and guidelines, all of which provide additional guidance on expected employee behaviors in every market where it operates. The Company conducts global surveys that offer its employees the ability to provide feedback and valuable insight to help address potential human resources risks and identify opportunities to improve. In 2023, 94% of global employees across 76 countries participated in Our Credo Survey which was offered in 36 languages.

Growth and development

To lead in the changing healthcare landscape, it is crucial that the Company continue to attract and retain top talent. In 2023, the Company's voluntary turnover rate was 7%. The Company believes that its employees must be equipped with the right knowledge and skills and be provided with opportunities to grow and develop in their careers. Accordingly, professional development programs and educational resources are available to all employees. The Company's objective is to foster a learning culture that helps shape each person's unique career path while creating a robust pipeline of talent to deliver on the Company's long-term strategies. In furtherance of this objective, the Company deploys a global approach to ensure development is for everyone, regardless of where they are on their career journey. To prioritize learning, the Company recently held Johnson & Johnson's first Global Learning Day. Employees were encouraged to set aside a full day to explore skill-building courses across five areas: leadership, business skills, digital upskilling, DEI, and well-being, on J&J Learn, the Company's new learning platform.

Diversity, equity, and inclusion (DEI)

The Company is committed to workplace diversity and to cultivating, fostering, and advancing a culture of equity and inclusion. The Company's evidenced-based global enterprise Diversity, Equity and Inclusion strategy recognizes how DEI accelerates the Company's ability to meet the changing needs of the communities the Company serves in, as outlined in Our Credo. The Company's DEI Vision is: *Be yourself, change the world*. The Company's DEI Mission is: *Make diversity, equity and inclusion how we work everyday*. The Company's enterprise DEI Strategy is aligned to the DEI Vision and Mission and rests on four core pillars:

- Build a workforce of individuals with diverse backgrounds, cultures, abilities and perspectives
- Foster a culture of inclusion where every individual belongs
- Transform talent and business processes to achieve equitable opportunities for all
- Drive innovation and growth with our business to serve diverse markets around the world

The Company's DEI strategy is guided by internal and external insights, global best practices and continual employee feedback and recognizes that while diversity changes by location, inclusion is the same everywhere.

Compensation and benefits

As part of the Company's total rewards philosophy, the Company offers competitive compensation and benefits to attract and retain top talent. The Company is committed to fairness and equitable treatment in its compensation and benefits for employees at all levels. The Company observes legal minimum wage provisions and exceeds them where possible. The Company's total rewards offerings include an array of programs to support its employees' well-being, including annual performance incentive opportunities, pension and retirement savings programs, health and welfare benefits, paid time off, leave programs, flexible work schedules and employee assistance programs. In recognition of the Company's commitment to help employees balance their personal and professional responsibilities, the Company enhanced its caregiver, bereavement, and volunteer paid leave benefits, effective July 2023.

Health, wellness and safety

The Company's investment in employee health, well-being and safety is built on its conviction that advancing health for humanity starts with advancing the health of its employees. With the right awareness, focus, practices and tools, the Company ensures that all its employees around the world, as well as temporary contractors and visitors to the Company's sites, can work safely. The Company has continuously expanded health and well-being programs throughout the Company and across the globe, incorporating new thinking and technologies to keep its offerings best-in-class and to help employees achieve their personal health goals. The programs and practices the Company advances for total health—physical, mental, emotional and financial—ensure employee health protection for emerging health risks. The Company continues to address our employees needs through J&J Flex, a hybrid model that empowers the Company's office-based employees to find the right productivity and balance of in-person and remote work.

Available information

The Company's main corporate website address is www.jnj.com. The Company makes its SEC filings available on the Company's website at www.investor.jnj.com/financials/sec-filings, as soon as reasonably practicable after having been electronically filed or furnished to the SEC. The Company's SEC filings are also available at the SEC's website at www.sec.gov.

Investors and the public should note that the Company also announces information at www.factsaboutourprescriptionopioids.com, www.factsabouttalc.com and www.LLTManagementInformation.com. We use these websites to communicate with investors and the public about our products, litigation and other matters. It is possible that the information we post to these websites could be deemed to be material information. Therefore, we encourage investors and others interested in the Company to review the information posted to these websites in conjunction with www.jnj.com, the Company's SEC filings, press releases, public conference calls and webcasts.

In addition, the Amended and Restated Certificate of Incorporation, By-Laws, the written charters of the Audit Committee, the Compensation & Benefits Committee, the Nominating & Corporate Governance Committee, the Regulatory Compliance & Sustainability Committee, the Science & Technology Committee and any special committee of the Board of Directors and the Company's Principles of Corporate Governance, Code of Business Conduct (for employees), Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers, and other corporate governance materials, are available at www.investor.jnj.com/governance/corporate-governance-overview on the Company's website and will be provided without charge to any shareholder submitting a written request, as provided above. The information on www.jnj.com, www.factsaboutourprescriptionopioids.com, www.factsabouttalc.com and www.LLTManagementInformation.com is not, and will not be deemed, a part of this Report or incorporated into any other filings the Company makes with the SEC.

Item 1A. Risk factors

An investment in the Company's common stock or debt securities involves risks and uncertainties. The Company seeks to identify, manage and mitigate risks to our business, but uncertainties and risks are difficult to predict and many are outside of the Company's control and cannot therefore be eliminated. In addition to the other information in this report and the Company's other filings with the SEC, investors should consider carefully the factors set forth below. Investors should be aware that it is not possible to predict or identify all such factors and that the following is not meant to be a complete discussion of all potential risks or uncertainties. If known or unknown risks or uncertainties materialize, the Company's business, results of operations or financial condition could be adversely affected, potentially in a material way.

Risks related to our business, industry and operations

The Company's businesses operate in highly competitive product markets and competitive pressures could adversely affect the Company's earnings.

The Company faces substantial competition in its two operating segments and in all geographic markets. The Company's businesses compete with companies of all sizes on the basis of cost-effectiveness, technological innovations, intellectual property rights, product performance, real or perceived product advantages, pricing and availability and rate of reimbursement. The Company also competes with other market participants in securing rights to acquisitions, collaborations and licensing agreements with third parties. Competition for rights to product candidates and technologies may result in significant investment and acquisition costs and onerous agreement terms for the Company. Competitors' development of more effective or less costly products, and/or their ability to secure patent and other intellectual property rights and successfully market products ahead of the Company, could negatively impact sales of the Company's existing products as well as its ability to bring new products to market despite significant prior investment in the related product development. The Company may also experience operational and financial risk in connection with acquisitions if we are unable to fully identify potential risks and liabilities associated with acquired businesses or products, successfully integrate operations and employees, and successfully identify and realize synergies with existing businesses while containing acquisition-related strain on our management, operations and financial resources.

For the Company's Innovative Medicine businesses, loss of patent exclusivity for a product often is followed by a substantial reduction in sales as competitors gain regulatory approval for generic and other competing products and enter the market. Similar competition can be triggered by the loss of exclusivity for a biological product. For the Company's MedTech businesses, technological innovation, product quality, reputation and customer service are especially important to competitiveness. Development by other companies of new or improved products, processes and technologies could threaten to make the Company's products or technologies less desirable, less economical or obsolete. The Company's business and operations will be negatively impacted if we are unable to introduce new products or technological advances that are safe, more effective, more effectively marketed or otherwise outperform those of our competitors.

Interruptions and delays in manufacturing operations could adversely affect the Company's business, sales and reputation.

The Company's manufacturing of products requires the timely delivery of sufficient amounts of complex, high-quality components and materials. The Company's subsidiaries operate 61 manufacturing facilities as well as sourcing from thousands of suppliers around the world. The Company has in the past, and may in the future, face unanticipated interruptions and delays in manufacturing through its internal or external supply chain. Manufacturing disruptions can occur for many reasons including regulatory action, production quality deviations or safety issues, labor disputes, labor shortages, site-specific incidents (such as fires), natural disasters such as hurricanes and other severe weather events, raw material shortages, political unrest, terrorist attacks and epidemics or pandemics. Such delays and difficulties in manufacturing can result in product shortages, declines in sales and reputational impact as well as significant remediation and related costs associated with addressing the shortage.

The Company relies on third parties to manufacture and supply certain of our products. Any failure by or loss of a third-party manufacturer or supplier could result in delays and increased costs, which may adversely affect our business.

The Company relies on third parties to manufacture and supply certain of our raw materials, component parts and products. We depend on these third-party manufacturers to allocate to us a portion of their manufacturing capacity sufficient to meet our needs, to produce products of acceptable quality and at acceptable manufacturing yields and to deliver those products to us on a timely basis and at acceptable prices. However, we cannot guarantee that these third-party manufacturers will be able to meet our near-term or long-term manufacturing requirements, which could result in lost sales and have an adverse effect on our business.

Other risks associated with our reliance on third parties to manufacture these products include reliance on the third party for regulatory compliance and quality assurance, misappropriation of the Company's intellectual property, limited ability to manage our inventory, possible breach of the manufacturing agreement by the third party and the possible termination or nonrenewal of the manufacturing agreement by the third party at a time that is costly or inconvenient for us. Moreover, if any of our third-party manufacturers suffers any damage to facilities, loses benefits under material agreements, experiences power outages, encounters financial difficulties, is unable to secure necessary raw materials from its suppliers or suffers any other reduction in efficiency, the Company may experience significant business disruption. In the event of any such disruption, the Company would need to seek and source other qualified third-party manufacturers, likely resulting in further delays and increased costs which could affect our business adversely.

Counterfeit versions of our products could harm our patients and have a negative impact on our revenues, earnings, reputation and business.

Our industry continues to be challenged by the vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit products in a growing number of markets and over the Internet. Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet our rigorous manufacturing and testing standards. To distributors and patients, counterfeit products may be visually indistinguishable from the authentic version. Counterfeit medicines pose a risk to patient health and safety because of the conditions under which they are manufactured – often in unregulated, unlicensed, uninspected and unsanitary sites – as well as the lack of regulation of their contents.

The industry's failure to mitigate the threat of counterfeit medicines could adversely impact our business and reputation by impacting patient confidence in our authentic products, potentially resulting in lost sales, product recalls, and an increased threat of litigation. In addition, diversion of our products from their authorized market into other channels may result in reduced revenues and negatively affect our profitability.

Global health crises, pandemics, epidemics, or other outbreaks could adversely disrupt or impact certain aspects of the Company's business, results of operations and financial condition.

We are subject to risks associated with global health crises, epidemics, pandemics and other outbreaks (such incident(s), a health crisis or health crises). For example, the COVID-19 pandemic adversely impacted certain aspects of the Company's business, results of operations and financial condition, including lower sales and reduced customer demand and usage of certain of our products. The spread of any health crises may cause the Company to modify its business practices, and take further actions as may be required by government authorities or as the Company determines are in the best interests of our patients, customers, employees and business partners under such circumstances. While the Company has robust business continuity plans in place across our global supply chain network designed to help mitigate the impact of health crises, these efforts may not completely prevent our business from being adversely affected in the event of a health crisis. Health crises could adversely impact the Company's operations, including, among other things, our manufacturing operations, supply chain, third-party suppliers, sales and marketing, and clinical trial operations. Any of these factors could adversely affect the Company's business, financial results, and global economic conditions generally.

Risks related to government regulation and legal proceedings

Global sales in the Company's Innovative Medicine and MedTech segments may be negatively impacted by healthcare reforms and increasing pricing pressures.

Sales of the Company's Innovative Medicine and MedTech products are significantly affected by reimbursements by third-party payors such as government healthcare programs, private insurance plans and managed care organizations. As part of various efforts to contain healthcare costs, these payors are putting downward pressure on prices at which products will be reimbursed. In the U.S., increased purchasing power of entities that negotiate on behalf of Medicare, Medicaid, and private sector beneficiaries, in part due to continued consolidation among healthcare providers, could result in further pricing pressures. In addition, recent legislation and ongoing political scrutiny on pricing, coverage and reimbursement could result in additional pricing pressures. Specifically, the Inflation Reduction Act of 2022 (IRA) may subject certain products to government-established pricing, potentially impose rebates, and subject manufacturers who fail to adhere to the government's interpretations of the law to penalties. Further, increased third-party utilization of the 340B Federal Drug Discount Program from expanded interpretations of the statute may have a negative impact on the Company's financial performance. Outside the U.S., numerous major markets, including the EU, United Kingdom, Japan and China, have pervasive government involvement in funding healthcare and, in that regard, directly or indirectly impose price controls, limit access to, or reimbursement for, the Company's products, or reduce the value of its intellectual property protection.

We are subject to an increasing number of costly and complex governmental regulations in the countries in which operations are conducted which may materially adversely affect the Company's financial condition and business operations.

As described in Item 1. Business, the Company is subject to an increasing number of extensive government laws and regulations, investigations and legal action by national, state and local government agencies in the U.S. and other countries in which it operates. For example, changes to the U.S. FDA's timing or requirements for approval or clearance of our products may have a negative impact on our ability to bring new products to market. New laws and regulations may also impose deadlines on the Company, or its third-party suppliers, manufacturers or other partners and providers, for which there may be insufficient time to implement changes to comply with such new regulations and may result in manufacturing delays or other supply chain constraints. If the Company is unable to identify ways to mitigate these delays or constraints, there may be an adverse effect on sales and access to our products.

The Company is subject to significant legal proceedings that can result in significant expenses, fines and reputational damage.

In the ordinary course of business, Johnson & Johnson and its subsidiaries are subject to numerous claims and lawsuits involving various issues such as product liability, patent disputes and claims that their product sales, marketing and pricing practices violate various antitrust, unfair trade practices and/or consumer protection laws. The Company's more significant legal proceedings are described in Note 19 Legal proceedings under Notes to the Consolidated Financial Statements included in Item 8 of this Report. Litigation, in general, and securities, derivative action, class action and multi-district litigation, in particular, can be expensive and disruptive. Some of these matters may include thousands of plaintiffs, may involve parties seeking large and/or indeterminate amounts, including punitive or exemplary damages, and may remain unresolved for several years. For example, the Company is a defendant in numerous lawsuits arising out of the use of body powders containing talc, primarily JOHNSON'S Baby Powder, and the Company's sale, manufacturing and marketing of opioids. While the Company believes it has substantial defenses in these matters, it is not feasible to predict the ultimate outcome of litigation. The Company could in the future be required to pay significant amounts as a result of settlements or judgments in these matters, potentially in excess of accruals, including matters where the Company could be held jointly and severally liable among other defendants. The resolution of, or increase in accruals for, one or more of these matters in any reporting period could have a material adverse effect on the Company's results of operations and cash flows for that period. The Company does not purchase third-party product liability insurance; however, the Company utilizes a wholly owned captive insurance company subject to certain limits.

Product reliability, safety and effectiveness concerns can have significant negative impacts on sales and results of operations, lead to litigation and cause reputational damage.

Concerns about product safety, whether raised internally or by litigants, regulators or consumer advocates, and whether or not based on scientific evidence, can result in safety alerts, product recalls, governmental investigations, regulatory action on the part of the U.S. FDA (or its counterpart in other countries), private claims and lawsuits, payment of fines and settlements, declining sales and reputational damage. These circumstances can also result in damage to brand image, brand equity and consumer trust in the Company's products. Product recalls have in the past, and could in the future, prompt government investigations and inspections, the shutdown of manufacturing facilities, continued product shortages and related sales declines, significant remediation costs, reputational damage, possible civil penalties and criminal prosecution.

The Company faces significant regulatory scrutiny, which imposes significant compliance costs and exposes the Company to government investigations, legal actions and penalties.

The rapid increase in new government laws and regulations imposes significant compliance costs to the Company and a failure of the Company to timely implement changes to comply with these new laws may expose the Company to investigations, legal actions or penalties. Regulatory issues regarding compliance with current Good Manufacturing Practices (cGMP) (and comparable quality regulations in foreign countries) by manufacturers of drugs and devices can lead to fines and penalties, product recalls, product shortages, interruptions in production, delays in new product approvals and litigation. In addition, the marketing, pricing and sale of the Company's products are subject to regulation, investigations and legal actions including under the Federal Food, Drug, and Cosmetic Act, the Medicaid Rebate Program, federal and state false claims acts, state unfair trade practices acts and consumer protection laws. Scrutiny of healthcare industry business practices by government agencies and state attorneys general in the U.S., and any resulting investigations and prosecutions, carry risk of significant civil and criminal penalties including, but not limited to, debarment from participation in government healthcare programs. Any such debarment could have a material adverse effect on the Company's business and results of operations. The most significant current investigations and litigation brought by government agencies are described in Note 19 Legal proceedings—Government proceedings under Notes to the Consolidated Financial Statements included in Item 8 of this Report.

Changes in tax laws or exposures to additional tax liabilities could negatively impact the Company's operating results.

Changes in tax laws or regulations around the world, including in the U.S. and as led by the Organization for Economic Cooperation and Development, such as the recent enactment by certain EU and non-EU countries, and the anticipated enactment by additional countries, of a global minimum tax, could negatively impact the Company's effective tax rate and results of operations. A change in statutory tax rate or certain international tax provisions in any country would result in the revaluation of the Company's deferred tax assets and liabilities related to that particular jurisdiction in the period in which the new tax law is enacted. This change would result in an expense or benefit recorded to the Company's Consolidated Statement of Earnings. The Company closely monitors these proposals as they arise in the countries where it operates. Changes to tax laws or regulations may occur at any time, and any related expense or benefit recorded may be material to the fiscal quarter and year in which the law change is enacted.

See Note 8 Income taxes under Notes to the Consolidated Financial Statements included in Item 8 of this Report for additional information.

The Company conducts business and files tax returns in numerous countries and is addressing tax audits and disputes with many tax authorities. In connection with various government initiatives, companies are required to disclose more information to tax authorities on operations around the world, which may lead to greater audit scrutiny of profits earned in other countries. The Company regularly assesses the likely outcomes of its tax audits and disputes to determine the appropriateness of its tax reserves. However, any tax authority could take a position on tax treatment that is contrary to the Company's expectations, which could result in tax liabilities in excess of reserves.

Risks related to our intellectual property

The Company faces increased challenges to intellectual property rights central to its business.

The Company owns or licenses a significant number of patents and other proprietary rights relating to its products and manufacturing processes. These rights are essential to the Company's businesses and materially important to the Company's results of operations. Public policy, both within and outside the U.S., has become increasingly unfavorable toward intellectual property rights. The Company cannot be certain that it will obtain adequate patent protection for new products and technologies in the United States and other important markets or that such protections, once granted, will last as long as originally anticipated.

Competitors routinely challenge the validity or extent of the Company's owned or licensed patents and proprietary rights through litigation, interferences, oppositions and other proceedings, such as inter partes review (IPR) proceedings before the United States Patent & Trademark Office (USPTO). These proceedings absorb resources and can be protracted as well as unpredictable. In addition, challenges that the Company's products infringe the patents of third parties could result in an injunction and/or the need to pay past damages and future royalties and adversely affect the competitive position and sales of the products in question.

The Company has faced increasing patent challenges from third parties seeking to manufacture and market generic and biosimilar versions of the Company's key pharmaceutical products prior to expiration of the applicable patents covering those products. In the U.S., manufacturers of generic versions of innovative human pharmaceutical products may challenge the validity, or claim non-infringement, of innovator products through the Abbreviated New Drug Application, or ANDA, process with the U.S. FDA and related ANDA litigation. The Biologics Price Competition and Innovation Act (BPCIA), enacted in 2010, which created a new regulatory pathway for the approval by the U.S. FDA of biosimilar alternatives to innovator-developed biological products, also created mechanisms for biosimilar applicants to challenge the patents on the innovator biologics. The IPR process with the USPTO is also being used by competitors to challenge patents asserted in litigation.

In the event the Company is not successful in defending its patents against such challenges, or upon the "at-risk" launch by the generic or biosimilar firm of its product, the Company can lose a major portion of revenues for the referenced product in a very short period of time. Current legal proceedings involving the Company's patents and other intellectual property rights are described in Note 19 Legal proceedings—Intellectual property under Notes to the Consolidated Financial Statements included in Item 8 of this Report.

Risks related to product development, regulatory approval and commercialization

Significant challenges or delays in the Company's innovation, development and implementation of new products, technologies and indications could have an adverse impact on the Company's long-term success.

The Company's continued growth and success depends on its ability to innovate and develop new and differentiated products and services that address the evolving healthcare needs of patients, providers and consumers. Development of successful products and technologies is also necessary to offset revenue losses when the Company's existing products lose market share due to various factors such as competition and loss of patent exclusivity. New products introduced within the past five years accounted for approximately 25% of 2023 sales. The Company cannot be certain when or whether it will be able to develop, license or otherwise acquire companies, products and technologies, whether particular product candidates will be granted regulatory approval, and, if approved, whether the products will be commercially successful.

The Company pursues product development through internal research and development as well as through collaborations, acquisitions, joint ventures and licensing or other arrangements with third parties. In all of these contexts, developing new products, particularly pharmaceutical and biotechnology products and medical devices, requires significant investment of resources over many years. Only a very few biopharmaceutical research and development programs result in commercially viable products. The process depends on many factors including the ability to: discern patients' and healthcare providers' future needs; develop promising new compounds, strategies and technologies; achieve successful clinical trial results; secure effective intellectual property protection; obtain regulatory approvals on a timely basis; and, if and when they reach the market, successfully differentiate the Company's products from competing products and approaches to treatment. New products or enhancements to existing products may not be accepted quickly or significantly in the marketplace due to product and price competition, changes in customer preferences or healthcare purchasing patterns, resistance by healthcare providers or uncertainty over third-party reimbursement. Even following initial regulatory approval, the success of a product can be adversely impacted by safety and efficacy findings in larger real-world patient populations, as well as market entry of competitive products.

The Company leverages the use of data science, machine learning and other forms of AI and emerging technologies across varying parts of its business and operations, and the introduction and incorporation of AI may result in unintended consequences or other new or expanded risks and liabilities. AI technology is continuously evolving, and the AI technologies we develop and adopt may become obsolete earlier than planned. Our investments in these technologies may not result in the benefits we anticipate or enable us to obtain or maintain a competitive advantage. The application of machine learning and AI in our business is emerging and evolving alongside new laws and regulations that may entail significant costs or ultimately limit our ability to continue the use of these technologies. These technologies also carry inherent risks related to data privacy and security further described below.

Risks related to financial and economic market conditions

The Company faces a variety of financial, economic, legal, social and political risks associated with conducting business internationally.

The Company's extensive operations and business activity throughout the world are accompanied by certain financial, economic, legal, social and political risks, including those listed below.

Foreign currency exchange: In fiscal 2023, approximately 45% of the Company's sales occurred outside of the U.S., with approximately 24% in Europe, 5% in the Western Hemisphere, excluding the U.S., and 16% in the Asia-Pacific and Africa region. Changes in non-U.S. currencies relative to the U.S. dollar impact the Company's revenues and expenses. While the Company uses financial instruments to mitigate the impact of fluctuations in currency exchange rates on its cash flows, unhedged exposures continue to be subject to currency fluctuations. In addition, the weakening or strengthening of the U.S. dollar may result in significant favorable or unfavorable translation effects when the operating results of the Company's non-U.S. business activity are translated into U.S. dollars.

Inflation and currency devaluation risks: The Company faces challenges in maintaining profitability of operations in economies experiencing high inflation rates. Specifically, the Company has accounted for operations in Argentina, Turkey and Venezuela as highly inflationary, as the prior three-year cumulative inflation rate surpassed 100%. While the Company strives to maintain profit margins in these areas through cost reduction programs, productivity improvements and periodic price increases, it might experience operating losses as a result of continued inflation. In addition, the impact of currency devaluations in

countries experiencing high inflation rates or significant currency exchange fluctuations could negatively impact the Company's operating results.

Illegal importation of pharmaceutical products: The illegal importation of pharmaceutical products from countries where government price controls or other market dynamics result in lower prices may adversely affect the Company's sales and profitability in the U.S. and other countries in which the Company operates. With the exception of limited quantities of prescription drugs for personal use, foreign imports of pharmaceutical products are illegal under current U.S. law. However, the volume of illegal imports continues to rise as the ability of patients and other customers to obtain the lower-priced imports has grown significantly.

Anti-bribery and other regulations: The Company is subject to various federal and foreign laws that govern its international business practices with respect to payments to government officials. Those laws include the U.S. Foreign Corrupt Practices Act (FCPA), which prohibits U.S. publicly traded companies from promising, offering, or giving anything of value to foreign officials with the corrupt intent of influencing the foreign official for the purpose of helping the Company obtain or retain business or gain any improper advantage. The Company's business is heavily regulated and therefore involves significant interaction with foreign officials. Also, in many countries outside the U.S., the healthcare providers who prescribe human pharmaceuticals are employed by the government and the purchasers of human pharmaceuticals are government entities; therefore, the Company's interactions with these prescribers and purchasers are subject to regulation under the FCPA. In addition to the U.S. application and enforcement of the FCPA, various jurisdictions in which the Company operates have laws and regulations, including the U.K. Bribery Act 2010, aimed at preventing and penalizing corrupt and anticompetitive behavior. Enforcement activities under these laws could subject the Company to additional administrative and legal proceedings and actions, which could include claims for civil penalties, criminal sanctions, and administrative remedies, including exclusion from healthcare programs.

Other financial, economic, legal, social and political risks. Other risks inherent in conducting business globally include:

- local and regional economic environments and policies in the markets that we serve, including interest rates, monetary policy, inflation, economic growth, recession, commodity prices, and currency controls or other limitations on the ability to expatriate cash;
- protective economic policies taken by governments, such as trade protection measures, increased antitrust reporting requirements and enforcement activity, and import/export licensing requirements;
- compliance with local regulations and laws including, in some countries, regulatory requirements restricting the Company's ability to manufacture or sell its products in the relevant market;
- diminished protection of intellectual property and contractual rights in certain jurisdictions;
- potential nationalization or expropriation of the Company's foreign assets;
- political or social upheavals, economic instability, repression, or human rights issues; and
- geopolitical events, including natural disasters, disruptions to markets due to war, armed conflict, terrorism, epidemics or pandemics.

Due to the international nature of the Company's business, geopolitical or economic changes or events, including global tensions and war, could adversely affect our business, results of operations or financial condition.

As described above, the Company has extensive operations and business activity throughout the world. Global tensions, conflict and/or war among any of the countries in which we conduct business or distribute our products may result in foreign currency volatility, decreased demand for our products in affected countries, and challenges to our global supply chain related to increased costs of materials and other inputs for our products and suppliers. Most recently, we have experienced, and expect to continue to experience, impacts to the Company's business resulting from the Russia-Ukraine war, rising conflict in the Middle East as well as increasing tensions between the U.S. and China. In response to heightened conflict, such as the Russia-Ukraine war, governments may impose export controls and broad financial and economic sanctions. Our business and operations may be further impacted by the imposition of trade protection measures or other policies adopted by any country that favor domestic companies and technologies over foreign competitors. Additional sanctions or other measures may be imposed by the global community, including but not limited to limitations on our ability to file, prosecute and maintain patents, trademarks and other intellectual property rights. Furthermore, in some countries, such as in Russia, action may be taken that allows companies and individuals to exploit inventions owned by patent holders from the United States and many other countries without consent or compensation and we may not be able to prevent third parties from practicing the Company's inventions in Russia or from selling or importing products in and into Russia.

Weak financial performance, failure to maintain a satisfactory credit rating or disruptions in the financial markets could adversely affect our liquidity, capital position, borrowing costs and access to capital markets.

We currently maintain investment grade credit ratings with Moody's Investors Service and Standard & Poor's Ratings Services. Rating agencies routinely evaluate us, and their ratings of our long-term and short-term debt are based on a number of factors. Any downgrade of our credit ratings by a credit rating agency, whether as a result of our actions or factors which are beyond our control, can increase the cost of borrowing under any indebtedness we may incur, reduce market capacity for our commercial paper or require the posting of additional collateral under our derivative contracts. There can be no assurance that we will be able to maintain our credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets.

Other risks

Our business depends on our ability to recruit and retain talented, highly skilled employees and a diverse workforce.

Our continued growth requires us to recruit and retain talented employees representing diverse backgrounds, experiences, and skill sets. The market for highly skilled workers and leaders in our industry is extremely competitive and our ability to compete depends on our ability to hire, develop and motivate highly skilled personnel in all areas of our organization. Maintaining our brand and reputation, as well as a diverse, equitable and inclusive work environment enables us to attract top talent. If we are less successful in our recruiting efforts, or if we cannot retain highly skilled workers and key leaders, our ability to develop and deliver successful products and services may be adversely affected. In addition, effective succession planning is important to our long-term success. Any unsuccessful implementation of our succession plans or failure to ensure effective transfer of knowledge and smooth transitions involving key employees could adversely affect our business, financial condition, or results of operations.

Climate change or legal, regulatory or market measures to address climate change may negatively affect our business and results of operations.

Climate change resulting from increased concentrations of carbon dioxide and other greenhouse gases in the atmosphere could present risks to our operations, including an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Natural disasters and extreme weather conditions, such as a hurricane, tornado, earthquake, wildfire or flooding, may pose physical risks to our facilities and disrupt the operation of our supply chain. The impacts of the changing climate on water resources may result in water scarcity, limiting our ability to access sufficient high-quality water in certain locations, which may increase operational costs.

Concern over climate change may also result in new or additional legal or regulatory requirements designed to reduce greenhouse gas emissions and/or mitigate the effects of climate change on the environment. If such laws or regulations are more stringent than current legal or regulatory obligations, we may experience disruption in, or an increase in the costs associated with sourcing, manufacturing and distribution of our products, which may adversely affect our business, results of operations or financial condition. Further, the impacts of climate change have an influence on customer preferences, and failure to provide climate-friendly products could potentially result in loss of market share.

An information security incident, including a cybersecurity breach, could have a negative impact on the Company's business or reputation.

To meet business objectives, the Company relies on both internal information technology (IT) systems and networks, and those of third parties and their vendors, to process and store sensitive data, including confidential research, business plans, financial information, intellectual property, and personal data that may be subject to legal protection, and ensure the continuity of the Company's supply chain and operations. The extensive information security and cybersecurity threats, which affect companies globally, pose a risk to the security and availability of these systems and networks, including customer products that are connected to or rely on such systems and networks, and the confidentiality, integrity, and availability of the Company's sensitive data. The Company assesses these threats and makes investments to increase internal protection, detection, and response capabilities, as well as ensure the Company's third-party providers have required capabilities and controls, to address this risk. Because of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for the Company to be adversely impacted. This impact could result in reputational, competitive, operational or other business harm as well as financial costs and regulatory action. Also, increasing use of AI could increase these risks. The Company maintains cybersecurity insurance in the event of an information security or cyber incident; however, the coverage may not be sufficient to cover all financial, legal, business or reputational losses.

As a result of increased global tensions, the Company expects there will continue to be, an increased risk of information security or cybersecurity incidents, including cyberattacks perpetrated by adversaries of countries where the Company maintains operations. Given the potential sophistication of these attacks, the Company may not be able to address the threat of information security or cybersecurity incidents proactively or implement adequate preventative measures and we may not be able to detect and address any such disruption or security breach promptly, or at all, which could adversely affect our business, results of operations or financial condition. Moreover, these threats could also impact our third-party partners resulting in compromise of the Company's IT systems, networks and data which could negatively affect the Company.

A breach of privacy laws or unauthorized access, loss or misuse of personal data could have a negative impact on the Company's business or reputation.

The Company is subject to privacy and data protection laws across the globe that impose broad compliance obligations on the collection, use, storage, access, transfer and protection of personal data. Breach of such requirements could result in substantial fines, penalties, private right of actions, claims and damage to our reputation and business. New privacy laws are expected in other territories, together with greater privacy enforcement by governmental authorities globally, particularly on data localization requirements and international data flows. The Company has established privacy compliance programs and controls that our businesses worldwide are required to comply with, but with many technology and data-driven initiatives being prioritized across the Company and involving multiple vendors and third parties, there are potential risks of controls imposed on cross border data flows, unauthorized access, and loss of personal data through internal and external threats that could impact our business operations and research activities.

The Company may be unable to achieve some or all of the anticipated strategic and financial benefits following the separation of Kenvue Inc. (Kenvue), including with respect to the Company's remaining ownership interest.

The Company incurred significant expenses in connection with the Kenvue separation (the Separation). In addition, the Company may not be able to achieve the full strategic and financial benefits that are expected to result from the Separation. The anticipated benefits of the Separation were based on a number of assumptions, some of which may prove incorrect. The Company holds a 9.5% ownership interest in Kenvue. The Company cannot predict the trading price of shares of Kenvue's common stock and the market value of the Kenvue shares are subject to market volatility and other factors outside of the Company's control. The Company intends to divest its ownership interest in Kenvue, but there can be no assurance regarding the ultimate timing of such divestiture. Unanticipated developments could delay, prevent or otherwise adversely affect the divestiture, including but not limited to financial market conditions.

The Separation could result in substantial tax liability.

The Company received a private letter ruling from the IRS as to the tax-free nature of the Separation under the U.S. Internal Revenue Code of 1986, as amended. Notwithstanding the private letter ruling and opinions of tax advisors, if the IRS determines that certain steps of the transaction did not qualify for tax-free treatment for U.S. federal income tax purposes, the resulting tax liability to the Company and its shareholders could be substantial. The Separation may also not qualify for tax-free treatment in other countries around the world, and as a result may trigger substantial tax liability to the Company.

Item 1B. Unresolved staff comments

Not applicable.

Item 1C. Cybersecurity

Risk management and strategy

The Company has documented cybersecurity policies and standards, assesses risks from cybersecurity threats, and monitors information systems for potential cybersecurity issues. To protect the Company's information systems from cybersecurity threats, the Company uses various security tools supporting protection, detection, and response capabilities. The Company maintains a cybersecurity incident response plan to help ensure a timely, consistent response to actual or attempted cybersecurity incidents impacting the Company.

The Company also identifies and assesses third-party risks within the enterprise, and through the Company's use of third-party service providers, across a range of areas including data security and supply chain through a structured third-party risk management program.

The Company maintains a formal information security training program for all employees that includes training on matters such as phishing and email security best practices. Employees are also required to complete mandatory training on data privacy.

To evaluate and enhance its cybersecurity program, the Company periodically utilizes third-party experts to undertake maturity assessments of the Company's information security program.

To date, the Company is not aware of any cybersecurity incident that has had or is reasonably likely to have a material impact on the Company's business or operations; however, because of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for the Company to be adversely impacted. This impact could result in reputational, competitive, operational or other business harm as well as financial costs and regulatory action. Refer to the risk factor captioned An information security incident, including a cybersecurity breach, could have a negative impact to the Company's business or reputation in Part I, Item 1A. Risk factors for additional description of cybersecurity risks and potential related impacts on the Company.

Governance - management's responsibility

The Company takes a risk-based approach to cybersecurity and has implemented cybersecurity controls designed to address cybersecurity threats and risks. The Chief Information Officer (CIO), who is a member of the Company's Executive Committee, and the Chief Information Security Officer (CISO) are responsible for assessing and managing cybersecurity risks, including the prevention, mitigation, detection, and remediation of cybersecurity incidents.

The Company's CISO, in coordination with the CIO, is responsible for leading the Company's cybersecurity program and management of cybersecurity risk. The current CISO has over twenty-five years of experience in information security, and his background includes technical experience, strategy and architecture focused roles, cyber and threat experience, and various leadership roles.

Governance - board oversight

The Company's Board of Directors oversees the overall risk management process, including cybersecurity risks, directly and through its committees. The Regulatory Compliance & Sustainability Committee (RCSC) of the board is primarily responsible for oversight of risk from cybersecurity threats and oversees compliance with applicable laws, regulations and Company policies related to, among others, privacy and cybersecurity.

RCSC meetings include discussions of specific risk areas throughout the year including, among others, those relating to cybersecurity. The CISO provides at least two updates each year to RCSC on cybersecurity matters. These reports include an overview of the cybersecurity threat landscape, key cybersecurity initiatives to improve the Company's risk posture, changes in the legal and regulatory landscape relative to cybersecurity, and overviews of certain cybersecurity incidents that have occurred within the Company and within the industry.

Item 2. Properties

The Company's subsidiaries operate 61 manufacturing facilities occupying approximately 9.8 million square feet of floor space. The manufacturing facilities are used by the industry segments of the Company's business approximately as follows:

Segment	Square Feet (in thousands)
Innovative Medicine	5,026
MedTech	4,782
Worldwide Total	9,808

Within the U.S., five facilities are used by the Innovative Medicine segment and 18 by the MedTech segment. Outside of the U.S., 13 facilities are used by the Innovative Medicine segment and 25 by the MedTech segment.

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	23	2,973
Europe	20	4,900
Western Hemisphere, excluding U.S.	5	692
Africa, Asia and Pacific	13	1,243
Worldwide Total	61	9,808

In addition to the manufacturing facilities discussed above, the Company maintains numerous office and warehouse facilities throughout the world.

The Company's subsidiaries generally seek to own, rather than lease, their manufacturing facilities, although some, principally in non-U.S. locations, are leased. Office and warehouse facilities are often leased. The Company also engages contract manufacturers.

The Company is committed to maintaining all of its properties in good operating condition.

Segment information on additions to property, plant and equipment is contained in Note 17 Segments of business and geographic areas of the Notes to Consolidated Financial Statements included in Item 8 of this Report.

Item 3. Legal proceedings

The information called for by this item is incorporated herein by reference to the information set forth in Note 19 Legal proceedings of the Notes to Consolidated Financial Statements included in Item 8 of this Report.

Item 4. Mine safety disclosures

Not applicable.

Executive officers of the registrant

Listed below are the executive officers of the Company. 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.

Name	Age	Position
Vanessa Broadhurst	55	Member, Executive Committee; Executive Vice President, Global Corporate Affairs[(a)]
Joaquin Duato	61	Chairman of the Board; Chief Executive Officer[(b)]
Peter M. Fasolo, Ph.D.	61	Member, Executive Committee; Executive Vice President, Chief Human Resources Officer[(c)]
Elizabeth Forminard	53	Member, Executive Committee; Executive Vice President, General Counsel[(d)]
William N. Hait, M.D., Ph. D.	74	Member, Executive Committee; Executive Vice President, Chief External Innovation and Medical Officer[(e)]
John C. Reed, M.D., Ph.D.	65	Member, Executive Committee; Executive Vice President, Innovative Medicine, R&D[(f)]
Tim Schmid	54	Member, Executive Committee; Executive Vice President, Worldwide Chairman, MedTech[(g)]
James Swanson	58	Member, Executive Committee; Executive Vice President, Chief Information Officer[(h)]
Jennifer L. Taubert	60	Member, Executive Committee; Executive Vice President, Worldwide Chairman, Innovative Medicine[(i)]
Kathryn E. Wengel	58	Member, Executive Committee; Executive Vice President, Chief Technical Operations & Risk Officer[(j)]
Joseph J. Wolk	57	Member, Executive Committee; Executive Vice President, Chief Financial Officer[(k)]

(a) Ms. V. Broadhurst was named Executive Vice President, Global Corporate Affairs and appointed to the Executive Committee in 2022. Ms. Broadhurst rejoined the Company in 2017 and was appointed Company Group Chairman, Global Commercial Strategy Organization in 2018. From 2013 to 2017, she held General Manager roles at Amgen in Inflammation & Cardiovascular, and Cardiovascular & Bone. Prior to her roles at Amgen, she served in various leadership roles at the Company from 2005-2013.

(b) Mr. J. Duato became Chairman of the Board of Directors in January 2023 subsequent to his appointments as Chief Executive Officer and Director in January 2022. Mr. Duato was appointed to the Executive Committee in 2016 when he was named Executive Vice President, Worldwide Chairman, Pharmaceuticals and subsequently served as Vice Chairman of the Executive Committee. Mr. Duato first joined the Company in 1989 with Janssen-Farmaceutica S.A. (Spain), a subsidiary of the Company, and held executive positions of increasing responsibility in all business sectors and across multiple geographies and functions.

(c) Dr. P. M. Fasolo was appointed to the Executive Committee in 2011 and was named Executive Vice President, Chief Human Resources Officer in 2016. He first joined the Company in 2004 as Worldwide Vice President, Human Resources in the MedTech segment, and subsequently served as the Company's Chief Talent Officer. He left Johnson & Johnson in 2007 to join Kohlberg Kravis Roberts & Co. as Chief Talent Officer and returned to the Company in 2010 as the Vice President, Global Human Resources.

(d) Ms. E. Forminard was appointed as Executive Vice President, General Counsel and a member of the Executive Committee in October 2022. Ms. Forminard joined the Company in 2006, serving in roles of increasing responsibility including General Counsel Medical Devices & Diagnostics, General Counsel Consumer Group & Supply Chain, Worldwide Vice President Corporate Governance, and in her immediate past role as General Counsel Pharmaceuticals.

(e) Dr. W. Hait was appointed Executive Vice President, Chief External Innovation, Medical Safety and Global Public Health Officer, and a member of the Executive Committee in 2022. He first joined the Company in 2007 and has served in a number of leadership roles including

Global Head, Janssen Research & Development from 2011 to 2018 and Global Head, Johnson & Johnson Global External Innovation from 2018 to 2022.

(f) Dr. J. C. Reed joined the Company in 2023 as Executive Vice President, Innovative Medicine, R&D and a member of the Executive Committee. Prior to joining the Company, Dr. Reed held executive leadership positions at Sanofi (2018-2022) and Roche (2013-2018), serving on their respective executive committees. He also served as CEO of Sanford-Burnham Medical Research Institute (now Sanford Burnham Prebys) where he established multiple therapeutic area-aligned research centers and platform technology centers.

(g) Mr. T. Schmid was named as Executive Vice President, Worldwide Chairman, MedTech and appointed to the Executive Committee in October 2023. He joined the Company in 1993 and has served in leadership positions throughout Johnson & Johnson MedTech, including Chief Strategic Customer Officer and President of Ethicon, and most recently served as Company Group Chairman MedTech Asia Pacific from 2018-2023.

(h) Mr. J. Swanson was appointed Executive Vice President, Chief Information Officer and a member of the Executive Committee in 2022. He rejoined the Company in 2019 as Chief Information Officer of Johnson & Johnson from Bayer Crop Science, where he served as a member of the Executive Leadership Team and as Chief Information Officer and Head of Digital Transformation. From 1996 to 2005, Mr. Swanson held positions of increasing responsibility at the Company, including Project Manager, Director IT, Sr. Director IT and Vice President, Chief Information Officer.

(i) Ms. J. L. Taubert was appointed Executive Vice President, Worldwide Chairman, Innovative Medicine (formerly Pharmaceuticals) and a member of the Executive Committee in 2018. She joined the Company in 2005 as Worldwide Vice President and held several executive positions of increasing responsibility in the Pharmaceuticals sector, including Company Group Chairman, North America, and Company Group Chairman, The Americas from 2012-2018.

(j) Ms. K. E. Wengel was appointed Executive Vice President, Chief Technical Operations & Risk Officer in 2023, subsequent to her appointment to the Executive Committee in 2018 when she was named as Executive Vice President, Chief Global Supply Chain Officer. Ms. Wengel first joined the Company in 1988 as Project Engineer and Engineering Supervisor at Janssen, a subsidiary of the Company. During her tenure with the Company, she has held a variety of strategic leadership and executive positions, including in roles within operations, quality, engineering, new products, information technology, and other technical and business functions.

(k) Mr. J. J. Wolk was appointed Executive Vice President, Chief Financial Officer and a member of the Executive Committee in July 2018. He first joined the Company in 1998 as Finance Manager, Business Development for Ortho-McNeil, a subsidiary of the Company. During his tenure at the Company, he has held a variety of senior leadership roles in several segments and functions across the Company's subsidiaries, including Vice President, Finance and Chief Financial Officer of the Janssen Pharmaceutical Companies, and Vice President, Investor Relations.

Part II

Item 5. Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities

As of February 9, 2024, there were 118,772 record holders of common stock of the Company. Additional information called for by this item is incorporated herein by reference to the following sections of this Report: Note 16 "Common Stock, Stock Option Plans and Stock Compensation Agreements" of the Notes to Consolidated Financial Statements included in Item 8, and Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters – Equity Compensation Plan Information."

Issuer purchases of equity securities

On September 14, 2022, the Company announced that its Board of Directors approved a share repurchase program, authorizing the Company to purchase up to $5.0 billion of the Company's Common Stock. The repurchase program was completed during the fiscal first quarter of 2023.

The following table provides information with respect to common stock purchases by the Company during the fiscal fourth quarter of 2023. Common stock purchases on the open market are made as part of a systematic plan to meet the needs of the Company's compensation programs. The repurchases below also include the stock-for-stock option exercises that settled in the fiscal fourth quarter.

Fiscal Period	Total Number of Shares Purchased[1]	Avg. Price Paid Per Share	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 2, 2023 through October 29, 2023	—	—	—	—
October 30, 2023 through November 26, 2023	125,000	$147.61	—	—
November 27, 2023 through December 31, 2023	1,265,000	$156.76	—	—
Total	**1,390,000**		—	

(1) During the fiscal fourth quarter of 2023, the Company repurchased an aggregate of 1,390,000 shares of Johnson & Johnson Common Stock in open-market transactions, all of which were purchased as part of a systematic plan to meet the needs of the Company's compensation programs.

Item 6. Reserved

Item 7. Management's discussion and analysis of results of operations and financial condition

Organization and business segments

Description of the company and business segments

Johnson & Johnson and its subsidiaries (the Company) have approximately 131,900 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the healthcare field. The Company conducts business in virtually all countries of the world with the primary focus on products related to human health and well-being.

The Company is organized into two business segments: Innovative Medicine and MedTech. The Innovative Medicine segment is focused on the following therapeutic areas, including Immunology, Infectious diseases, Neuroscience, Oncology, Pulmonary Hypertension, and Cardiovascular and Metabolic diseases. Products in this segment are distributed directly to retailers, wholesalers, distributors, hospitals and healthcare professionals for prescription use. The MedTech segment includes a broad portfolio of products used in the Orthopaedic, Surgery, Interventional Solutions and Vision fields. These products are distributed to wholesalers, hospitals and retailers, and used principally in the professional fields by physicians, nurses, hospitals, eye care professionals and clinics.

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 Innovative Medicine and MedTech business segments.

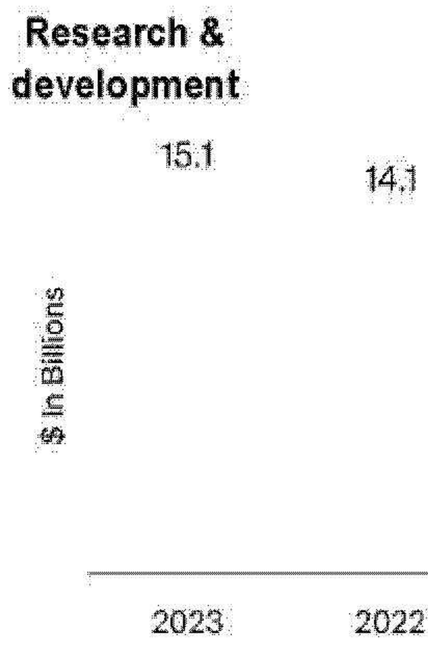
In all of its product lines, the Company competes with other companies both locally and globally, throughout the world. Competition exists in all product lines without regard to the number and size of the competing companies involved. Competition in research, involving the development and the improvement of new and existing products and processes, is particularly significant. The development of new and innovative products, as well as protecting the underlying intellectual property of the Company's product portfolio, is important to the Company's success in all areas of its business. The competitive environment requires substantial investments in continuing research.

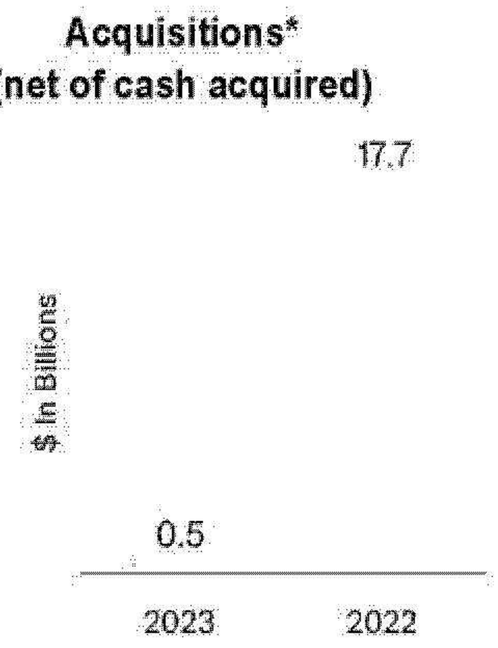
Management's objectives

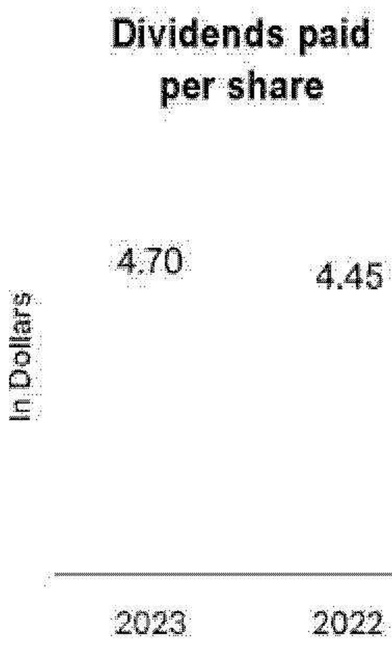
With "Our Credo" as the foundation, the Company's purpose is to blend heart, science and ingenuity to profoundly impact health for humanity. The Company, believes health is everything. The Company's strength in healthcare innovation empowers us to build a world where complex diseases are prevented, treated, and cured, where treatments are smarter and less invasive, and solutions are personal. Through the Company's expertise in Innovative Medicine and MedTech, the Company is uniquely positioned to innovate across the full spectrum of healthcare solutions today to deliver the breakthroughs of tomorrow, and profoundly impact health for humanity.

New products introduced within the past five years accounted for approximately 25% of 2023 sales. In 2023, $15.1 billion was invested in research and development reflecting management's commitment to create life-enhancing innovations and to create value through partnerships that will profoundly impact of health for humanity.

A critical driver of the Company's success is the diversity of its 131,900 employees worldwide. Employees are empowered and inspired to lead with Our Credo and purpose as guides. This allows every employee to use the Company's reach and size to advance the Company's purpose, and to also lead with agility and urgency. Leveraging the extensive resources across the enterprise enables the Company to innovate and execute with excellence. This ensures the Company can remain focused on addressing the unmet needs of society every day and invest for an enduring impact, ultimately delivering value to its patients, consumers and healthcare professionals, employees, communities and shareholders.







*Includes acquisitions of in process research and development assets that were not accounted for as a business combination

Results of operations

Analysis of consolidated sales

For discussion on results of operations and financial condition pertaining to the fiscal years 2022 and 2021 see the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2023, Item 7. Management's discussion and analysis of results of operations and financial condition. Prior periods disclosed herein were recast to reflect the continuing operations of the Company.

In 2023, worldwide sales increased 6.5% to $85.2 billion as compared to an increase of 1.6% in 2022. These sales changes consisted of the following:

Sales increase/(decrease) due to:	2023	2022
Volume	6.8 %	8.3 %
Price	0.6	(1.8)
Currency	(0.9)	(4.9)
Total	**6.5 %**	**1.6 %**

The net impact of acquisitions and divestitures on the worldwide sales growth was a positive impact of 1.5% in 2023 and no impact in 2022.

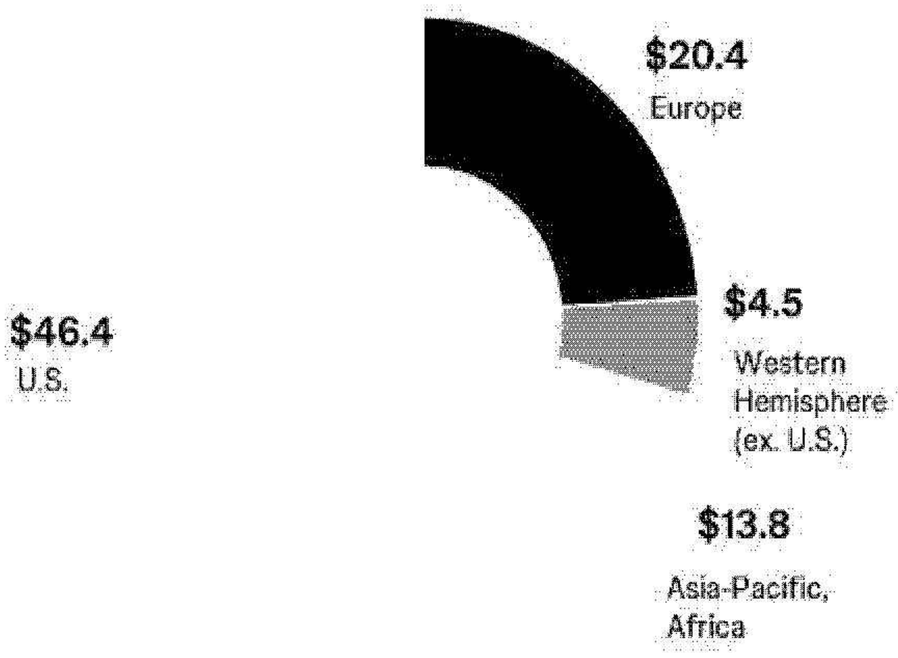
Sales by U.S. companies were $46.4 billion in 2023 and $42.0 billion in 2022. This represents increases of 10.6% in 2023 and 3.3% in 2022. Sales by international companies were $38.7 billion in 2023 and $38.0 billion in 2022. This represents an increase of 1.9% in 2023 and a decrease of 0.2% in 2022.

The five-year compound annual growth rates for worldwide, U.S. and international sales were 4.7%, 5.2% and 4.1%, respectively. The ten-year compound annual growth rates for worldwide, U.S. and international sales were 4.2%, 5.7% and 2.6%, respectively.

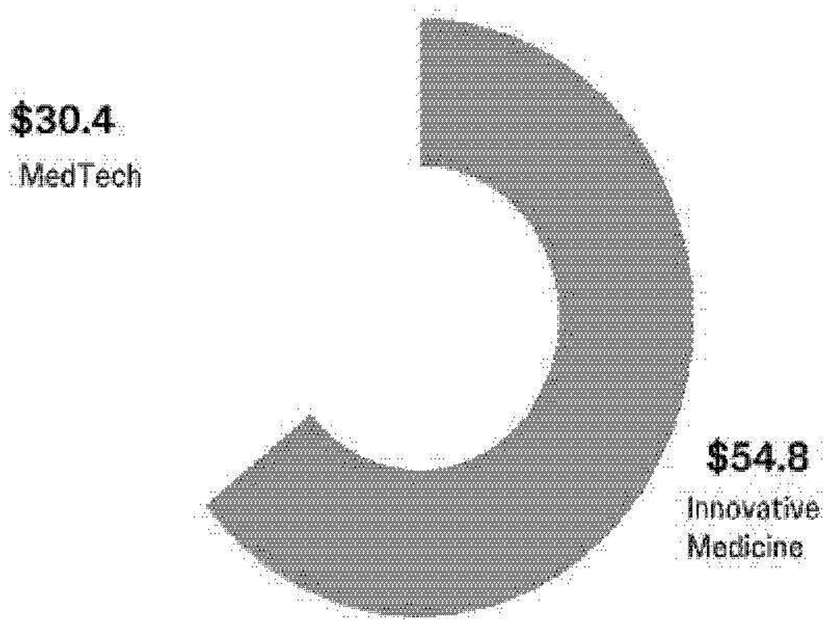
In 2023, sales by companies in Europe experienced a decline of 1.2% as compared to the prior year, which included an operational decline of 2.2% and a positive currency impact of 1.0%. In fiscal 2023, the net impact of the Covid-19 Vaccine and the loss of exclusivity of Zytiga on the European regions change in operational sales was a negative 9.8%. Sales by companies in the Western Hemisphere, excluding the U.S., achieved growth of 10.7% as compared to the prior year, which included operational growth of 15.8%, and a negative currency impact of 5.1%. Sales by companies in the Asia-Pacific, Africa region achieved growth of 3.9% as compared to the prior year, including operational growth of 9.5% and a negative currency impact of 5.6%.

In 2023, the Company utilized three wholesalers distributing products for both segments that represented approximately 18.2%, 15.1% and 14.2% of the total consolidated revenues. In 2022, the Company had three wholesalers distributing products for both segments that represented approximately 18.9%, 15.0% and 13.8% of the total consolidated revenues.

2023 Sales by geographic region (in billions)



2023 Sales by segment (in billions)



Note: values may have been rounded

Analysis of sales by business segments

Innovative Medicine segment[1]

Innovative Medicine segment sales in 2023 were $54.8 billion, an increase of 4.2% from 2022, which included operational growth of 4.8% and a negative currency impact of 0.6%. U.S. sales were $31.2 billion, an increase of 9.0%. International sales were $23.6 billion, a decrease of 1.5%, which included an operational decline of 0.2% and a negative currency impact of 1.3%. In 2023, acquisitions and divestitures had a net negative impact of 0.1% on the operational sales growth of the worldwide Innovative Medicine segment.

Major Innovative Medicine therapeutic area sales:

(Dollars in Millions)	2023	2022	Total Change	Operations Change	Currency Change
Total Immunology	**$18,052**	**$16,935**	**6.6 %**	**7.1 %**	**(0.5)%**
REMICADE	1,839	2,343	(21.5)	(20.7)	(0.8)
SIMPONI/SIMPONI ARIA	2,197	2,184	0.6	2.4	(1.8)
STELARA	10,858	9,723	11.7	11.9	(0.2)
TREMFYA	3,147	2,668	17.9	18.3	(0.4)
Other Immunology	11	17	(33.8)	(33.8)	—
Total Infectious Diseases	**4,418**	**5,449**	**(18.9)**	**(19.8)**	**0.9**
COVID-19 VACCINE	1,117	2,179	(48.8)	(50.1)	1.3
EDURANT/rilpivirine	1,150	1,008	14.1	11.5	2.6
PREZISTA/ PREZCOBIX/REZOLSTA/SYMTUZA	1,854	1,943	(4.6)	(4.9)	0.3
Other Infectious Diseases	297	318	(6.7)	(3.6)	(3.1)
Total Neuroscience	**7,140**	**6,893**	**3.6**	**5.4**	**(1.8)**
CONCERTA/methylphenidate	783	644	21.6	24.9	(3.3)
INVEGA SUSTENNA/XEPLION/INVEGA TRINZA/TREVICTA	4,115	4,140	(0.6)	0.0	(0.6)
SPRAVATO	689	374	84.1	84.0	0.1
Other Neuroscience[2]	1,553	1,734	(10.4)	(5.9)	(4.5)
Total Oncology	**17,661**	**15,983**	**10.5**	**11.2**	**(0.7)**
CARVYKTI	500	133	*	*	*
DARZALEX	9,744	7,977	22.2	22.9	(0.7)
ERLEADA	2,387	1,881	26.9	27.5	(0.6)
IMBRUVICA	3,264	3,784	(13.7)	(13.2)	(0.5)
ZYTIGA /abiraterone acetate	887	1,770	(49.9)	(48.4)	(1.5)
Other Oncology	879	438	*	*	*
Total Pulmonary Hypertension	**3,815**	**3,417**	**11.6**	**12.9**	**(1.3)**
OPSUMIT	1,973	1,783	10.6	11.6	(1.0)
UPTRAVI	1,582	1,322	19.7	20.4	(0.7)
Other Pulmonary Hypertension	260	313	(16.7)	(12.0)	(4.7)
Total Cardiovascular / Metabolism / Other	**3,671**	**3,887**	**(5.5)**	**(5.5)**	**0.0**
XARELTO	2,365	2,473	(4.4)	(4.4)	—
Other[3]	1,306	1,414	(7.6)	(7.4)	(0.2)
Total Innovative Medicine Sales	**$54,759**	**52,563**	**4.2 %**	**4.8 %**	**(0.6)%**

* Percentage greater than 100% or not meaningful

(1) Previously referred to as Pharmaceutical

(2) Inclusive of RISPERDAL CONSTA which was previously disclosed separately

(3) Inclusive of INVOKANA which was previously disclosed separately

Immunology products achieved sales of $18.1 billion in 2023, representing an increase of 6.6% as compared to the prior year. Increased sales of STELARA (ustekinumab) were primarily driven by patient mix, market growth, and continued strength in Inflammatory Bowel Disease. Growth of TREMFYA (guselkumab) was due to market growth, continued strength in PsO/PsA (Psoriasis and Psoriatic Arthritis) and patient mix. Additionally, SIMPONI/SIMPONI ARIA growth was driven by growth outside the U.S. Lower sales of REMICADE (infliximab) were due to biosimilar competition.

Biosimilar versions of REMICADE have been introduced in the United States and certain markets outside the United States and additional competitors continue to enter the market. Continued infliximab biosimilar competition will result in a further reduction in sales of REMICADE.

Sales of STELARA in the United States were approximately $7.0 billion in fiscal 2023. Third parties have filed abbreviated Biologics License Applications with the FDA seeking approval to market biosimilar versions of STELARA. The Company has settled certain litigation under the Biosimilar Price Competition and Innovation Act of 2009. As a result of these settlements and other agreements with separate third parties, the Company does not anticipate the launch of a biosimilar version of STELARA until January 1, 2025 in the United States.

Infectious disease products sales were $4.4 billion in 2023, a decline of 18.9% as compared to the prior year primarily driven by a decline in COVID-19 vaccine revenue and loss of exclusivity of PREZISTA .

Neuroscience products sales were $7.1 billion in 2023, representing an increase of 3.6% as compared to the prior year. The growth of SPRAVATO (esketamine) was driven by ongoing launches as well as increased physician confidence and patient demand. Growth was partially offset by declines in RISPERDAL/RISPERDAL CONSTA and the paliperidone long-acting injectables outside the U.S. due to the XEPLION loss of exclusivity in the European Union.

Oncology products achieved sales of $17.7 billion in 2023, representing an increase of 10.5% as compared to the prior year. Sales of DARZALEX (daratumumab) were driven by continued share gains in all regions and market growth. Growth of ERLEADA (apalutamide) was due to continued share gains and market growth in Metastatic Castration Resistant Prostate Cancer. Sales of CARVYKTI (ciltacabtagene autoleucel) were driven by the ongoing launch, share gains and capacity improvement. Additionally, sales from the launch of TECVAYLI (teclistamab-cqyv) and TALVEY (talquetamab-tgvs), included in Other Oncology, contributed to the growth. Growth was partially offset by ZYTIGA (abiraterone acetate) due to loss of exclusivity and IMBRUVICA (ibrutinib) due to global competitive pressures.

Pulmonary Hypertension products sales were $3.8 billion, representing an increase of 11.6% as compared to the prior year. Sales growth was due to favorable patient mix, share gains and market growth from UPTRAVI (selexipag) and OPSUMIT (macitentan) partially offset by declines in Other Pulmonary Hypertension.

Cardiovascular/Metabolism/Other products sales were $3.7 billion, a decline of 5.5% as compared to the prior year. The decline of XARELTO (rivaroxaban) sales was primarily driven by unfavorable patient mix and access changes.

The Company maintains a policy that no end customer will be permitted direct delivery of product to a location other than the billing location. This policy impacts contract pharmacy transactions involving non-grantee 340B covered entities for most of the Company's drugs, subject to multiple exceptions. Both grantee and non-grantee covered entities can maintain certain contract pharmacy arrangements under policy exceptions. The Company has been and will continue to offer 340B discounts to covered entities on all of its covered outpatient drugs, and it believes its policy will improve its ability to identify inappropriate duplicate discounts and diversion prohibited by the 340B statute. The 340B Drug Pricing Program is a U.S. federal government program requiring drug manufacturers to provide significant discounts on covered outpatient drugs to covered entities. This policy had discount implications which positively impacted sales to customers in 2023.

During 2023, the Company advanced its pipeline with several regulatory submissions and approvals for new drugs and additional indications for existing drugs as follows:

Product Name (Chemical Name)	Indication	US Approval	EU Approval	US Filing	EU Filing
AKEEGA (Niraparib and Abiraterone Acetate)	First-And-Only Dual Action Tablet for the Treatment of Patients with BRCA-Positive Metastatic Castration-Resistant Prostate Cancer (MAGNITUDE)	•	•		
BALVERSA (erdafitinib)	Treatment of Patients with Locally Advanced or Metastatic Urothelial Carcinoma and Selected Fibroblast Growth Factor Receptor Gene Alterations (THOR)			•	•
CARVYKTI (ciltacabtagene autoleucel)	Treatment for Relapsed and Refactor multiple myeloma with 1-3 PL (CARTITUDE-4)			•	•
EDURANT (rilpivirine)	Treatment for pediatric patients (2-12 years old) with HIV			•	•
ERLEADA (apalutamide)	Tablet reduction	•	•		
OPSUMIT (macitentan)	Treatment for pediatric pulmonary arterial hypertension				•
OPSYNVI (mecitentan/tadalafil STCT)	Treatment for pulmonary arterial hypertension			•	•
RYBREVANT (amivantamab)	In Combination with Chemotherapy for the First-Line Treatment of Adult Patients with Advanced Non-Small Cell Lung Cancer with Activating EGFR Exon 20 Insertion Mutations (PAPILLON)			•	•
RYBREVANT / lazertinib	Treatment for Non-Small Cell Lung Cancer 2L (MARIPOSA)			•	•
RYBREVANT / lazertinib	Treatment for Non-Small Cell Lung Cancer 2L (MARIPOSA-2)			•	•
TECVAYLI (teclistamab)	Treatment of Patients with Relapsed Refractory Multiple Myeloma Biweekly Dosing		•		
TALVEY (talquetamab)	Treatment of Patients with Relapsed and Refractory Multiple Myeloma	•	•		

MedTech segment

The MedTech segment sales in 2023 were $30.4 billion, an increase of 10.8% from 2022, which included operational growth of 12.4% and a negative currency impact of 1.6%. U.S. sales were $15.3 billion, an increase of 14.2% as compared to the prior year. International sales were $15.1 billion, an increase of 7.7% as compared to the prior year, which included operational growth of 10.6% and a negative currency impact of 2.9%. In 2023, the net impact of acquisitions and divestitures on the MedTech segment worldwide operational sales growth was a positive 4.6% primarily related to the Abiomed acquisition.

Major MedTech franchise sales:

(Dollars in Millions)	2023	2022	Total Change	Operations Change	Currency Change
Surgery	**$10,037**	**9,690**	**3.6 %**	**5.5 %**	**(1.9)%**
Advanced	4,671	4,569	2.2	4.2	(2.0)
General	5,366	5,121	4.8	6.8	(2.0)
Orthopaedics	**8,942**	**8,587**	**4.1**	**4.6**	**(0.5)**
Hips	1,560	1,514	3.0	3.5	(0.5)
Knees	1,456	1,359	7.1	7.5	(0.4)
Trauma	2,979	2,871	3.8	4.0	(0.2)
Spine, Sports & Other	2,947	2,843	3.7	4.5	(0.8)
Interventional Solutions	**6,350**	**4,300**	**47.7**	**49.8**	**(2.1)**
Electrophysiology	4,688	3,937	19.1	21.1	(2.0)
Abiomed	1,306	31	*	*	*
Other Interventional Solutions	356	332	7.1	9.9	(2.8)
Vision	**5,072**	**4,849**	**4.6**	**6.6**	**(2.0)**
Contact Lenses/Other	3,702	3,543	4.5	6.9	(2.4)
Surgical	1,370	1,306	4.9	5.8	(0.9)
Total MedTech Sales	**$30,400**	**27,427**	**10.8 %**	**12.4 %**	**(1.6)%**

* Percentage greater than 100% or not meaningful

The Surgery franchise sales were $10.0 billion in 2023, representing an increase of 3.6% from 2022. The growth in Advanced Surgery was primarily driven by Biosurgery global procedure growth and strength of the portfolio as well as uptake of new products in Endocutters and Energy. The growth was partially offset by competitive pressures and volume-based procurement impacts in Endocutters and Energy. The growth in General Surgery was primarily driven by increased procedures coupled with technology penetration and benefits from the differentiated Wound Closure portfolio.

The Orthopaedics franchise sales were $8.9 billion in 2023, representing an increase of 4.1% from 2022. The growth in hips reflects global procedure growth and continued strength of the portfolio partially offset by volume-based procurement impacts and Russia sanctions. The growth in knees was primarily driven by procedures, benefits from recent product additions to the ATTUNE portfolio and pull through related to the VELYS Robotic assisted solution. This was partially offset by stocking dynamics, primarily outside the U.S. The growth in Trauma was driven by global procedures and the adoption of recently launched products. This was partially offset by volume-based procurement impacts. The growth in Spine, Sports & Other was primarily driven by Digital Solutions, Shoulders, Sports and Craniomaxillofacial products partially offset by Russia sanctions and supply constraints, primarily outside the U.S.

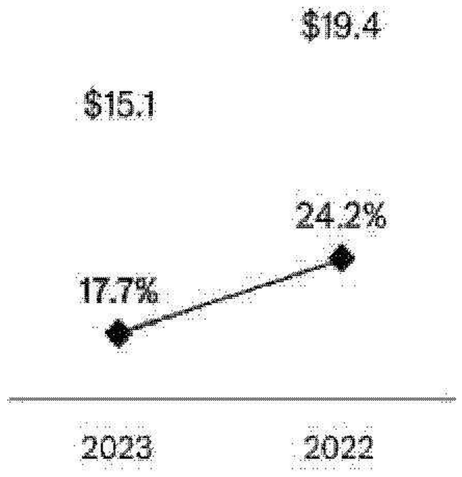
The Interventional Solutions franchise achieved sales of $6.4 billion in 2023, representing an increase of 47.7% from 2022, which includes sales from Abiomed acquired on December 22, 2022. Electrophysiology grew by double digits due to global procedure growth, new product performance and commercial execution. This was partially offset by the impacts of volume-based procurement in China. Abiomed sales reflect the strength of all commercialized regions and continued adoption of Impella 5.5 and Impella RP.

The Vision franchise achieved sales of $5.1 billion in 2023, representing an increase of 4.6% from 2022. The Contact Lenses/Other growth was primarily driven by the continued strong performance in the ACUVUE OASYS 1-Day family including recent launches and commercial execution. This was partially offset by impacts of U.S. stocking dynamics, Russia sanctions, impacts from strategic portfolio decisions and supply challenges. The Surgical operational growth was primarily driven by cataract procedure growth, continued strength of recent innovations and reduction of prior year stocking outside the U.S. This was partially offset by softer Refractive and premium IOL markets and Russia sanctions.

Analysis of consolidated earnings before provision for taxes on income

Consolidated earnings before provision for taxes on income was $15.1 billion and $19.4 billion for the years 2023 and 2022, respectively. As a percent to sales, consolidated earnings before provision for taxes on income was 17.7% and 24.2%, in 2023 and 2022, respectively.

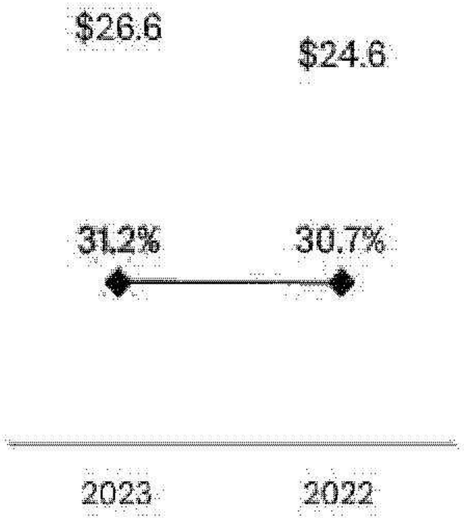
Earnings before provision for taxes



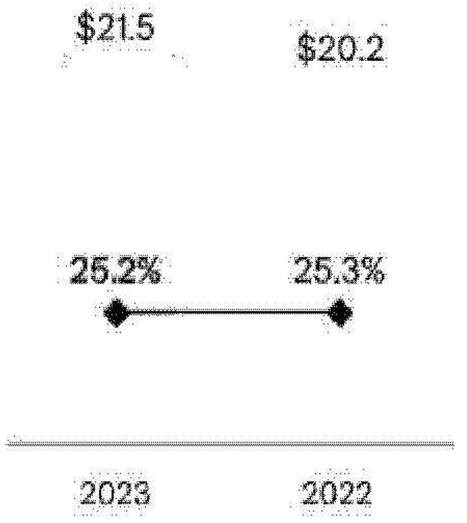
(Dollars in billions. Percentages in chart are as a percent to total sales)

Cost of products sold and selling, marketing and administrative expenses:

Cost of products sold



Selling, marketing & administrative



(Dollars in billions. Percentages in chart are as a percent to total sales)

Cost of products sold:

Cost of products sold increased as a percent to sales driven by:

- Commodity inflation, unfavorable product mix, restructuring related excess inventory costs and Abiomed amortization in the MedTech business

partially offset by

- Favorable patient mix and lower one-time COVID-19 vaccine manufacturing related exit costs in 2023 in the Innovative Medicine business

The intangible asset amortization expense included in cost of products sold was $4.5 billion and $3.9 billion for the fiscal years 2023 and 2022, respectively.

Selling, Marketing and Administrative expense:

Selling, Marketing and Administrative Expenses decreased slightly as a percent to sales driven by:

- Leveraging in Selling and Marketing expenses both the Innovative Medicine and MedTech businesses

partially offset by

- An increase in administrative costs

Research and Development Expense:

Research and development expense by segment of business was as follows:

	2023		2022	
(Dollars in Millions)	**Amount**	**% of Sales***	**Amount**	**% of Sales***
Innovative Medicine	$11,963	21.8 %	$11,642	22.1 %
MedTech	3,122	10.3	2,493	9.1
Total research and development expense	**$15,085**	**17.7 %**	**$14,135**	**17.7 %**
Percent increase/(decrease) over the prior year	6.7 %		(1.0 %)	

*As a percent to segment sales

Research and development activities represent a significant part of the Company's business. These expenditures relate to the processes of discovering, testing and developing new products, upfront payments and developmental milestones, improving existing products, as well as ensuring product efficacy and regulatory compliance prior to launch. The Company remains committed to investing in research and development with the aim of delivering high quality and innovative products.

Research and Development was flat as a percent to sales primarily driven by:

- Higher milestone payments in the Innovative Medicine business
- Acquired in-process research & development asset from the Laminar acquisition in the MedTech business in the fiscal year 2023

offset by

- Portfolio prioritization in the Innovative Medicine business

In-Process Research and Development Impairments (IPR&D): In the fiscal year 2023, the Company recorded a charge of approximately $0.3 billion which included $0.2 billion related to market dynamics associated with a non-strategic asset (M710) acquired as part of the acquisition of Momenta Pharmaceuticals in 2020. In the fiscal year 2022, the Company recorded an intangible asset impairment charge of approximately $0.8 billion related to an in-process research and development asset, bermekimab (JnJ-77474462), an investigational drug for the treatment of Atopic Dermatitis (AD) and Hidradenitis Suppurativa (HS). Additional information regarding efficacy of the AD indication and HS indication became available which led the Company to the decision to terminate the development of bermekimab for both AD and HS. The Company acquired all rights to bermekimab from XBiotech, Inc. in the fiscal year 2020.

Other (Income) Expense, Net: Other (income) expense, net is the account where the Company records gains and losses related to the sale and write-down of certain investments in equity securities held by Johnson & Johnson Innovation - JJDC, Inc. (JJDC), changes in the fair value of securities, investment (income)/loss related to employee benefit programs, gains and losses on divestitures, certain transactional currency gains and losses, acquisition and divestiture related costs, litigation accruals and settlements, as well as royalty income.

Other (income) expense, net for the fiscal year 2023 was unfavorable by $5.8 billion as compared to the prior year primarily due to the following:

(Dollars in Billions)(Income)/Expense	2023	2022	Change
Litigation related[1]	$6.9	0.9	6.0
Changes in the fair value of securities[2]	0.6	0.7	(0.1)
COVID-19 vaccine manufacturing exit related costs	0.4	0.7	(0.3)
Acquisition, Integration and Divestiture related[3]	0.3	0.2	0.1
Employee benefit plan related	(1.4)	(1.2)	(0.2)
Other	(0.2)	(0.5)	0.3
Total Other (Income) Expense, Net	**$6.6**	**0.8**	**5.8**

(1) 2023 was primarily related to the approximately $7.0 billion charge for talc (See Note 19 to the Consolidated Financial Statements for more details) and favorable intellectual property related litigation settlements of approximately $0.3 billion. 2022 was primarily related to pelvic mesh.

(2) The fiscal 2023 includes $0.4 billion related to the unfavorable change in the fair value of the remaining stake in Kenvue and $0.4 billion related to the partial impairment of Idorsia convertible debt and the change in the fair value of the Idorsia equity securities held.

(3) 2023 primarily related to the impairment of Ponvory and one-time integration costs related to the acquisition of Abiomed. 2022 was primarily costs related to the acquisition of Abiomed.

Interest (Income) Expense: Interest income in the fiscal year 2023 was $1.3 billion as compared to interest income of $0.5 billion in the fiscal year 2022 primarily due to higher rates of interest earned on cash balances. Interest expense in the fiscal year 2023 was $0.8 billion as compared to interest expense of $0.3 billion in the fiscal year 2022 primarily due to higher interest rates on debt balances. Cash, cash equivalents and marketable securities totaled $22.9 billion at the end of 2023, and averaged $22.6 billion as compared to the cash, cash equivalents and marketable securities total of $22.3 billion and $26.9 billion average balance in 2022. The total debt balance at the end of 2023 was $29.3 billion with an average debt balance of $34.5 billion as compared to $39.6 billion at the end of 2022 and an average debt balance of $36.7 billion. The lower average cash, cash equivalents and marketable securities was primarily due to the acquisition of Abiomed in late December of 2022. The lower average debt balance was primarily due to the repayment of commercial paper.

Income before tax by segment

Income (loss) before tax by segment of business were as follows:

	Income Before Tax		Segment Sales		Percent of Segment Sales	
(Dollars in Millions)	2023	2022	2023	2022	2023	2022
Innovative Medicine	$18,246	15,647	54,759	52,563	33.3 %	29.8
MedTech	4,669	4,447	30,400	27,427	15.4	16.2
Segment earnings before tax[1]	22,915	20,094	85,159	79,990	26.9	25.1
Less: Expenses not allocated to segments[2]	7,853	735				
Worldwide income before tax	$15,062	19,359	85,159	79,990	17.7 %	24.2

(1) See Note 17 to the Consolidated Financial Statements for more details.

(2) Amounts not allocated to segments include interest (income) expense and general corporate (income) expense. Fiscal 2023 includes an approximately $7.0 billion charge related to talc matters and the approximately $0.4 billion unfavorable change in the fair value of the retained stake in Kenvue.

Innovative Medicine segment:

In 2023, the Innovative Medicine segment income before tax as a percent to sales was 33.3% versus 29.8% in 2022. The increase in the income before tax as a percent of sales was primarily driven by the following:

- Lower one-time COVID-19 Vaccine related exit costs of $0.7 billion in 2023 versus $1.5 billion in 2022
- Lower In-process research & development impairments of $0.2 billion in 2023 versus $0.8 billion in 2022
- Unfavorable changes in the fair value of securities in 2023 of $0.4 billion as compared to $0.7 billion in 2022
- Lower litigation related expense of $0.2 billion
- Leveraging in selling and marketing expenses
- R&D Portfolio prioritization

partially offset by

- Restructuring charges of $0.5 billion in 2023 versus $0.1 billion in 2022
- Impairment of Ponvory in 2023
- Higher milestone payments in 2023

MedTech segment:

In 2023, the MedTech segment income before tax as a percent to sales was 15.4% versus 16.2% in 2022. The decrease in the income before tax as a percent to sales was primarily driven by the following:

- Higher amortization expense of $0.5 billion in 2023 related to Abiomed
- Expense of $0.4 billion for an acquired in process research and development asset from the Laminar acquisition in 2023
- Commodity inflation in 2023

partially offset by

- Income from litigation settlements of $0.1 billion in 2023 versus expense of $0.6 billion in 2022
- Lower integration/acquisition costs related to Abiomed of $0.2 billion in 2023 versus $0.3 billion in 2022
- Leveraging in selling and marketing expenses in 2023

Restructuring: In the fiscal year 2023, the Company completed a prioritization of its research and development (R&D) investment within the Innovative Medicine segment to focus on the most promising medicines with the greatest benefit to patients. This resulted in the exit of certain programs within therapeutic areas. The R&D program exits are primarily in infectious diseases and vaccines including the discontinuation of its respiratory syncytial virus (RSV) adult vaccine program, hepatitis and HIV development. The pre-tax restructuring charge of approximately $0.5 billion in the fiscal year 2023, of which $449 million was recorded in Restructuring and $30 million was recorded in Cost of products sold on the Consolidated Statement of Earnings, included the termination of partnered and non-partnered program costs and asset impairments.

In the fiscal year 2023, the Company initiated a restructuring program of its Orthopaedics franchise within the MedTech segment to streamline operations by exiting certain markets, product lines and distribution network arrangements. The pre-tax restructuring expense of $0.3 billion in the fiscal year 2023, of which $40 million was recorded in Restructuring and $279 million was recorded in Cost of products sold on the Consolidated Statement of Earnings, primarily included inventory and instrument charges related to market and product exits.

In 2022, the Company recorded a pre-tax charge of $0.4 billion related to a restructuring program of its Global Supply Chain. The Global Supply Chain program was announced in the second quarter of 2018 and was completed in the fiscal fourth quarter of 2022.

See Note 20 to the Consolidated Financial Statements for additional details related to the restructuring programs.

Provision for Taxes on Income: The worldwide effective income tax rate from continuing operations was 11.5% in 2023 and 15.4% in 2022.

On December 15, 2022, the European Union (EU) Member States formally adopted the EU's Pillar Two Directive, which generally provides for a minimum effective tax rate of 15%, as established by the Organization for Economic Co-operation and Development (OECD) Pillar Two Framework that was supported by over 130 countries worldwide. As of December 31, 2023, several EU and non-EU countries have enacted Pillar 2 legislation with an initial effective date of January 1, 2024, with other aspects of the law effective in 2025 or later. The Company is estimating that as result of this legislation the 2024 effective tax rate will increase by approximately 1.5% or 150 basis points compared to fiscal 2023. Further legislation, guidance and regulations that may be issued in fiscal 2024, as well as other business events, may impact this estimate.

For discussion related to the fiscal 2023 provision for taxes refer to Note 8 to the Consolidated Financial Statements.

Liquidity and capital resources

Liquidity & cash flows

Cash and cash equivalents were $21.9 billion at the end of 2023 as compared to $14.1 billion at the end of 2022.

The primary sources and uses of cash that contributed to the $7.8 billion increase were:

(Dollars in billions)	
$14.1	Q4 2022 Cash and cash equivalents balance
22.8	cash generated from operating activities
0.9	net cash from investing activities
(15.8)	net cash used by financing activities
(0.1)	effect of exchange rate and rounding
$21.9	Q4 2023 Cash and cash equivalents balance

In addition, the Company had $1.1 billion in marketable securities at the end of fiscal year 2023 and $9.4 billion at the end of fiscal year 2022. See Note 1 to the Consolidated Financial Statements for additional details on cash, cash equivalents and marketable securities.

Cash flow from operations of $22.8 billion was the result of:

(Dollars In billions)	
$35.2	Net Earnings
(14.9)	gain on the Kenvue separation, net gain on sale of assets/businesses and the deferred tax provision partially offset by non-cash expenses and other adjustments primarily for depreciation and amortization, stock-based compensation, asset write-downs and charge for purchase of in process research and development assets
5.6	an increase in current and non-current liabilities
(3.5)	an increase in other current and non-current assets
2.3	an increase in accounts payable and accrued liabilities
(1.9)	an increase in accounts receivable and inventories
$22.8	Cash flow from operations

Cash flow from investing activities of $0.9 billion was primarily due to:

(Dollars in billions)	
$(4.5)	additions to property, plant and equipment
0.4	proceeds from the disposal of assets/businesses, net
(0.5)	purchases of in-process research and development assets
8.5	net sales of investments
(3.0)	credit support agreements activity, net
$0.9	Net cash from investing activities

Cash flow used for financing activities of $15.8 billion was primarily due to:

(Dollars in billions)	
$(11.8)	dividends to shareholders
(5.1)	repurchase of common stock
(10.8)	net repayment from short and long term debt
1.1	proceeds from stock options exercised/employee withholding tax on stock awards, net
(0.2)	Credit support agreements activity, net
8.0	Proceeds of short and long-term debt, net of issuance cost, related to the debt that transferred to Kenvue at separation
4.2	proceeds from Kenvue initial public offering
(1.1)	Cash transferred to Kenvue at separation
(0.1)	other and rounding
$(15.8)	Net cash used for financing activities

As of December 31, 2023, the Company's notes payable and long-term debt was in excess of cash, cash equivalents and marketable securities. As of December 31, 2023, the net debt position was $6.4 billion as compared to the prior year of $17.4 billion. The debt balance at the end of 2023 was $29.3 billion as compared to $39.6 billion in 2022. Considering recent market conditions, the Company has re-evaluated its operating cash flows and liquidity profile and does not foresee any significant incremental risk. The Company anticipates that operating cash flows, the ability to raise funds from external sources, borrowing capacity from existing committed credit facilities and access to the commercial paper markets will continue to provide sufficient resources to fund operating needs, including the Company's remaining balance to be paid on the agreement to settle opioid litigation for approximately $2.1 billion and the establishment of the approximately $9 billion reserve for talc matters (See Note 19 to the Consolidated Financial Statements for additional details). In addition, the Company monitors the global capital markets on an ongoing basis and from time to time may raise capital when market conditions are favorable.

On May 8, 2023, Kenvue, completed an initial public offering (the IPO) resulting in the issuance of 198,734,444 shares of its common stock, par value $0.01 per share (the Kenvue Common Stock), at an initial public offering of $22.00 per share for net proceeds of $4.2 billion. The excess of the net proceeds from the IPO over the net book value of the Johnson & Johnson divested interest was $2.5 billion and was recorded to additional paid-in capital. As of the closing of the IPO, Johnson & Johnson owned approximately 89.6% of the total outstanding shares of Kenvue Common Stock and at July 2, 2023, the non-controlling interest of $1.3 billion associated with Kenvue was reflected in equity attributable to non-controlling interests in the consolidated balance sheet.

On August 23, 2023, Johnson & Johnson completed the disposition of an additional 80.1% ownership of Kenvue Common Stock through an exchange offer, which resulted in Johnson & Johnson acquiring 190,955,436 shares of the Company's common stock in exchange for 1,533,830,450 shares of Kenvue Common Stock. The $31.4 billion of Johnson & Johnson common stock received in the exchange offer is recorded in Treasury stock. Following the exchange offer, the Company owns 9.5% of the total outstanding shares of Kenvue Common Stock that was recorded in other assets within continuing operations at the fair market value of $4.3 billion as of August 23, 2023 and $3.9 billion as of December 31, 2023.

Johnson & Johnson divested net assets of $11.6 billion as of August 23, 2023, and the accumulated other comprehensive loss attributable to the Consumer Health business at that date was $4.3 billion. Additionally, at the date of the exchange offer,

Johnson & Johnson decreased the non-controlling interest by $1.2 billion to record the deconsolidation of Kenvue. This resulted in a gain on the exchange offer of $21.0 billion that was recorded in Net earnings from discontinued operations, net of taxes in the consolidated statements of earnings for the fiscal third quarter of 2023. This one-time gain includes a gain of $2.8 billion on the Kenvue Common Stock retained by Johnson & Johnson. The gain on the exchange offer qualifies as a tax-free transaction for U.S. federal income tax purposes.

On September 14, 2022, the Company announced that its Board of Directors approved a share repurchase program, authorizing the Company to purchase up to $5.0 billion of the Company's Common Stock. In the fiscal year 2022, approximately $2.5 billion was repurchased under the program. In the fiscal year 2023, $2.5 billion has been repurchased and the repurchase program was completed.

The following table summarizes the Company's material contractual obligations and their aggregate maturities as of December 31, 2023: To satisfy these obligations, the Company intends to use cash from operations.

(Dollars in Millions)	Tax Legislation (TCJA)	Debt Obligations	Interest on Debt Obligations	Total
2024	$2,029	1,469	843	4,341
2025	2,536	1,700	789	5,025
2026	—	1,997	744	2,741
2027	—	2,320	736	3,056
2028	—	2,325	691	3,016
After 2028	—	17,539	8,706	26,245
Total	**$4,565**	**27,350**	**12,509**	**44,424**

For tax matters, see Note 8 to the Consolidated Financial Statements.

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 certain foreign currency assets and liabilities and to hedge future foreign currency transactions primarily related to 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 the December 31, 2023 market rates would increase the unrealized value of the Company's forward contracts by $0.1 billion. Conversely, a 10% depreciation of the U.S. Dollar from the December 31, 2023 market rates would decrease the unrealized value of the Company's forward contracts by $0.1 billion. 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 anticipated 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 $1.6 billion. In either scenario, at maturity, the gain or loss on the swap contract would be offset by the gain or loss on the underlying transaction, and therefore, would have no impact on future anticipated 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 investment grade credit rating. The counterparties to these contracts are major financial institutions and there is no significant concentration of exposure with any one counterparty. Management believes the risk of loss is remote. The Company entered into credit support agreements (CSA) with certain derivative counterparties establishing collateral thresholds based on respective credit ratings and netting agreements. See Note 6 to the Consolidated Financial Statements for additional details on credit support agreements.

The Company invests in both fixed rate and floating rate interest earning securities which carry a degree of interest rate risk. The fair market value of fixed rate securities may be adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than predicted if interest rates fall. A 1% (100 basis points) change in spread on the Company's interest rate sensitive investments would either increase or decrease the unrealized value of cash equivalents and current marketable securities by less than $0.8 billion.

The Company has access to substantial sources of funds at numerous banks worldwide. In September 2023, the Company secured a new 364-day Credit Facility of $10 billion, which expires on September 5, 2024. The Company early terminated the additional 364-day revolving Credit Facility of $10 billion, which had an expiration of November 21, 2023. Interest charged on borrowings under the credit line agreement is based on either Secured Overnight Financing Rate (SOFR) Reference Rate or other applicable market rate as allowed plus applicable margins. Commitment fees under the agreement are not material.

Total borrowings at the end of 2023 and 2022 were $29.3 billion and $39.6 billion, respectively. The decrease in the debt balance was due to the repayment of commercial paper. In 2023, net debt (cash and current marketable securities, net of debt) was $6.4 billion compared to net debt of $17.4 billion in 2022. Total debt represented 30.0% of total capital (shareholders' equity and total debt) in 2023 and 34.0% of total capital in 2022. Shareholders' equity per share at the end of 2023 was $28.57 compared to $29.39 at year-end 2022.

A summary of borrowings can be found in Note 7 to the Consolidated Financial Statements.

Dividends

The Company increased its dividend in 2023 for the 61st consecutive year. Cash dividends paid were $4.70 per share in 2023 and $4.45 per share in 2022.

On January 2, 2024, the Board of Directors declared a regular cash dividend of $1.19 per share, payable on March 5, 2024 to shareholders of record as of February 20, 2024.

Other information

Critical accounting policies and estimates

Management's discussion and analysis of 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. (GAAP). 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 and estimates are 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, assumptions used to determine the amounts recorded for pensions and other employee benefit plans and accounting for stock based awards.

Revenue Recognition: The Company recognizes revenue from product sales when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the goods to customers. The Company's global payment terms are typically between 30 to 90 days. Provisions for certain rebates, sales incentives, trade promotions, coupons, product returns, discounts to customers and governmental clawback provisions are accounted for as variable consideration and recorded as a reduction in sales.

Product discounts granted are based on the terms of arrangements with direct, indirect and other market participants, as well as market conditions, including consideration of competitor pricing. Rebates are estimated based on contractual terms, historical experience, patient outcomes, 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 estimated and recorded based on historical sales and returns information. 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 sales return accruals.

Sales returns allowances represent a reserve for products that may be returned due to expiration, destruction in the field, or in specific areas, product recall. The sales returns reserve is based on historical return trends by product and by market as a percent to gross sales. In accordance with the Company's accounting policies, the Company generally issues credit to customers for returned goods. The Company's sales returns reserves are accounted for in accordance with the U.S. GAAP guidance for revenue recognition when right of return exists. Sales returns reserves are recorded at full sales value. Sales returns in the Innovative Medicine segments are almost exclusively not resalable. Sales returns for certain franchises in the MedTech segment are typically resalable but are not material. The Company infrequently exchanges products from inventory for returned products. The sales returns reserve for the total Company has been less than 1.0% of annual net trade sales during the fiscal years 2023, 2022 and 2021.

Promotional programs, such as product listing allowances are recorded in the same period as related sales and include volume-based sales incentive programs. Volume-based incentive programs are based on the estimated sales volumes for the incentive period and are recorded as products are sold. These arrangements are evaluated to determine the appropriate amounts to be deferred or recorded as a reduction of revenue. The Company also earns profit-share payments through collaborative arrangements of certain products, which are included in sales to customers. Profit-share payments were less than 2.0% of the total revenues in fiscal year 2023 and less than 3.0% of the total revenues in fiscal year 2022 and 2021 are included in sales to customers.

In addition, the Company enters into collaboration arrangements that contain multiple revenue generating activities. Amounts due from collaborative partners for these arrangements are recognized as each activity is performed or delivered, based on the relative selling price. Upfront fees received as part of these arrangements are deferred and recognized over the performance period. See Note 1 to the Consolidated Financial Statements for additional disclosures on collaborations.

Reasonably likely changes to assumptions used to calculate the accruals for rebates, returns and promotions are not anticipated to have a material effect on the financial statements. The Company currently discloses the impact of changes to assumptions in the quarterly or annual filing in which there is a material financial statement impact.

Below are tables that show the progression of accrued rebates, returns, promotions, reserve for doubtful accounts and reserve for cash discounts by segment of business for the fiscal years ended December 31, 2023 and January 1, 2023.

Innovative Medicine segment

(Dollars in Millions)	Balance at Beginning of Period	Accruals	Payments/ Credits[2]	Balance at End of Period
2023				
Accrued rebates [1]	$12,289	47,523	(45,151)	14,661
Accrued returns	649	332	(347)	634
Accrued promotions	1	12	(7)	6
Subtotal	**$12,939**	**47,867**	**(45,505)**	**15,301**
Reserve for doubtful accounts	44	0	(11)	33
Reserve for cash discounts	110	1,386	(1,385)	111
Total	**$13,093**	**49,253**	**(46,901)**	**15,445**
2022				
Accrued rebates [1]	$10,331	43,026	(41,068)	12,289
Accrued returns	520	444	(315)	649
Accrued promotions	3	5	(7)	1
Subtotal	**$10,854**	**43,475**	**(41,390)**	**12,939**
Reserve for doubtful accounts	50	0	(6)	44
Reserve for cash discounts	94	1,281	(1,265)	110
Total	**$10,998**	**44,756**	**(42,661)**	**13,093**

[1] Includes reserve for customer rebates of $165 million at December 31, 2023 and $203 million at January 1, 2023, recorded as a contra asset.

[2] Includes prior period adjustments

MedTech segment

(Dollars in Millions)	Balance at Beginning of Period	Accruals	Payments/ Credits	Balance at End of Period
2023				
Accrued rebates[1]	$1,470	6,241	(6,256)	1,455
Accrued returns	134	555	(564)	125
Accrued promotions	43	74	(92)	25
Subtotal	**$1,647**	**6,870**	**(6,912)**	**1,605**
Reserve for doubtful accounts	125	33	(25)	133
Reserve for cash discounts	9	96	(100)	5
Total	**$1,781**	**6,999**	**(7,037)**	**1,743**
2022				
Accrued rebates[1]	$1,446	6,131	(6,107)	1,470
Accrued returns	134	531	(531)	134
Accrued promotions	54	102	(113)	43
Subtotal	**$1,634**	**6,764**	**(6,751)**	**1,647**
Reserve for doubtful accounts	148	6	(29)	125
Reserve for cash discounts	10	99	(100)	9
Total	**$1,792**	**6,869**	**(6,880)**	**1,781**

(1) Includes reserve for customer rebates of $740 million at December 31, 2023 and $802 million at January 1, 2023, recorded as a contra asset.

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

The Company has unrecognized tax benefits for uncertain tax positions. The Company follows U.S. GAAP, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management believes that changes in these estimates would not have a material effect on the Company's results of operations, cash flows or financial position.

The Company has recorded deferred tax liabilities on all undistributed earnings prior to December 31, 2017 from its international subsidiaries. The Company has not provided deferred taxes on the undistributed earnings subsequent to January 1, 2018 from certain international subsidiaries where the earnings are considered to be indefinitely reinvested. The Company intends to continue to reinvest these earnings in those international operations. If the Company decides at a later date to repatriate these earnings to the U.S., the Company would be required to provide for the net tax effects on these amounts. The Company estimates that the tax effect of this repatriation would be approximately $0.5 billion under currently enacted tax laws and regulations and at current currency exchange rates. This amount does not include the possible benefit of U.S. foreign tax credits, which may substantially offset this cost.

See Note 1 and Note 8 to the Consolidated Financial Statements for further information regarding income taxes.

Legal and Self Insurance Contingencies: The Company records accruals for various contingencies, including legal proceedings and product liability claims as these arise in the normal course of business. The accruals are based on management's judgment as to the probability of losses and, where applicable, actuarially determined estimates. The Company has self insurance through a wholly-owned captive insurance company. In addition to accruals in the self insurance program, claims that exceed the insurance coverage are accrued when losses are probable and amounts can be reasonably estimated.

The Company follows the provisions of U.S. GAAP when recording litigation related contingencies. A liability is recorded when a loss is probable and can be reasonably estimated.

See Notes 1 and 19 to the Consolidated Financial Statements for further information regarding product liability and legal proceedings.

Long-Lived and Intangible Assets: The Company assesses changes, both qualitatively and quantitatively, 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.

Employee Benefit Plans: The Company sponsors various retirement and pension plans, including defined benefit, defined contribution and termination indemnity plans, which cover most employees worldwide. These plans are based on assumptions for the discount rate, expected return on plan assets, mortality rates, expected salary increases, healthcare cost trend rates and attrition rates. See Note 10 to the Consolidated Financial Statements for further details on these rates.

Stock Based Compensation: The Company recognizes compensation expense associated with the issuance of equity instruments to employees for their services. Based on the type of equity instrument, the fair value is estimated on the date of grant using either the Black-Scholes option valuation model or a combination of both the Black-Scholes option valuation model and Monte Carlo valuation model, and is expensed in the financial statements over the service period. The input assumptions used in determining fair value are the expected life, expected volatility, risk-free rate and expected dividend yield. For performance share units, the fair market value is calculated for the two component goals at the date of grant: adjusted operational earnings per share and relative total shareholder return. The fair values for the earnings per share goal of each performance share unit was estimated on the date of grant using the fair market value of the shares at the time of the award, discounted for dividends, which are not paid on the performance share units during the vesting period. The fair value for the relative total shareholder return goal of each performance share unit was estimated on the date of grant using the Monte Carlo valuation model. See Note 16 to the Consolidated Financial Statements for additional information.

New accounting pronouncements

Refer to Note 1 to the Consolidated Financial Statements for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of December 31, 2023.

Economic and market factors

The Company 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 healthcare. In response to these concerns, the Company has a long-standing policy of pricing products responsibly. For the period 2013 - 2023, in the U.S., the weighted average compound annual growth rate of the Company's net price increases for healthcare products (prescription and over-the-counter drugs, hospital and professional products) was below the U.S. Consumer Price Index (CPI).

The Company operates in certain countries where the economic conditions continue to present significant challenges. The Company continues to monitor these situations and take appropriate actions. Inflation rates continue to have an effect on worldwide economies and, consequently, on the way companies operate. The Company has accounted for operations in Argentina, Venezuela and Turkey (beginning in the fiscal second quarter of 2022) as highly inflationary, as the prior three-year cumulative inflation rate surpassed 100%. This did not have a material impact to the Company's results in the period. In the face of increasing costs, the Company strives to maintain its profit margins through cost reduction programs, productivity improvements and periodic price increases.

In December 2023, the Argentine government devalued the peso by approximately 50%. During 2023, the Company recorded a charge of approximately $130 million related to operations in Argentina due to the application of highly inflationary accounting. As of December 31, 2023, the Company's Argentine subsidiaries represented less than 1.0% of the Company's consolidated assets, liabilities, revenues and profits from continuing operations; therefore, the effect of a change in the exchange rate is not expected to have a material adverse effect on the Company's 2024 full-year results.

In July 2023, Janssen Pharmaceuticals, Inc. (Janssen) filed litigation against the U.S. Department of Health and Human Services as well as the Centers for Medicare and Medicaid Services challenging the constitutionality of the Inflation Reduction Act's (IRA) Medicare Drug Price Negotiation Program. The litigation requests a declaration that the IRA violates Janssen's rights under the First Amendment and the Fifth Amendment to the Constitution and therefore that Janssen is not subject to the IRA's mandatory pricing scheme.

Russia-Ukraine War

Although the long-term implications of Russia's invasion of Ukraine are difficult to predict at this time, the financial impact of the conflict in the fiscal year 2023, including accounts receivable or inventory reserves, was not material. As of and for each of the fiscal years ending December 31, 2023 and January 1, 2023, the business of the Company's Russian subsidiaries represented less than 1% of the Company's consolidated assets and represented 1% of revenues. The Company does not maintain Ukraine subsidiaries subsequent to the Kenvue separation.

In early March of 2022, the Company took steps to suspend all advertising, enrollment in clinical trials, and any additional investment in Russia. The Company continues to supply products relied upon by patients for healthcare purposes.

Conflict in the Middle East

Although the long-term implications of Israel's conflict are difficult to predict at this time, the financial impact of the conflict in the fiscal year 2023, including accounts receivable or inventory reserves, was not material. As of and for the fiscal year ending December 31, 2023, the business of the Company's Israel subsidiaries represented 1% of the Company's consolidated assets and represented less than 1% of revenues.

The Company is exposed to fluctuations in currency exchange rates. A 1% change in the value of the U.S. Dollar as compared to all foreign currencies in which the Company had sales, income or expense in 2023 would have increased or decreased the translation of foreign sales by approximately $0.4 billion and net income by approximately $0.2 billion.

Governments around the world consider various proposals to make changes to tax laws, which may include increasing or decreasing existing statutory tax rates. In connection with various government initiatives, companies are required to disclose more information to tax authorities on operations around the world, which may lead to greater audit scrutiny of profits earned in other countries. A change in statutory tax rate in any country would result in the revaluation of the Company's deferred tax assets and liabilities related to that particular jurisdiction in the period in which the new tax law is enacted. This change would result in an expense or benefit recorded to the Company's Consolidated Statement of Earnings. The Company closely monitors these proposals as they arise in the countries where it operates. Changes to the statutory tax rate may occur at any time, and any related expense or benefit recorded may be material to the fiscal quarter and year in which the law change is enacted.

The Company faces various worldwide healthcare changes that may continue to result in pricing pressures that include healthcare cost containment and government legislation relating to sales, promotions, pricing and reimbursement of healthcare products.

Changes in the behavior and spending patterns of purchasers of healthcare products and services, including delaying medical procedures, rationing prescription medications, reducing the frequency of physician visits and foregoing healthcare insurance coverage may continue to impact the Company's businesses.

The Company also operates in an environment increasingly hostile to intellectual property rights. Firms have filed Abbreviated New Drug Applications or Biosimilar Biological Product Applications with the U.S. FDA or otherwise challenged the coverage and/or validity of the Company's patents, seeking to market generic or biosimilar forms of many 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 the patent claims challenged in the resulting lawsuits, generic or biosimilar versions of the products at issue will be introduced to the market, resulting in the potential for substantial market share and revenue losses for those products, and which may result in a non-cash impairment charge in any associated intangible asset. There is also a risk that one or more competitors could launch a generic or biosimilar version of the product at issue following regulatory approval even though one or more valid patents are in place.

Legal proceedings

Johnson & Johnson and certain of its subsidiaries are involved in various lawsuits and claims regarding product liability, intellectual property, commercial, employment, indemnification and other matters; governmental investigations; and other legal proceedings that arise from time to time in the ordinary course of business.

The Company records accruals for loss contingencies associated with these legal matters when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. As of December 31, 2023, the Company has determined that the liabilities associated with certain litigation matters are probable and can be reasonably estimated. The Company has accrued for these matters and will continue to monitor each related legal issue and adjust accruals as might be warranted based on new information and further developments in accordance with ASC 450-20-25, Contingencies. For these and other litigation and regulatory matters discussed below for which a loss is probable or reasonably possible, the Company is unable to estimate the possible loss or range of loss beyond the amounts accrued. Amounts accrued for legal contingencies often result from a complex series of judgments about future events and uncertainties that rely heavily on estimates and assumptions including timing of related payments. The ability to make such estimates and judgments can be affected by various factors including, among other things, whether damages sought in the proceedings are unsubstantiated or indeterminate; scientific and legal discovery has not commenced or is not complete; proceedings are in early stages; matters present legal uncertainties; there are significant facts in dispute; procedural or jurisdictional issues; the uncertainty and unpredictability of the number of potential claims; ability to achieve comprehensive multi-party settlements; complexity of related cross-claims and counterclaims; and/or there are numerous parties involved. To the extent adverse awards, judgments or verdicts have been rendered against the Company, the Company does not record an accrual until a loss is determined to be probable and can be reasonably estimated.

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 accrued in the Company's balance sheet, is not expected to have a material adverse effect on the Company's financial position. However, the resolution of, or increase in accruals for, one or more of these matters in any reporting period may have a material adverse effect on the Company's results of operations and cash flows for that period.

See Note 19 to the Consolidated Financial Statements included in Item 8 of this report for further information regarding legal proceedings.

Common stock

The Company's Common Stock is listed on the New York Stock Exchange under the symbol JNJ. As of February 9, 2024, there were 118,772 record holders of Common Stock of the Company.

Item 7A. Quantitative and qualitative disclosures about market risk

The information called for by this item is incorporated herein by reference to Item 7. Management's discussion and analysis of results of operations and financial condition - Liquidity and capital resources - Financing and market risk of this Report; and Note 1 Summary of significant accounting policies - Financial instruments of the Notes to Consolidated Financial Statements included in Item 8 of this Report.

Item 8. Financial statements and supplementary data

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Johnson & Johnson and subsidiaries consolidated balance sheets

At December 31, 2023 and January 1, 2023
(Dollars in Millions Except Share and Per Share Amounts) (Note 1)

	2023	2022
Assets		
Current assets		
Cash and cash equivalents (Notes 1 and 2)	$21,859	12,889
Marketable securities (Notes 1 and 2)	1,068	9,392
Accounts receivable trade, less allowances $166 (2022, $169)	14,873	14,039
Inventories (Notes 1 and 3)	11,181	10,268
Prepaid expenses and other receivables	4,514	2,876
Current assets of discontinued operations (Note 21)	—	5,830
Total current assets	**53,495**	**55,294**
Property, plant and equipment, net (Notes 1 and 4)	19,898	17,982
Intangible assets, net (Notes 1 and 5)	34,175	38,489
Goodwill (Notes 1 and 5)	36,558	36,047
Deferred taxes on income (Note 8)	9,279	8,947
Other assets	14,153	9,212
Noncurrent assets of discontinued operations (Note 21)	—	21,407
Total assets	**$167,558**	**187,378**
Liabilities and Shareholders' Equity		
Current liabilities		
Loans and notes payable (Note 7)	$3,451	12,756
Accounts payable	9,632	9,889
Accrued liabilities	10,212	10,719
Accrued rebates, returns and promotions	16,001	13,579
Accrued compensation and employee related obligations	3,993	3,049
Accrued taxes on income (Note 8)	2,993	2,220
Current liabilities of discontinued operations (Note 21)	—	3,590
Total current liabilities	**46,282**	**55,802**
Long-term debt (Note 7)	25,881	26,886
Deferred taxes on income (Note 8)	3,193	3,991
Employee related obligations (Notes 9 and 10)	7,149	6,542
Long-term taxes payable (Note 1)	2,881	4,306
Other liabilities	13,398	10,146
Noncurrent liabilities of discontinued operations (Note 21)	—	2,901
Total liabilities	**98,784**	**110,574**
Commitments and Contingencies (Note 19)		
Shareholders' equity		
Preferred stock — without par value (authorized and unissued 2,000,000 shares)	—	—
Common stock — par value $1.00 per share (Note 12) (authorized 4,320,000,000 shares; issued 3,119,843,000 shares)	3,120	3,120
Accumulated other comprehensive income (loss) (Note 13)	(12,527)	(12,967)
Retained earnings and Additional-paid-in-capital	153,843	128,345
Less: common stock held in treasury, at cost (Note 12) (712,765,000 shares and 506,246,000 shares)	75,662	41,694
Total shareholders' equity	**68,774**	**76,804**
Total liabilities and shareholders' equity	**$167,558**	**187,378**

See Notes to Consolidated Financial Statements

Johnson & Johnson and subsidiaries consolidated statements of earnings

(Dollars and Shares in Millions Except Per Share Amounts) (Note 1)

	2023	2022	2021
Sales to customers	$85,159	79,990	78,740
Cost of products sold	26,553	24,596	23,402
Gross profit	58,606	55,394	55,338
Selling, marketing and administrative expenses	21,512	20,246	20,118
Research and development expense	15,085	14,135	14,277
In-process research and development impairments	313	783	900
Interest income	(1,261)	(490)	(53)
Interest expense, net of portion capitalized (Note 4)	772	276	183
Other (income) expense, net	6,634	810	526
Restructuring (Note 20)	489	275	209
Earnings before provision for taxes on income	15,062	19,359	19,178
Provision for taxes on income (Note 8)	1,736	2,989	1,377
Net earnings from continuing operations	13,326	16,370	17,801
Net earnings from discontinued operations, net of tax (Note 21)	21,827	1,571	3,077
Net earnings	**$35,153**	**17,941**	**20,878**
Net earnings per share (Notes 1 and 15)			
Continuing operations - basic	$5.26	6.23	6.76
Discontinued operations - basic	$8.62	0.60	1.17
Total net earnings per share - basic	**$13.88**	**6.83**	**7.93**
Continuing operations - diluted	$5.20	6.14	6.66
Discontinued operations - diluted	$8.52	0.59	1.15
Total net earnings per share - diluted	**$13.72**	**6.73**	**7.81**
Average shares outstanding (Notes 1 and 15)			
Basic	**2,533.5**	**2,625.2**	**2,632.1**
Diluted	**2,560.4**	**2,663.9**	**2,674.0**

See Notes to Consolidated Financial Statements

Johnson & Johnson and subsidiaries consolidated statements of comprehensive income

(Dollars in Millions) (Note 1)

	2023	2022	2021
Net earnings	$35,153	17,941	20,878
Other comprehensive income (loss), net of tax			
Foreign currency translation	(3,221)	(1,796)	(1,079)
Securities:			
Unrealized holding gain (loss) arising during period	26	(24)	(4)
Reclassifications to earnings	—	—	—
Net change	26	(24)	(4)
Employee benefit plans:			
Prior service credit (cost), net of amortization	(149)	(160)	(169)
Gain (loss), net of amortization	(1,183)	1,854	4,318
Consumer settlement/ curtailment	23	—	—
Effect of exchange rates	(90)	111	106
Net change	(1,399)	1,805	4,255
Derivatives & hedges:			
Unrealized gain (loss) arising during period	422	454	(199)
Reclassifications to earnings	(569)	(348)	(789)
Net change	(147)	106	(988)
Other comprehensive income (loss)	(4,741)	91	2,184
Comprehensive income	**$30,412**	**18,032**	**23,062**

The tax effects in other comprehensive income for the fiscal years 2023, 2022 and 2021 respectively: Foreign Currency Translation; $797 million, $460 million and $346 million; Employee Benefit Plans: $289 million, $461 million and $1,198 million, Derivatives & Hedges: $39 million, $30 million and $263 million.

See Notes to Consolidated Financial Statements

Amounts presented have not been recast to exclude discontinued operations

Johnson & Johnson and subsidiaries consolidated statements of equity

(Dollars in Millions) (Note 1)

	Total	Retained Earnings and Additional paid-in capital	Accumulated Other Comprehensive Income (Loss)	Common Stock Issued Amount	Treasury Stock Amount
Balance, January 3, 2021	**$63,278**	**113,890**	**(15,242)**	**3,120**	**(38,490)**
Net earnings	20,878	20,878			
Cash dividends paid ($4.19 per share)	(11,032)	(11,032)			
Employee compensation and stock option plans	2,171	(676)			2,847
Repurchase of common stock	(3,456)				(3,456)
Other comprehensive income (loss), net of tax	2,184		2,184		
Balance, January 2, 2022	**74,023**	**123,060**	**(13,058)**	**3,120**	**(39,099)**
Net earnings	17,941	17,941			
Cash dividends paid ($4.45 per share)	(11,682)	(11,682)			
Employee compensation and stock option plans	2,466	(974)			3,440
Repurchase of common stock	(6,035)				(6,035)
Other comprehensive income (loss), net of tax	91		91		
Balance, January 1, 2023	**76,804**	**128,345**	**(12,967)**	**3,120**	**(41,694)**
Net earnings	35,153	35,153			
Cash dividends paid ($4.70 per share)	(11,770)	(11,770)			
Employee compensation and stock option plans	2,193	(336)			2,529
Repurchase of common stock	(5,054)				(5,054)
Other	(25)				(25)
Kenvue Separation /IPO (Note 21)	(23,786)	2,451	5,181		(31,418)
Other comprehensive income (loss), net of tax	(4,741)		(4,741)		
Balance, December 31, 2023	**$68,774**	**153,843**	**(12,527)**	**3,120**	**(75,662)**

See Notes to Consolidated Financial Statements

Johnson & Johnson and subsidiaries consolidated statements of cash flows

(Dollars in Millions) (Note 1)

	2023	2022	2021
Cash flows from operating activities			
Net earnings	$35,153	17,941	20,878
Adjustments to reconcile net earnings to cash flows from operating activities:			
Depreciation and amortization of property and intangibles	7,486	6,970	7,390
Stock based compensation	1,162	1,138	1,135
Asset write-downs	1,295	1,216	989
Charge for purchase of in-process research and development assets	483	—	—
Gain on Kenvue separation	(20,984)	—	—
Net gain on sale of assets/businesses	(117)	(380)	(617)
Deferred tax provision	(4,194)	(1,663)	(2,079)
Credit losses and accounts receivable allowances	—	(17)	(48)
Changes in assets and liabilities, net of effects from acquisitions and divestitures:			
Increase in accounts receivable	(624)	(1,290)	(2,402)
Increase in inventories	(1,323)	(2,527)	(1,248)
Increase in accounts payable and accrued liabilities	2,346	1,098	2,437
(Increase)/Decrease in other current and non-current assets	(3,480)	687	(1,964)
Increase/(Decrease) in other current and non-current liabilities	5,588	(1,979)	(1,061)
Net cash flows from operating activities	**22,791**	**21,194**	**23,410**
Cash flows from investing activities			
Additions to property, plant and equipment	(4,543)	(4,009)	(3,652)
Proceeds from the disposal of assets/businesses, net	358	543	711
Acquisitions, net of cash acquired (Note 18)	—	(17,652)	(60)
Purchases of in-process research and development assets (Note 18)	(470)	—	—
Purchases of investments	(10,906)	(32,384)	(30,394)
Sales of investments	19,390	41,609	25,006
Credit support agreements activity, net	(2,963)	(249)	214
Other (including capitalized licenses and milestones)	12	(229)	(508)
Net cash from/(used) by investing activities	**878**	**(12,371)**	**(8,683)**
Cash flows from financing activities			
Dividends to shareholders	(11,770)	(11,682)	(11,032)
Repurchase of common stock	(5,054)	(6,035)	(3,456)
Proceeds from short-term debt	13,743	16,134	1,997
Repayment of short-term debt	(22,973)	(6,550)	(1,190)
Proceeds from long-term debt, net of issuance costs	—	2	5
Repayment of long-term debt	(1,551)	(2,134)	(1,802)
Proceeds from the exercise of stock options/employee withholding tax on stock awards, net	1,094	1,329	1,036
Credit support agreements activity, net	(219)	(28)	281

	2023	2022	2021
Proceeds of short and long-term debt, net of issuance cost, related to the debt that transferred to Kenvue at separation	8,047	—	—
Proceeds from Kenvue initial public offering	4,241	—	—
Cash transferred to Kenvue at separation	(1,114)	—	—
Other	(269)	93	114
Net cash used by financing activities	**(15,825)**	**(8,871)**	**(14,047)**
Effect of exchange rate changes on cash and cash equivalents	(112)	(312)	(178)
Increase/(Decrease) in cash and cash equivalents	7,732	(360)	502
Cash and cash equivalents from continuing operations, beginning of period	12,889	13,309	12,697
Cash and cash equivalents from discontinued operations, beginning of period	1,238	1,178	1,288
Cash and cash equivalents, beginning of year (Note 1)	14,127	14,487	13,985
Cash and cash equivalents from continuing operations, end of period	21,859	12,889	13,309
Cash and cash equivalents from discontinued operations, end of period	—	1,238	1,178
Cash and cash equivalents, end of year (Note 1)	**$21,859**	**14,127**	**14,487**
Supplemental cash flow data			
Cash paid during the year for:			
Interest	$1,836	982	990
Interest, net of amount capitalized	1,766	933	941
Income taxes, inclusive of discontinued operations	8,574	5,223	4,768
Supplemental schedule of non-cash investing and financing activities			
Treasury stock issued for employee compensation and stock option plans, net of cash proceeds/ employee withholding tax on stock awards	$1,435	2,114	1,811
Acquisitions			
Fair value of assets acquired	$—	18,710	61
Fair value of liabilities assumed	—	(1,058)	(1)
Net cash paid for acquisitions (Note 18)	$—	17,652	60

See Notes to Consolidated Financial Statements

Amounts presented have not been recast to exclude discontinued operations.

Notes to Consolidated Financial Statements

1. Summary of significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of Johnson & Johnson and its subsidiaries (the Company). Intercompany accounts and transactions are eliminated. Columns and rows within tables may not add due to rounding. Percentages have been calculated using actual, non-rounded figures.

Description of the company and business segments

The Company has approximately 131,900 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the healthcare field. The Company conducts business in virtually all countries of the world and its primary focus is on products related to human health and well-being.

Kenvue IPO/separation and discontinued operations

On May 8, 2023, Kenvue, completed an initial public offering (the IPO) resulting in the issuance of 198,734,444 shares of its common stock, par value $0.01 per share (the "Kenvue Common Stock"), at an initial public offering of $22.00 per share for net proceeds of $4.2 billion. The excess of the net proceeds from the IPO over the net book value of the Johnson & Johnson divested interest was $2.5 billion and was recorded to additional paid-in capital. As of the closing of the IPO, Johnson & Johnson owned approximately 89.6% of the total outstanding shares of Kenvue Common Stock and at July 2, 2023, the non-controlling interest of $1.3 billion associated with Kenvue was reflected in equity attributable to non-controlling interests in the consolidated balance sheet in the fiscal second quarter of 2023.

On August 23, 2023, Johnson & Johnson completed the disposition of an additional 80.1% ownership of the shares of Kenvue through an exchange offer. Following the exchange offer, the Company owns 9.5% of the shares of Kenvue which are accounted for as an equity investment carried at fair value within continuing operations. The historical results of the Consumer Health business (which previously represented the Consumer Health business segment) are reflected as discontinued operations in the Company's Consolidated Financial Statements through the date of the exchange offer (see Note 21 for additional details). Unless otherwise indicated, the information in the notes to the Consolidated Financial Statements refer only to Johnson & Johnson's continuing operations.

Business segments

Following the completion of the exchange offer, the Company is organized into two business segments: Innovative Medicine and MedTech. The Innovative Medicine segment is focused on the following therapeutic areas, including Immunology, Infectious diseases, Neuroscience, Oncology, Pulmonary Hypertension, and Cardiovascular and Metabolic diseases. Products in this segment are distributed directly to retailers, wholesalers, distributors, hospitals and healthcare professionals for prescription use. The MedTech segment includes a broad portfolio of products used in the Orthopaedic, Surgery, Interventional Solutions and Vision fields. These products are distributed to wholesalers, hospitals and retailers, and used principally in the professional fields by physicians, nurses, hospitals, eye care professionals and clinics.

New accounting standards

Recently adopted accounting standards

ASU 2022-04: Liabilities-Supplier Finance Programs (Topic 405-50) – Disclosure of Supplier Finance Program Obligations

The Company adopted the standard as of the beginning of fiscal year 2023, which requires that a buyer in a supplier finance program disclose additional information about the program for financial statement users.

The Company has agreements for supplier finance programs with third-party financial institutions. These programs provide participating suppliers the ability to finance payment obligations from the Company with the third-party financial institutions. The Company is not a party to the arrangements between the suppliers and the third-party financial institutions. The Company's obligations to its suppliers, including amounts due, and scheduled payment dates (which have general payment terms of 90 days), are not affected by a participating supplier's decision to participate in the program.

As of both December 31, 2023, and January 1, 2023, $0.7 billion were valid obligations under the program. The obligations are presented as Accounts payable on the Consolidated Balance Sheets.

Recently issued accounting standards

Not adopted as of December 31, 2023

ASU 2023-07: Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures
This update requires expanded annual and interim disclosures for significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. This update will be effective for fiscal years beginning after December 15, 2023, and is to be applied retrospectively to all periods presented in the financial statements. Early adoption is permitted. As this accounting standard only impacts disclosures, it will not have a material impact on the Company's Consolidated Financial Statements.

ASU 2023-09: Income Taxes (Topic 740) - Improvements to Income Tax Disclosures
This update standardizes categories for the effective tax rate reconciliation, requires disaggregation of income taxes and additional income tax-related disclosures. This update is required to be effective for the Company for fiscal periods beginning after December 15, 2024. As this accounting standard only impacts disclosures, it will not have a material impact on the Company's Consolidated Financial Statements.

Cash equivalents

The Company classifies all highly liquid investments with stated maturities of three months or less from date of purchase as cash equivalents and all highly liquid investments with stated maturities of greater than three months from the date of purchase as current marketable securities. The Company has a policy of making investments only with commercial institutions that have at least an investment grade credit rating. The Company invests its cash primarily in government securities and obligations, corporate debt securities, money market funds and reverse repurchase agreements (RRAs).

RRAs are collateralized by deposits in the form of Government Securities and Obligations for an amount not less than 102% of their value. The Company does not record an asset or liability as the Company is not permitted to sell or repledge the associated collateral. The Company has a policy that the collateral has at least an A (or equivalent) credit rating. The Company utilizes a third party custodian to manage the exchange of funds and ensure that collateral received is maintained at 102% of the value of the RRAs on a daily basis. RRAs with stated maturities of greater than three months from the date of purchase are classified as marketable securities.

Investments

Investments classified as held to maturity investments are reported at amortized cost and realized gains or losses are reported in earnings. Investments classified as available-for-sale debt securities are carried at estimated fair value with unrealized gains and losses recorded as a component of accumulated other comprehensive income. Available-for-sale securities available for current operations are classified as current assets; otherwise, they are classified as long term. 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 reviews its investments for impairment and adjusts these investments to fair value through earnings, as required.

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	30 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 8 years.

The Company reviews long-lived assets to assess recoverability using undiscounted cash flows. When certain events or changes in operating or economic conditions occur, an impairment assessment may be performed on the recoverability of the

carrying value of these assets. If the asset is determined to be impaired, the loss is measured based on the difference between the asset's fair value and its carrying value. If quoted market prices are not available, the Company will estimate fair value using a discounted value of estimated future cash flows.

Revenue recognition

The Company recognizes revenue from product sales when obligations under the terms of a contract with the customer are satisfied; generally, this occurs with the transfer of control of the goods to customers. The Company's global payment terms are typically between 30 to 90 days. Provisions for certain rebates, sales incentives, trade promotions, coupons, product returns, discounts to customers and governmental clawback provisions are accounted for as variable consideration and recorded as a reduction in sales. The liability is recognized within Accrued rebates, returns, and promotions on the consolidated balance sheet.

Product discounts granted are based on the terms of arrangements with direct, indirect and other market participants, as well as market conditions, including consideration of competitor pricing. Rebates are estimated based on contractual terms, historical experience, patient outcomes, trend analysis and projected market conditions in the various markets served. A significant portion of the liability related to rebates is from the sale of the Company's pharmaceutical products within the U.S., primarily the Managed Care, Medicare and Medicaid programs, which amounted to $11.5 billion and $9.6 billion as of December 31, 2023 and January 1, 2023, respectively. 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 estimated and recorded based on historical sales and returns information. 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 sales return accruals.

Sales returns allowances represent a reserve for products that may be returned due to expiration, destruction in the field, or in specific areas, product recall. The sales returns reserve is based on historical return trends by product and by market as a percent to gross sales. In accordance with the Company's accounting policies, the Company generally issues credit to customers for returned goods. The Company's sales returns reserves are accounted for in accordance with the U.S. GAAP guidance for revenue recognition when right of return exists. Sales returns reserves are recorded at full sales value. Sales returns in the Innovative Medicine segments are almost exclusively not resalable. Sales returns for certain franchises in the MedTech segment are typically resalable but are not material. The Company infrequently exchanges products from inventory for returned products. The sales returns reserve for the total Company has been less than 1.0% of annual net trade sales during each of the fiscal years 2023, 2022 and 2021.

Promotional programs, such as product listing allowances are recorded in the same period as related sales and include volume-based sales incentive programs. Volume-based incentive programs are based on the estimated sales volumes for the incentive period and are recorded as products are sold. These arrangements are evaluated to determine the appropriate amounts to be deferred or recorded as a reduction of revenue. The Company also earns profit-share payments through collaborative arrangements of certain products, which are included in sales to customers. Profit-share payments were less than 2.0% of the total revenues in fiscal year 2023 and less than 3.0% of the total revenues in the fiscal years 2022 and 2021 and are included in sales to customers.

See Note 17 to the Consolidated Financial Statements for further disaggregation of revenue.

Shipping and handling

Shipping and handling costs incurred were $0.9 billion, $0.8 billion and $0.8 billion in fiscal years 2023, 2022 and 2021, respectively, and are included in selling, marketing and administrative expense. The amount of revenue received for shipping and handling is less than 1.0% of sales to customers for all periods presented.

Inventories

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

Intangible assets and goodwill

The authoritative literature on U.S. GAAP requires that goodwill and intangible assets with indefinite lives be assessed annually for impairment. The Company completed its annual impairment test for 2023 in the fiscal fourth quarter. Future impairment

tests will be performed annually in the fiscal fourth quarter, or sooner if warranted. Purchased in-process research and development is accounted for as an indefinite lived intangible asset until the underlying project is completed, at which point the intangible asset will be accounted for as a definite lived intangible asset. If warranted the purchased in-process research and development could be written off or partially impaired depending on the underlying program.

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 5 for further details on Intangible Assets and Goodwill.

Financial instruments

As required by U.S. GAAP, all derivative instruments are recorded on the balance sheet at fair value. Fair value is the exit price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement determined using assumptions that market participants would use in pricing an asset or liability. The authoritative literature establishes a three-level hierarchy to prioritize the inputs used in measuring fair value, with Level 1 having the highest priority and Level 3 having the lowest. 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, the type of hedge transaction.

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. See Note 6 for additional information on Financial Instruments.

Leases

The Company determines whether an arrangement is a lease at contract inception by establishing if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. Right of Use (ROU) Assets and Lease Liabilities for operating leases are included in Other assets, Accrued liabilities, and Other liabilities on the consolidated balance sheet. The ROU Assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Commitments under finance leases are not significant, and are included in Property, plant and equipment, Loans and notes payable, and Long-term debt on the consolidated balance sheet.

ROU Assets and Lease Liabilities are recognized at the lease commencement date based on the present value of all minimum lease payments over the lease term. The Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments, when the implicit rate is not readily determinable. Lease terms may include options to extend or terminate the lease. These options are included in the lease term when it is reasonably certain that the Company will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term. The Company has elected the following policy elections on adoption: use of portfolio approach on leases of assets under master service agreements, exclusion of short term leases on the balance sheet, and not separating lease and non-lease components.

The Company primarily has operating lease for space, vehicles, manufacturing equipment and data processing equipment. The ROU asset pertaining to leases from continuing operation was $1.0 billion in both fiscal years 2023 and 2022. The lease liability from continuing operations was $1.1 billion in both fiscal years 2023 and 2022. The operating lease costs from continuing operations were $0.2 billion in fiscal years 2023, 2022 and 2021. Cash paid for amounts included in the measurement of lease liabilities from continuing operations were $0.2 billion in fiscal years 2023, 2022 and 2021.

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 and actuarially determined estimates where applicable. The accruals are adjusted periodically as additional information becomes available. The Company accrues an estimate of the legal defense costs needed to defend each matter when those costs are probable and can be reasonably estimated. To the extent adverse verdicts have been rendered against the Company, the Company does not record an accrual until a loss is determined to be probable and can be reasonably estimated.

The Company has self insurance through a wholly-owned captive insurance company. In addition to accruals in the self insurance program, claims that exceed the insurance coverage are accrued when losses are probable and amounts can be reasonably estimated.

Research and development

Research and development expenses are expensed as incurred in accordance with ASC 730, Research and Development. 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.

The Company enters into collaborative arrangements, typically with other pharmaceutical or biotechnology companies, to develop and commercialize drug candidates or intellectual property. These arrangements typically involve two (or more) parties who are active participants in the collaboration and are exposed to significant risks and rewards dependent on the commercial success of the activities. These collaborations usually involve various activities by one or more parties, including research and development, marketing and selling and distribution. Often, these collaborations require upfront, milestone and royalty or profit share payments, contingent upon the occurrence of certain future events linked to the success of the asset in development. Amounts due from collaborative partners related to development activities are generally reflected as a reduction of research and development expense because the performance of contract development services is not central to the Company's operations. In general, the income statement presentation for these collaborations is as follows:

Nature/Type of Collaboration	Statement of Earnings Presentation
Third-party sale of product & profit share payments received	Sales to customers
Royalties/milestones paid to collaborative partner (post-regulatory approval)*	Cost of products sold
Royalties received from collaborative partner	Other income (expense), net
Upfront payments & milestones paid to collaborative partner (pre-regulatory approval)	Research and development expense
Research and development payments to collaborative partner	Research and development expense
Research and development payments received from collaborative partner or government entity	Reduction of Research and development expense

* Milestones are capitalized as intangible assets and amortized to cost of products sold over the useful life.

For all years presented, there was no individual project that represented greater than 5% of the total annual consolidated research and development expense.

The Company has a number of products and compounds developed in collaboration with strategic partners including XARELTO, co-developed with Bayer HealthCare AG and IMBRUVICA, developed in collaboration and co-marketed with Pharmacyclics LLC, an AbbVie company.

Separately, the Company has a number of licensing arrangements for products and compounds including DARZALEX, licensed from Genmab A/S.

Advertising

Costs associated with advertising are expensed in the year incurred and are included in selling, marketing and administrative expenses. Advertising expenses worldwide, which comprised television, radio, print media and Internet advertising, were $0.5 billion, $0.7 billion and $1.2 billion in fiscal years 2023, 2022 and 2021, respectively.

Income taxes

Income taxes are recorded based on amounts refundable or payable for the current year and include the results of any difference between U.S. GAAP accounting and tax reporting, recorded as deferred tax assets or liabilities. The Company

estimates deferred tax assets and liabilities based on enacted tax regulations and rates. Future changes in tax laws and rates may affect recorded deferred tax assets and liabilities in the future.

The Company has unrecognized tax benefits for uncertain tax positions. The Company follows U.S. GAAP which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management believes that changes in these estimates would not have a material effect on the Company's results of operations, cash flows or financial position.

In 2017, the United States enacted into law new U.S. tax legislation, the U.S. Tax Cuts and Jobs Act (TCJA). This law included provisions for a comprehensive overhaul of the corporate income tax code, including a reduction of the statutory corporate tax rate from 35% to 21%, effective on January 1, 2018. The TCJA included a provision for a tax on all previously undistributed earnings of U.S. companies located in foreign jurisdictions. Undistributed earnings in the form of cash and cash equivalents were taxed at a rate of 15.5% and all other earnings were taxed at a rate of 8.0%. This tax is payable over 8 years and will not accrue interest. These payments began in 2018 and will continue through 2025. The remaining balance at the end of the 2023 was approximately $4.5 billion, of which $2.5 billion is classified as noncurrent and reflected as "Long-term taxes payable" on the Company's balance sheet.

The TCJA also includes provisions for a tax on global intangible low-taxed income (GILTI). GILTI is described as the excess of a U.S. shareholder's total net foreign income over a deemed return on tangible assets, as provided by the TCJA. In January 2018, the FASB issued guidance that allows companies to elect as an accounting policy whether to record the tax effects of GILTI in the period the tax liability is generated (i.e., "period cost") or provide for deferred tax assets and liabilities related to basis differences that exist and are expected to effect the amount of GILTI inclusion in future years upon reversal (i.e., "deferred method"). The Company has elected to account for GILTI under the deferred method. The deferred tax amounts recorded are based on the evaluation of temporary differences that are expected to reverse as GILTI is incurred in future periods.

The Company has recorded deferred tax liabilities on all undistributed earnings prior to December 31, 2017 from its international subsidiaries. The Company has not provided deferred taxes on the undistributed earnings subsequent to January 1, 2018 from certain international subsidiaries where the earnings are considered to be indefinitely reinvested. The Company intends to continue to reinvest these earnings in those international operations. If the Company decides at a later date to repatriate these earnings to the U.S., the Company would be required to provide for the net tax effects on these amounts. The Company estimates that the tax effect of this repatriation would be approximately $0.5 billion under currently enacted tax laws and regulations and at current currency exchange rates. This amount does not include the possible benefit of U.S. foreign tax credits, which may substantially offset this cost.

See Note 8 to the Consolidated Financial Statements for further information regarding income taxes.

Net earnings per share

Basic earnings per share is computed by dividing net earnings 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.

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, income taxes, withholding taxes, depreciation, amortization, employee benefits, contingencies and intangible asset and liability valuations. Actual results may or may not differ from those estimates.

The Company follows the provisions of U.S. GAAP when recording litigation related contingencies. A liability is recorded when a loss is probable and can be reasonably estimated. The best estimate of a loss within a range is accrued; however, if no estimate in the range is better than any other, the minimum amount is accrued.

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, and therefore includes additional shipping days, as was the case in fiscal year 2020, and will be the case again in fiscal year 2026.

2. Cash, cash equivalents and current marketable securities

At the end of the fiscal year 2023 and 2022, cash, cash equivalents and current marketable securities comprised:

	2023				
(Dollars in Millions)	Carrying Amount	Unrecognized Loss	Estimated Fair Value	Cash & Cash Equivalents	Current Marketable Securities
Cash	$3,340	—	3,340	3,340	—
Non-U.S. Sovereign Securities[1]	522	—	522	174	348
U.S. Reverse repurchase agreements	4,377	—	4,377	4,377	—
Corporate debt securities[1]	338	—	338	189	149
Money market funds	4,814	—	4,814	4,814	—
Time deposits[1]	662	—	662	662	—
Subtotal	**$14,053**	**—**	**14,053**	**13,556**	**497**
U.S. Gov't Securities	$8,562	—	8,562	8,259	303
U.S. Gov't Agencies	71	(1)	70	—	70
Other Sovereign Securities	5	—	5	1	4
Corporate and other debt securities	237	—	237	43	194
Subtotal available for sale[2]	**$8,875**	**(1)**	**8,874**	**8,303**	**571**
Total cash, cash equivalents and current marketable securities				**$21,859**	**1,068**

	2022				
(Dollars in Millions)	Carrying Amount	Unrecognized Loss	Estimated Fair Value	Cash & Cash Equivalents	Current Marketable Securities
Cash	$3,691	—	3,691	3,691	—
U.S. Reverse repurchase agreements	1,419	—	1,419	1,419	—
Corporate debt securities[1]	873	(1)	872	—	873
Money market funds	5,368	—	5,368	5,368	—
Time deposits[1]	443	—	443	443	—
Subtotal	**11,794**	**(1)**	**11,793**	**10,921**	**873**
U.S. Gov't Securities	$9,959	(28)	9,931	1,922	8,009
U.S. Gov't Agencies	210	(5)	205	—	205
Corporate and other debt securities	352	(1)	351	46	305
Subtotal available for sale[2]	**$10,521**	**(34)**	**10,487**	**1,968**	**8,519**
Total cash, cash equivalents and current marketable securities				**$12,889**	**9,392**

(1) Held to maturity investments are reported at amortized cost and realized gains or losses are reported in earnings.

(2) Available for sale debt securities are reported at fair value with unrealized gains and losses reported net of taxes in other comprehensive income.

Fair value of government securities and obligations and corporate debt securities were estimated using quoted broker prices and significant other observable inputs.

The contractual maturities of the available for sale debt securities at December 31, 2023 are as follows:

(Dollars in Millions)	Cost Basis	Fair Value
Due within one year	$8,865	8,864
Due after one year through five years	10	10
Due after five years through ten years	—	—
Total debt securities	**$8,875**	**8,874**

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 investment grade credit rating.

3. Inventories

At the end of fiscal years 2023 and 2022, inventories comprised:

(Dollars in Millions)	2023	2022
Raw materials and supplies	$2,355	1,719
Goods in process	1,952	1,577
Finished goods	6,874	6,972
Total inventories	**$11,181**	**10,268**

4. Property, plant and equipment

At the end of fiscal years 2023 and 2022, property, plant and equipment at cost and accumulated depreciation were:

(Dollars in Millions)	2023	2022
Land and land improvements	$795	784
Buildings and building equipment	12,375	11,470
Machinery and equipment	28,979	26,603
Construction in progress	5,627	4,677
Total property, plant and equipment, gross	**$47,776**	**43,534**
Less accumulated depreciation	27,878	25,552
Total property, plant and equipment, net	**$19,898**	**17,982**

The Company capitalizes interest expense as part of the cost of construction of facilities and equipment. Interest expense capitalized in fiscal years 2023, 2022 and 2021 was $70 million, $49 million and $49 million, respectively.

Depreciation expense, including the amortization of capitalized interest in fiscal years 2023, 2022 and 2021 was $2.6 billion, $2.4 billion and $2.4 billion, respectively.

Upon retirement or other disposal of property, plant and equipment, the costs and related amounts 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 are recorded in earnings.

5. Intangible assets and goodwill

At the end of fiscal years 2023 and 2022, the gross and net amounts of intangible assets were:

(Dollars in Millions)	2023	2022
Intangible assets with definite lives:		
Patents and trademarks — gross	$40,417	39,388
Less accumulated amortization	(24,808)	(20,616)
Patents and trademarks — net	**$15,609**	**18,772**
Customer relationships and other intangibles — gross	$20,322	19,764
Less accumulated amortization	(12,685)	(11,363)
Customer relationships and other intangibles — net[1]	**$7,637**	**8,401**
Intangible assets with indefinite lives:		
Trademarks	$1,714	1,630
Purchased in-process research and development	9,215	9,686
Total intangible assets with indefinite lives	**$10,929**	**11,316**
Total intangible assets — net	**$34,175**	**38,489**

(1) The majority is comprised of customer relationships

Goodwill as of December 31, 2023 and January 1, 2023, as allocated by segment of business, was as follows:

(Dollars in Millions)	Innovative Medicine	MedTech	Total
Goodwill at January 2, 2022	$10,580	14,856	25,436
Goodwill, related to acquisitions	—	11,056	11,056
Goodwill, related to divestitures	—	—	—
Currency translation/other	(396)	(49)	(445)
Goodwill at January 1, 2023	10,184	25,863	36,047
Goodwill, related to acquisitions	—	—	—
Goodwill, related to divestitures	—	—	—
Currency translation/other	223	288 *	511
Goodwill at December 31, 2023	$10,407	26,151	36,558

*Includes purchase price allocation adjustments for Abiomed

The weighted average amortization period for patents and trademarks is approximately 11 years. The weighted average amortization period for customer relationships and other intangible assets is approximately 19 years. The amortization expense of amortizable assets included in Cost of products sold was $4.5 billion, $3.9 billion and $4.2 billion before tax, for the fiscal years ended December 31, 2023, January 1, 2023 and January 2, 2022, respectively. Intangible asset write-downs are included in Other (income) expense, net.

The estimated amortization expense related to intangible assets for approved products, before tax, for the five succeeding years is approximately:

(Dollars in Millions)				
2024	2025	2026	2027	2028
$4,300	3,500	2,900	2,300	1,600

See Note 18 to the Consolidated Financial Statements for additional details related to acquisitions and divestitures.

6. Fair value measurements

The Company uses forward foreign exchange contracts to manage its exposure to the variability of cash flows, primarily related to the foreign exchange rate changes of future intercompany products and third-party purchases of materials denominated in a foreign currency. The Company uses cross currency interest rate swaps to manage currency risk primarily related to borrowings. Both types of derivatives are designated as cash flow hedges.

Additionally, the Company primarily uses interest rate swaps as an instrument to manage interest rate risk related to fixed rate borrowings. These derivatives are designated as fair value hedges. The Company uses cross currency interest rate swaps and forward foreign exchange contracts designated as net investment hedges. Additionally, the Company uses forward foreign exchange contracts to offset its exposure to certain foreign currency assets and liabilities. These forward foreign 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 Company does not enter into derivative financial instruments for trading or speculative purposes, or that contain credit risk related contingent features. The Company maintains credit support agreements (CSA) with certain derivative counterparties establishing collateral thresholds based on respective credit ratings and netting agreements. As of December 31, 2023 and January 1, 2023, the total amount of cash collateral paid by the Company under the CSA amounted to $4.0 billion and $0.8 billion net respectively, related to net investment and cash flow hedges. On an ongoing basis, the Company monitors counter-party credit ratings. The Company considers credit non-performance risk to be low, because the Company primarily enters into agreements with commercial institutions that have at least an investment grade credit rating. Refer to the table on significant financial assets and liabilities measured at fair value contained in this footnote for receivables and payables with these commercial institutions. As of December 31, 2023, the Company had notional amounts outstanding for forward foreign exchange contracts, cross currency interest rate swaps and interest rate swaps of $42.9 billion, $39.7 billion and $10.0 billion, respectively. As of January 1, 2023, the Company had notional amounts outstanding for forward foreign exchange contracts, cross currency interest rate swaps and interest rate swaps of $41.5 billion, $36.2 billion and $10.0 billion, respectively.

All derivative instruments are 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, the type of hedge transaction.

The designation as a cash flow hedge is made at the entrance date of the derivative contract. At inception, all derivatives are expected to be highly effective. Foreign exchange contracts designated as cash flow hedges are accounted for under the forward method and all gains/losses associated with these contracts will be recognized in the income statement when the hedged item impacts earnings. Changes in the fair value of these derivatives 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.

Gains and losses associated with interest rate swaps and changes in fair value of hedged debt attributable to changes in interest rates are recorded to interest expense in the period in which they occur. Gains and losses on net investment hedges are accounted through the currency translation account within accumulated other comprehensive income. The portion excluded from effectiveness testing is recorded through interest (income) expense using the spot method. On an ongoing basis, the Company assesses whether each derivative continues to be highly effective in offsetting changes of hedged items. If and when a derivative is no longer expected to be highly effective, hedge accounting is discontinued.

The Company designated its Euro denominated notes issued in May 2016 with due dates ranging from 2022 to 2035 as a net investment hedge of the Company's investments in certain of its international subsidiaries that use the Euro as their functional currency in order to reduce the volatility caused by changes in exchange rates.

As of December 31, 2023, the balance of deferred net loss on derivatives included in accumulated other comprehensive income was $377 million after-tax. For additional information, see the Consolidated Statements of Comprehensive Income and Note 13. The Company expects that substantially all of the amounts related to forward foreign exchange contracts will be reclassified into earnings over the next 12 months as a result of transactions that are expected to occur over that period. The maximum length of time over which the Company is hedging transaction exposure is 18 months, excluding interest rate contracts and net investment hedges. The amount ultimately realized in earnings may differ as foreign exchange rates change. Realized gains and losses are ultimately determined by actual exchange rates at maturity of the derivative.

The following table is a summary of the activity related to derivatives and hedges for the fiscal years ended December 31, 2023 and January 1, 2023, net of tax:

	December 31, 2023					January 1, 2023				
(Dollars in Millions)	Sales	Cost of Products Sold	R&D Expense	Interest (Income) Expense	Other (Income) Expense	Sales	Cost of Products Sold	R&D Expense	Interest (Income) Expense	Other (Income) Expense
The effects of fair value, net investment and cash flow hedging:										
Gain (Loss) on fair value hedging relationship:										
Interest rate swaps contracts:										
Hedged items	$—	—	—	(930)	—	—	—	—	(1,098)	—
Derivatives designated as hedging instruments	—	—	—	930	—	—	—	—	1,098	—
Gain (Loss) on net investment hedging relationship:										
Cross currency interest rate swaps contracts:										
Amount of gain or (loss) recognized in income on derivative amount excluded from effectiveness testing	$—	—	—	130	—	—	—	—	140	—
Amount of gain or (loss) recognized in AOCI	—	—	—	130	—	—	—	—	140	—
Gain (Loss) on cash flow hedging relationship:										
Forward foreign exchange contracts:										
Amount of gain or (loss) reclassified from AOCI into income	7	186	(37)	—	8	(72)	(271)	149	—	(23)
Amount of gain or (loss) recognized in AOCI	10	447	(18)	—	9	5	319	61	—	(113)
Cross currency interest rate swaps contracts:										
Amount of gain or (loss) reclassified from AOCI into income	—	—	—	275	—	—	—	—	425	—
Amount of gain or (loss) recognized in AOCI	$—	—	—	(156)	—	—	—	—	42	—

As of December 31, 2023 and January 1, 2023, the following amounts were recorded on the consolidated balance sheet related to cumulative basis adjustment for fair value hedges

Line item in the Consolidated Balance Sheet in which the hedged item is included	Carrying Amount of the Hedged Liability		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liability	
(Dollars in Millions)	December 31, 2023	January 1, 2023	December 31, 2023	January 1, 2023
Long-term Debt	$8,862	$8,665	$(1,216)	$(1,435)

The following table is the effect of derivatives not designated as hedging instrument for the fiscal years ended December 31, 2023 and January 1, 2023:

(Dollars in Millions)	Location of Gain /(Loss) Recognized in Income on Derivative	Gain/(Loss) Recognized In Income on Derivative	
Derivatives Not Designated as Hedging Instruments		December 31, 2023	January 1, 2023
Foreign Exchange Contracts	Other (income) expense	$(60)	94

The following table is the effect of net investment hedges for the fiscal years ended December 31, 2023 and January 1, 2023:

	Gain/(Loss) Recognized In Accumulated OCI		Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income Into Income	Gain/(Loss) Reclassified From Accumulated OCI Into Income	
(Dollars in Millions)	December 31, 2023	January 1, 2023		December 31, 2023	January 1, 2023
Debt	$(131)	197	Interest (income) expense	—	—
Cross Currency interest rate swaps	$642	766	Interest (income) expense	—	—

The Company holds equity investments with readily determinable fair values and equity investments without readily determinable fair values. The Company measures equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

The following table is a summary of the activity related to equity investments for the fiscal years ended December 31, 2023 and January 1, 2023:

	January 1, 2023			December 31, 2023	
(Dollars in Millions)	Carrying Value	Changes in Fair Value Reflected in Net Income[1]	Sales/ Purchases/Other[2]	Carrying Value	Non Current Other Assets
Equity Investments with readily determinable value *	$576	(368)	4,265	4,473	4,473
Equity Investments without readily determinable value	$613	1	82	696	696

(Dollars in Millions)	January 2, 2022 Carrying Value	Changes in Fair Value Reflected in Net Income[1]	Sales/ Purchases/Other[2]	January 1, 2023 Carrying Value	Non Current Other Assets
Equity Investments with readily determinable value	$1,884	(538)	(770)	576	576
Equity Investments without readily determinable value	$413	93	107	613	613

(1) Recorded in Other Income/Expense

(2) Other includes impact of currency

* Includes the 9.5% remaining stake in Kenvue and the $0.4 billion unfavorable change in fair value of the investment between separation date and the end of the fiscal year.

For the fiscal years ended December 31, 2023 and January 1, 2023 for equity investments without readily determinable market values, $1 million and $51 million, respectively, of the changes in fair value reflected in net income were the result of impairments. There were offsetting impacts of $27 million and $142 million, respectively, of changes in the fair value reflected in net income due to changes in observable prices and gains on the disposal of investments.

Fair value is the exit price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement determined using assumptions that market participants would use in pricing an asset or liability. In accordance with ASC 820, a three-level hierarchy to prioritize the inputs used in measuring fair value. The levels within the hierarchy are described below with Level 1 having the highest priority and Level 3 having the lowest.

The fair value of a derivative financial instrument (i.e., forward foreign exchange contracts, interest rate contracts) is the aggregation by currency of all future cash flows discounted to its present value at the prevailing market interest rates and subsequently converted to the U.S. Dollar at the current spot foreign exchange rate. The Company does not believe that fair values of these derivative instruments materially differ from the amounts that could be realized upon settlement or maturity, or that the changes in fair value will have a material effect on the Company's results of operations, cash flows or financial position. The Company also holds equity investments which are classified as Level 1 and debt securities which are classified as Level 2. The Company holds acquisition related contingent liabilities based upon certain regulatory and commercial events, which are classified as Level 3, whose values are determined using discounted cash flow methodologies or similar techniques for which the determination of fair value requires significant judgment or estimations.

The following three levels of inputs are used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets and liabilities.

Level 2 — Significant other observable inputs.

Level 3 — Significant unobservable inputs.

The Company's significant financial assets and liabilities measured at fair value as of the fiscal year ended December 31, 2023 and January 1, 2023 were as follows:

	2023				2022
(Dollars in Millions)	Level 1	Level 2	Level 3	Total	Total[1]
Derivatives designated as hedging instruments:					
Assets:					
Forward foreign exchange contracts	$—	539	—	539	629
Interest rate contracts [2]	—	988	—	988	1,534
Total	**$—**	**1,527**	**—**	**1,527**	**2,163**
Liabilities:					
Forward foreign exchange contracts	—	624	—	624	511
Interest rate contracts [2]	—	5,338	—	5,338	2,778
Total	**$—**	**5,962**	**—**	**5,962**	**3,289**
Derivatives not designated as hedging instruments:					
Assets:					
Forward foreign exchange contracts	$—	64	—	64	38
Liabilities:					
Forward foreign exchange contracts	—	75	—	75	68
Available For Sale Other Investments:					
Equity investments[3]	4,473	—	—	4,473	576
Debt securities[4]	—	8,874	—	8,874	10,487
Other Liabilities					
Contingent Consideration[5]	$		1,092	1,092	1,120

Gross to Net Derivative Reconciliation	2023	2022
(Dollars in Millions)		
Total Gross Assets	$1,591	2,201
Credit Support Agreements (CSA)	(1,575)	(2,176)
Total Net Asset	16	25
Total Gross Liabilities	6,037	3,357
Credit Support Agreements (CSA)	(5,604)	(3,023)
Total Net Liabilities	$433	334

Summarized information about changes in liabilities for contingent consideration is as follows:

(Dollars in Millions)	2023	2022	2021
Beginning Balance	$1,120	533	633
Changes in estimated fair value	29	(194)	(52)
Additions [6]	—	792	—
Payments/Other	(57)	(11)	(48)
Ending Balance [5]	$1,092	1,120	533

(1) 2022 assets and liabilities are all classified as Level 2 with the exception of equity investments of $576 million, which are classified as Level 1 and contingent consideration of $1,120 million, classified as Level 3.

(2) Includes cross currency interest rate swaps and interest rate swaps.

(3) Classified as non-current other assets.

(4) Classified as cash equivalents and current marketable securities.

(5) Includes $1,092 million, $1,116 million and $520 million, classified as non-current other liabilities as of December 31, 2023, January 1, 2023 and January 2, 2022, respectively. Includes $4 million and $13 million classified as current liabilities as of January 1, 2023 and January 2, 2022, respectively.

(6) In fiscal year 2022, the Company recorded $704 million of contingent consideration related to Abiomed.

See Notes 2 and 7 for financial assets and liabilities held at carrying amount on the Consolidated Balance Sheet.

7. Borrowings

The components of long-term debt are as follows:

(Dollars in Millions)	2023	Effective Rate %	2022	Effective Rate %
6.73% Debentures due 2023	$—	— %	$250	6.73 %
3.375% Notes due 2023	—	—	801	3.17
2.05% Notes due 2023	—	—	500	2.09
0.650% Notes due 2024 (750MM Euro 1.1090)[2]/(750MM Euro 1.0651)[3]	831 [2]	0.68	792 [3]	0.68
5.50% Notes due 2024 (500MM 1.2756 GBP)[2]/(500MM GBP 1.2037)[3]	637 [2]	6.75	600 [3]	6.75
2.625% Notes due 2025	750	2.63	749	2.63
0.55% Notes due 2025	950	0.57	918	0.57
2.46% Notes due 2026	1,997	2.47	1,996	2.47
2.95% Notes due 2027	900	2.96	877	2.96
0.95% Notes due 2027	1,419	0.96	1,394	0.96
1.150% Notes due 2028 (750MM Euro 1.1090)[2]/(750MM Euro 1.0651)[3]	828 [2]	1.21	794 [3]	1.21
2.90% Notes due 2028	1,497	2.91	1,496	2.91
6.95% Notes due 2029	298	7.14	298	7.14
1.30% Notes due 2030	1,630	1.30	1,607	1.30
4.95% Debentures due 2033	499	4.95	498	4.95
4.375% Notes due 2033	854	4.24	854	4.24
1.650% Notes due 2035 (1.5B Euro 1.1090)[2]/(1.5B Euro 1.0651)[3]	1,652 [2]	1.68	1,591 [3]	1.68
3.587% Notes due 2036	864	3.59	842	3.59
5.95% Notes due 2037	994	5.99	993	5.99
3.625% Notes due 2037	1,357	3.64	1,336	3.64
5.85% Debentures due 2038	697	5.85	697	5.85
3.400% Notes due 2038	993	3.42	992	3.42
4.50% Debentures due 2040	541	4.63	540	4.63
2.10% Notes due 2040	849	2.14	828	2.14
4.85% Notes due 2041	297	4.89	297	4.89
4.50% Notes due 2043	496	4.52	496	4.52
3.73% Notes due 2046	1,977	3.74	1,976	3.74
3.75% Notes due 2047	832	3.76	812	3.76
3.500% Notes due 2048	743	3.52	743	3.52
2.250% Notes due 2050	826	2.29	808	2.29
2.450% Notes due 2060	1,073	2.49	1,055	2.49
Other	69	—	7	—
Subtotal	**27,350** [4]	**2.98 %** [1]	**28,437** [4]	**3.04 %** [1]
Less current portion	1,469		1,551	
Total long-term debt	**$25,881**		**$26,886**	

[1] Weighted average effective rate.

(2) Translation rate at December 31, 2023.

(3) Translation rate at January 1, 2023.

(4) The excess of the carrying value over the fair value of debt was $1.0 billion and $1.6 billion at the end of fiscal year 2023 and fiscal year 2022, respectively.

Fair value of the long-term debt was estimated using market prices, which were corroborated by quoted broker prices and significant other observable inputs.

The Company has access to substantial sources of funds at numerous banks worldwide. In September 2023, the Company secured a new 364-day Credit Facility of $10 billion, which expires on September 5, 2024. The Company early terminated the additional 364-day revolving Credit Facility of $10 billion, which had an expiration of November 21, 2023. Interest charged on borrowings under the credit line agreement is based on either the Term SOFR Reference Rate or other applicable market rates as allowed under the terms of the agreement, plus applicable margins. Commitment fees under the agreements are not material.

Throughout fiscal years 2023 and 2022, the Company continued to have access to liquidity through the commercial paper market. Short-term borrowings and the current portion of long-term debt amounted to approximately $3.5 billion and $12.8 billion at the end of fiscal years 2023 and 2022, respectively. The current portion of the long term debt was $1.5 billion and $1.6 billion in 2023 and 2022, respectively, and the remainder is commercial paper and local borrowing by international subsidiaries.

The current debt balance as of December 31, 2023 includes $2.0 billion of commercial paper which has a weighted average interest rate of 5.37% and a weighted average maturity of approximately two months. The current debt balance as of January 1, 2023 includes $11.2 billion of commercial paper which has a weighted average interest rate of 4.23% and a weighted average maturity of approximately two months.

Aggregate maturities of long-term debt obligations commencing in 2024 are:

(Dollars in Millions)

2024	2025	2026	2027	2028	After 2028
$1,469	1,700	1,997	2,320	2,325	17,539

8. Income taxes

The provision for taxes on income consists of:

(Dollars in Millions)	2023	2022	2021
Currently payable:			
U.S. taxes	$2,705	2,274	1,338
International taxes	3,090	2,295	2,069
Total currently payable	5,795	4,569	3,407
Deferred:			
U.S. taxes	(3,440)	(1,990)	565
International taxes	(619)	410	(2,595)
Total deferred	(4,059)	(1,580)	(2,030)
Provision for taxes on income	**$1,736**	**2,989**	**1,377**

A comparison of income tax expense at the U.S. statutory rate of 21% in fiscal years 2023, 2022 and 2021, to the Company's effective tax rate is as follows:

(Dollars in Millions)	2023	2022	2021
U.S.	$(2,033)	4,606	4,275
International	17,095	14,753	14,903
Earnings before taxes on income:	$15,062	19,359	19,178
Tax rates:			
U.S. statutory rate	21.0 %	21.0	21.0
International operations[1]	(8.1)	(5.0)	(19.1)
U.S. Tax Settlements	(3.0)	—	—
U.S. taxes on international income[2]	(0.3)	(1.1)	8.9
Tax benefits from loss on capital assets	—	—	(1.6)
Tax benefits on share-based compensation	(0.8)	(1.4)	(1.2)
All other	2.7	1.9	(0.8)
Effective Rate	11.5 %	15.4	7.2

(1) International operations reflect the impacts of operations in jurisdictions with statutory tax rates different than the U.S., particularly Ireland, Switzerland, Belgium and Puerto Rico, which is a favorable impact on the effective tax rate as compared with the U.S. statutory rate.

(2) Includes the impact of the GILTI tax, the Foreign-Derived Intangible Income deduction and other foreign income that is taxable under the U.S. tax code. The 2023 and 2022 amount includes the impact of certain provisions of the 2017 TCJA that became effective in fiscal 2022. The 2023 amount includes the impact of certain foreign subsidiaries deferred tax remeasurements for legislative elections and the 2021 amounts include the reorganization of international subsidiaries further described below.

The fiscal year 2023 effective tax rate decreased 3.9% as compared to the fiscal year 2022 effective tax rate as the Company recorded certain non-recurring favorable tax items in fiscal year 2023 when compared to the prior fiscal year.

In the fiscal fourth quarter of 2023, the Company settled the U.S. Internal Revenue Service audit for tax years 2013 through 2016 which resulted in a favorable impact to the rate of 3.0%. This settlement was partially offset by the Company recording a $0.4 billion decrease in expected U.S. foreign tax credits, an unfavorable effective rate impact of 2.6%, which has been reflected as a current tax expense in U.S. taxes on international income on the Company's effective tax rate reconciliation.

In the fiscal year 2023, the Company had certain non-recurring impacts as a result of legislative tax elections made in certain international subsidiaries which resulted in a change in the Company's tax basis in certain assets resulting in deferred tax re-measurements. The net impact of these non-recurring items is a net benefit of 3.4% to the Company's annual effective tax rate, comprised of the following items:

- approximately $0.3 billion of tax benefit on local deferred tax assets to record the remeasurement of the increased tax basis, this benefit has been reflected as International operations on the Company's effective tax rate reconciliation. This benefit was offset by approximately $0.1 billion of U.S. deferred tax expense on the GILTI deferred tax liability resulting from the remeasurement of these deferred tax assets. This has been reflected in the "U.S. tax on international income" on the Company's effective tax rate reconciliation.
- approximately $0.3 billion of U.S. deferred tax benefit on the GILTI deferred tax as a result of an international subsidiary making an election to change the treatment of a local deferred tax asset to a refundable tax credit. This has been reflected in the U.S. taxes on international income on the Company's effective tax rate reconciliation.

The Company's 2023 and 2022 tax rates benefited from certain provisions of the Tax Cuts and Jobs Act of 2017 that became effective in fiscal 2022. The Company also had lower income in higher tax jurisdictions vs. fiscal year 2022, primarily in the U.S. where the Company recorded an approximately $7.0 billion charge related to talc matters in the United States at an effective tax rate of 21.1% (for further information see Note 19 to the Consolidated Financial Statements).

The fiscal year 2022 effective tax rate increased 8.2% as compared to the fiscal year 2021 effective tax rate as the Company recorded certain non-recurring favorable tax items in fiscal year 2021 which resulted in an unfavorable impact to the Company's fiscal 2022 effective tax rate when compared to the prior fiscal year. These items are described below. The Company's 2022 tax rate also benefited from the impairment of bermekimab for AD IPR&D and changes in the fair value of securities in the Company's investment portfolio, both recorded at the U.S. statutory rate.

In the fiscal year 2021, the Company reorganized the ownership structure of certain wholly-owned international subsidiaries. As part of this reorganization, the Company increased the tax basis of certain assets to fair value in accordance with applicable local regulations. The net impact of this restructuring was approximately $0.6 billion net benefit or 3.2% benefit to the Company's annual effective tax rate, comprised of the following items:

- approximately $2.3 billion of local deferred tax assets to record the remeasurement of the tax basis of these assets to fair value, this benefit has been reflected as International operations on the Company's effective tax rate reconciliation.
- approximately $1.7 billion of U.S. deferred tax expense relating to the GILTI deferred tax liability resulting from the remeasurement of these deferred tax assets. This expense has been reflected as U.S. taxes on international income on the Company's effective tax rate reconciliation.

Also, in the fiscal fourth quarter of 2021, the Company recognized a loss on certain U.S. affiliates related to the previously impaired book value of certain intangibles, which reduced the 2021 effective tax rate by approximately 1.6% which is reflected as a Tax benefits from loss on capital assets on the effective tax rate reconciliation. Additionally other fiscal 2021 impacts to the rate were primarily driven by litigation and acquisition related items as follows:

- the Company accrued additional legal expenses, of approximately $1.6 billion for talc at an effective tax rate of 23.5% and $0.8 billion for Risperdal Gynecomastia settlements at an effective tax rate of 16.4% (See Note 19 to the Consolidated Financial Statements for more details).
- the Company recorded a partial IPR&D charge of $0.9 billion for the Ottava intangible asset (acquired with the Auris Health acquisition in 2019) at an effective rate of 22.4%.

Temporary differences and carryforwards at the end of fiscal years 2023 and 2022 were as follows:

	2023 Deferred Tax		2022 Deferred Tax	
(Dollars in Millions)	**Asset**	**Liability**	**Asset**	**Liability**
Employee related obligations	$586		685	
Stock based compensation	686		632	
Depreciation of property, plant and equipment		(902)		(845)
Goodwill and intangibles		(1,252)		(1,737)
R&D capitalized for tax	3,595		2,611	
Reserves & liabilities	3,816		2,733	
Income reported for tax purposes[1]	359		2,026	
Net realizable operating loss carryforwards[2]	996		1,319	
Undistributed foreign earnings	1,801	(1,695)	1,517	(1,604)
Global intangible low-taxed income		(2,731)		(3,628)
Miscellaneous international	831		861	(66)
Miscellaneous U.S.		(4)	452	
Total deferred income taxes	**$12,670**	**(6,584)**	**12,836**	**(7,880)**

(1) In fiscal 2023, the Company changed the presentation of income taxes accrued on intercompany profits on inventory still owned by the Company as part of "Prepaid expenses and other" on the Consolidated Balance Sheet.

(2) Net of valuation allowances of $1.1 billion and $0.8 billion in 2023 and 2022. The change in the valuation allowance from 2022 to 2023 was driven by approximately $0.1 billion from acquisition related activity and the remainder was due to normal operations during the fiscal year.

The Company has wholly-owned international subsidiaries that have cumulative net losses. The Company believes that it is more likely than not that these subsidiaries will generate future taxable income sufficient to utilize these deferred tax assets. However, in certain jurisdictions, valuation allowances have been recorded against deferred tax assets for loss carryforwards that are not more likely than not to be realized.

The following table summarizes the activity related to unrecognized tax benefits for continuing operations:

(Dollars in Millions)	2023	2022	2021
Beginning of year	$3,716	3,210	3,260
Increases related to current year tax positions	239	523	242
Increases related to prior period tax positions	244	143	23
Decreases related to prior period tax positions	(781)	(148)	(128)
Settlements	(880)	(1)	(187)
Lapse of statute of limitations	(53)	(11)	—
End of year	**$2,485**	**3,716**	**3,210**

As of December 31, 2023 the Company had approximately $2.5 billion of unrecognized tax benefits. The Company conducts business and files tax returns in numerous countries and currently has tax audits in progress with a number of tax authorities. With respect to the United States the Internal Revenue Service has completed its audit for all tax years through 2016.

In other major jurisdictions where the Company conducts business, the years that remain open to tax audits go back to the year 2008. The Company believes it is possible that some tax audits may be completed over the next twelve months by taxing authorities in some jurisdictions, including in the United States. However, the Company is not able to provide a reasonably reliable estimate of the timing of any other future tax payments or change in uncertain tax positions, if any.

The Company classifies liabilities for unrecognized tax benefits and related interest and penalties as long-term liabilities. Interest expense and penalties related to unrecognized tax benefits are classified as income tax expense. The Company recognized after tax interest expense of $99 million, $136 million and $42 million in fiscal years 2023, 2022 and 2021, respectively. The total amount of accrued interest was $264 million and $637 million in fiscal years 2023 and 2022, respectively.

9. Employee related obligations

At the end of fiscal 2023 and fiscal 2022, employee related obligations recorded on the Consolidated Balance Sheets were:

(Dollars in Millions)	2023	2022
Pension benefits	$3,129	2,475
Postretirement benefits	1,963	1,728
Postemployment benefits	2,527	2,832
Deferred compensation	68	100
Total employee obligations	7,687	7,135
Less current benefits payable	538	593
Employee related obligations — non-current	**$7,149**	**6,542**

Prepaid employee related obligations of $4,992 million and $4,581 million for 2023 and 2022, respectively, are included in Other assets on the Consolidated Balance Sheets.

10. 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 post-retirement benefits, primarily healthcare, to all eligible U.S. retired employees and their dependents.

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

In the U.S, non-union pension benefits for employees hired before January 1, 2015 are primarily based on the employee's compensation during the last five years before retirement and the number of years of service (the Final Average Pay formula). U.S. pension benefits for employees hired after 2014, are calculated using a different formula based on employee compensation over total years of service (the Retirement Value formula).

In January 2021, the Company announced that, effective on January 1, 2026, all eligible U.S. non-union employees, regardless of hire date, will earn benefits under the Retirement Value formula. This amendment does not affect the benefits accrued under the Final Average Pay formula for service before January 1, 2026.

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 healthcare benefits in advance and has the right to modify these plans in the future.

In 2023 and 2022 the Company used December 31, 2023 and December 31, 2022, respectively, as the measurement date for all U.S. and international retirement and other benefit plans.

Net periodic benefit costs for the Company's defined benefit retirement plans and other benefit plans for 2023, 2022 and 2021 include the following components:

	Retirement Plans			Other Benefit Plans		
(Dollars in Millions)	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Service cost	$893	1,319	1,412	264	320	309
Interest cost	1,437	908	768	214	104	80
Expected return on plan assets	(2,716)	(2,756)	(2,644)	(7)	(8)	(7)
Amortization of prior service cost	(184)	(184)	(181)	(2)	(5)	(31)
Recognized actuarial losses (gains)	(199)	650	1,251	23	122	151
Curtailments and settlements	93	1	1	(5)	—	—
Net periodic benefit cost (credit)	**$(676)**	**(62)**	**607**	**487**	**533**	**502**

The service cost component of net periodic benefit cost is presented in the same line items on the Consolidated Statement of Earnings where other employee compensation costs are reported, including Cost of products sold, Research and development expense, Selling, marketing and administrative expenses, and Net earnings from discontinued operations, net of taxes if related to the separation of Kenvue. All other components of net periodic benefit cost are presented as part of Other (income) expense, net on the Consolidated Statement of Earnings, with the exception of certain amounts for curtailments and settlements, which are reported in Net earnings from discontinued operations, net of taxes if related to the separation of Kenvue (as noted above).

Unrecognized gains and losses for the U.S. pension plans are amortized over the average remaining future service for each plan. For plans with no active employees, they are amortized over the average life expectancy. The amortization of gains and losses for the other U.S. benefit plans is determined by using a 10% corridor of the greater of the market value of assets or the accumulated postretirement benefit obligation. Total unamortized gains and losses in excess of the corridor are amortized over the average remaining future service.

Prior service costs/benefits for the U.S. pension plans are amortized over the average remaining future service of plan participants at the time of the plan amendment. Prior service cost/benefit for the other U.S. benefit plans is amortized over the average remaining service to full eligibility age of plan participants at the time of the plan amendment.

The following table represents the weighted-average actuarial assumptions:

	Retirement Plans			Other Benefit Plans		
Worldwide Benefit Plans	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Net Periodic Benefit Cost						
Service cost discount rate	4.85 %	2.46	2.14	5.40	2.59	2.09
Interest cost discount rate	5.25 %	2.80	2.34	5.43	2.64	2.33
Rate of increase in compensation levels	3.71 %	4.02	4.01	4.22	4.21	4.25
Expected long-term rate of return on plan assets	7.21 %	7.25	7.71			
Benefit Obligation						
Discount rate	4.58 %	5.01	2.49	5.11	5.42	2.68
Rate of increase in compensation levels	3.69 %	4.00	4.01	4.22	4.21	4.21

The Company's discount rates are determined by considering current yield curves representing high quality, long-term fixed income instruments. The resulting discount rates are consistent with the duration of plan liabilities. The Company's methodology in determining service and interest cost uses duration specific spot rates along that yield curve to the plans' liability cash flows.

The expected rates of return on plan asset assumptions represent the Company's assessment of long-term returns on diversified investment portfolios globally. The assessment is determined using projections from external financial sources, long-term historical averages, actual returns by asset class and the various asset class allocations by market.

The following table displays the assumed healthcare cost trend rates, for all individuals:

Healthcare Plans	**2023**		**2022**
Healthcare cost trend rate assumed for next year	13.90 %	*	5.96 %
Rate to which the cost trend rate is assumed to decline (ultimate trend)	4.00 %		3.99 %
Year the rate reaches the ultimate trend rate	2048		2047

*excludes ongoing negotiations regarding healthcare cost with service providers

The following table sets forth information related to the benefit obligation and the fair value of plan assets at fiscal year-end 2023 and 2022 for the Company's defined benefit retirement plans and other post-retirement plans:

	Retirement Plans		Other Benefit Plans	
(Dollars in Millions)	**2023**	**2022**	**2023**	**2022**
Change in Benefit Obligation				
Projected benefit obligation — beginning of year	$29,390	41,272	4,192	4,874
Service cost	893	1,319	264	320
Interest cost	1,437	908	214	104
Plan participant contributions	73	67	—	—
Amendments	(6)	7	—	—
Actuarial (gains) losses[1]	2,068	(12,159)	469	(704)
Divestitures & acquisitions[2]	(352)	—	1	—
Curtailments, settlements & restructuring	(238)	(7)	(332)	—
Benefits paid from plan[3]	(2,122)	(1,220)	(702)	(393)
Effect of exchange rates	601	(797)	2	(9)
Projected benefit obligation — end of year	**$31,744**	**29,390**	**4,108**	**4,192**

Change in Plan Assets				
Plan assets at fair value — beginning of year	$31,496	41,909	78	102
Actual return (loss) on plan assets	3,951	(8,663)	16	(17)
Company contributions	268	261	694	386
Plan participant contributions	73	67	—	—
Settlements	(176)	(5)	—	—
Divestitures & acquisitions[2]	(509)	—	—	—
Benefits paid from plan assets[3]	(2,122)	(1,220)	(702)	(393)
Effect of exchange rates	626	(853)	—	—
Plan assets at fair value — end of year	**$33,607**	**31,496**	**86**	**78**
Funded status — end of year	**$1,863**	**2,106**	**(4,022)**	**(4,114)**
Amounts Recognized in the Company's Balance Sheet consist of the following:				
Non-current assets	$4,992	4,581	—	—
Current liabilities	(119)	(127)	(416)	(461)
Non-current liabilities	(3,010)	(2,348)	(3,606)	(3,653)
Total recognized in the consolidated balance sheet — end of year	**$1,863**	**2,106**	**(4,022)**	**(4,114)**
Amounts Recognized in Accumulated Other Comprehensive Income consist of the following:				
Net actuarial loss	$4,962	3,948	354	239
Prior service cost (credit)	(1,236)	(1,417)	(6)	(7)
Unrecognized net transition obligation	—	—	—	
Total before tax effects	**$3,726**	**2,531**	**348**	**232**
Accumulated Benefit Obligations — end of year	**$30,139**	**27,797**		

(1) The actuarial (gains)/losses for retirement plans in 2023 and 2022 were primarily driven by changes in the discount rates.

(2) Primarily driven by the Kenvue separation.

(3) Includes approximately $800 million transferred to a group annuity contract issued by a third-party insurer for the U.S. Salaried Pension Plan.

	Retirement Plans		Other Benefit Plans	
(Dollars in Millions)	2023	2022	2023	2022
Amounts Recognized in Net Periodic Benefit Cost and Other Comprehensive Income				
Net periodic benefit cost (credit)	$(676)	(62)	487	533
Net actuarial (gain) loss	711	(793)	136	(751)
Amortization of net actuarial loss	199	(655)	(22)	(121)
Prior service cost (credit)	(2)	7	—	—
Amortization of prior service (cost) credit	185	183	2	5
Effect of exchange rates	103	(140)	—	(1)
Total loss/(income) recognized in other comprehensive income, before tax	**$1,195**	**(1,398)**	**116**	**(868)**
Total recognized in net periodic benefit cost and other comprehensive income	**$519**	**(1,460)**	**603**	**(335)**

The Company plans to continue to fund its U.S. Qualified Plans to comply with the Pension Protection Act of 2006. International Plans are funded in accordance with local regulations. Additional discretionary contributions are made when deemed appropriate to meet the long-term obligations of the plans. For certain plans, funding is not a common practice, as funding provides no economic benefit. Consequently, the Company has several pension plans that are not funded.

In 2023, the Company contributed $135 million and $133 million to its U.S. and international pension plans, respectively.

The following table displays the funded status of the Company's U.S. Qualified & Non-Qualified pension plans and international funded and unfunded pension plans at December 31, 2023 and December 31, 2022, respectively:

	U.S. Plans				International Plans			
	Qualified Plans		Non-Qualified Plans		Funded Plans		Unfunded Plans	
(Dollars in Millions)	2023	2022	2023	2022	2023	2022	2023	2022
Plan Assets	$22,298	20,937	—	—	11,309	10,559	—	—
Projected Benefit Obligation	19,152	18,394	2,037	1,937	10,431	8,982	124	77
Accumulated Benefit Obligation	18,557	17,696	1,982	1,872	9,498	8,166	102	63
Over (Under) Funded Status								
Projected Benefit Obligation	$3,146	2,543	(2,037)	(1,937)	878	1,577	(124)	(77)
Accumulated Benefit Obligation	3,741	3,241	(1,982)	(1,872)	1,811	2,393	(102)	(63)

Plans with accumulated benefit obligations in excess of plan assets have an accumulated benefit obligation, projected benefit obligation and plan assets of $5.8 billion, $6.1 billion and $3.1 billion, respectively, at the end of 2023, and $2.7 billion, $2.7 billion and $0.3 billion, respectively, at the end of 2022.

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

(Dollars in Millions)	2024	2025	2026	2027	2028	2029-2033
Projected future benefit payments						
Retirement plans	$1,481	1,473	1,549	1,647	1,745	10,133
Other benefit plans	$427	438	396	411	428	2,360

The following table displays the projected future minimum contributions to the unfunded retirement plans. These amounts do not include any discretionary contributions that the Company may elect to make in the future.

(Dollars in Millions)	2024	2025	2026	2027	2028	2029-2033
Projected future contributions	$122	126	133	139	145	787

Each pension plan is overseen by a local committee or board that is responsible for the overall administration and investment of the pension plans. In determining investment policies, strategies and goals, each committee or board considers factors including, local pension rules and regulations; local tax regulations; availability of investment vehicles (separate accounts, commingled accounts, insurance funds, etc.); funded status of the plans; ratio of actives to retirees; duration of liabilities; and other relevant factors including: diversification, liquidity of local markets and liquidity of base currency. A majority of the Company's pension funds are open to new entrants and are expected to be on-going plans. Permitted investments are primarily liquid and/or listed, with little reliance on illiquid and non-traditional investments such as hedge funds.

The Company's retirement plan asset allocation at the end of 2023 and 2022 and target allocations for 2024 are as follows:

Worldwide Retirement Plans	Percent of Plan Assets 2023	2022	Target Allocation 2024
Equity securities	58 %	62 %	58 %
Debt securities	42	38	42
Total plan assets	**100 %**	**100 %**	**100 %**

Determination of fair value of plan assets

The Plan has an established and well-documented process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon models that primarily use, as inputs, market-based or independently sourced market parameters, including yield curves, interest rates, volatilities, equity or debt prices, foreign exchange rates and credit curves.

While the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Valuation hierarchy

The authoritative literature establishes a three-level hierarchy to prioritize the inputs used in measuring fair value. The levels within the hierarchy are described in the table below with Level 1 having the highest priority and Level 3 having the lowest.

The Net Asset Value (NAV) is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for the investments measured at fair value.

- *Short-term investment funds* — Cash and quoted short-term instruments are valued at the closing price or the amount held on deposit by the custodian bank. Other investments are through investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is a quoted price in a market that is not active and classified as Level 2.
- *Government and agency securities* — A limited number of these investments are valued at the closing price reported on the major market on which the individual securities are traded. Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. When quoted market prices for a security are not available in an active market, they are classified as Level 2.
- *Debt instruments* — A limited number of these investments are valued at the closing price reported on the major market on which the individual securities are traded. Where quoted prices are available in an active market, the investments are classified as Level 1. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and are classified as Level 2. Level 3 debt instruments are priced based on unobservable inputs.
- *Equity securities* — Equity securities are valued at the closing price reported on the major market on which the individual securities are traded. Substantially all equity securities are classified within Level 1 of the valuation hierarchy.
- *Commingled funds* — These investment vehicles are valued using the NAV provided by the fund administrator. Assets in the Level 2 category have a quoted market price.
- *Other assets* — Other assets are represented primarily by limited partnerships. These investment vehicles are valued using the NAV provided by the fund administrator. Other assets that are exchange listed and actively traded are classified as Level 1, while inactively traded assets are classified as Level 2.

The following table sets forth the Retirement Plans' investments measured at fair value as of December 31, 2023 and December 31, 2022:

	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs[1] (Level 3)		Investments Measured at Net Asset Value		Total Assets	
(Dollars in Millions)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Short-term investment funds	$12	26	829	13	—	—	—	—	841	39
Government and agency securities	—	—	5,985	5,863	—	—	—	—	5,985	5,863
Debt instruments	—	—	3,899	3,681	—	—	—	—	3,899	3,681
Equity securities	7,764	8,846	—	2	—	—	—	—	7,764	8,848
Commingled funds	—	—	4,967	4,362	43	56	6,672	6,096	11,682	10,514
Other assets	—	—	49	33	92	12	3,295	2,506	3,436	2,551
Investments at fair value	**$7,776**	**8,872**	**15,729**	**13,954**	**135**	**68**	**9,967**	**8,602**	**33,607**	**31,496**

[1] The activity for the Level 3 assets is not significant for all years presented.

The Company's Other Benefit Plans are unfunded except for U.S. commingled funds (Level 2) of $86 million and $78 million at December 31, 2023 and December 31, 2022, respectively.

The fair value of Johnson & Johnson Common Stock directly held in plan assets was $14 million (0.0% of total plan assets) at December 31, 2023 and $21 million (0.1% of total plan assets) at December 31, 2022.

11. 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 the employee is eligible. Total Company matching contributions to the plans were $263 million, $257 million and $239 million in fiscal years 2023, 2022 and 2021, respectively.

12. Capital and treasury stock

Changes in treasury stock were:

(Amounts in Millions Except Treasury Stock Shares in Thousands)	Treasury Stock	
	Shares	Amount
Balance at January 3, 2021	487,331	$38,490
Employee compensation and stock option plans	(17,399)	(2,847)
Repurchase of common stock	20,946	3,456
Balance at January 2, 2022	490,878	39,099
Employee compensation and stock option plans	(20,007)	(3,440)
Repurchase of common stock	35,375	6,035
Balance at January 1, 2023	506,246	41,694
Employee compensation and stock option plans	(15,521)	(2,529)
Repurchase of common stock	31,085	5,079
Kenvue share exchange (Note 21)	190,955	31,418
Balance at December 31, 2023	712,765	$75,662

Aggregate shares of common stock issued were approximately 3,119,843,000 shares at the end of fiscal years 2023, 2022 and 2021.

Cash dividends paid were $4.70 per share in fiscal year 2023, compared with dividends of $4.45 per share in fiscal year 2022, and $4.19 per share in fiscal year 2021.

On January 2, 2024, the Board of Directors declared a regular cash dividend of $1.19 per share, payable on March 5, 2024 to shareholders of record as of February 20, 2024.

On September 14, 2022, the Company announced that its Board of Directors approved a share repurchase program, authorizing the Company to purchase up to $5.0 billion of the Company's shares of common stock. The repurchase program was completed during the fiscal first quarter of 2023.

13. Accumulated other comprehensive income (loss)

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

(Dollars in Millions)	Foreign Currency Translation	Gain/ (Loss) On Securities	Employee Benefit Plans	Gain/ (Loss) On Derivatives & Hedges	Total Accumulated Other Comprehensive Income (Loss)
January 3, 2021	$(8,938)	1	(6,957)	652	(15,242)
Net 2021 changes	(1,079)	(4)	4,255	(988)	2,184
January 2, 2022	(10,017)	(3)	(2,702)	(336)	(13,058)
Net 2022 changes	(1,796)	(24)	1,805	106	91
January 1, 2023	(11,813)	(27)	(897)	(230)	(12,967)
Net 2023 changes	(3,221)	26	(1,399)	(147)	(4,741)
Kenvue Separation/IPO	4,885		296 *		5,181
December 31, 2023	$(10,149)	(1)	(2,000)	(377)	(12,527)

Amounts in accumulated other comprehensive income are presented net of the related tax impact. Foreign currency translation is not adjusted for income taxes where it relates to permanent investments in international subsidiaries. For additional details on comprehensive income see the Consolidated Statements of Comprehensive Income.

Details on reclassifications out of Accumulated Other Comprehensive Income:

Gain/(Loss) On Securities - reclassifications released to Other (income) expense, net.

Employee Benefit Plans - reclassifications are included in net periodic benefit cost. See Note 10 for additional details.

Gain/(Loss) On Derivatives & Hedges - reclassifications to earnings are recorded in the same account as the hedged transaction. See Note 6 for additional details.

* Includes impact of curtailments and settlements in connection with separation from Kenvue.

14. 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. For the majority of the Company's subsidiaries the local currency is the functional currency.

In consolidating international subsidiaries, balance sheet currency effects are recorded as a component of accumulated other comprehensive income. The other current and non-current assets line within the Statement of Cash flows includes the impact of foreign currency translation. This equity account includes the results of translating certain balance sheet assets and liabilities at current exchange rates and some accounts at historical rates, except for those located in highly inflationary economies (Argentina and Venezuela). Beginning in the fiscal second quarter of 2022, the Company also accounted for operations in Turkey as highly inflationary. The translation of balance sheet accounts for highly inflationary economies are reflected in the operating results.

A rollforward of the changes during fiscal years 2023, 2022 and 2021 for foreign currency translation adjustments is included in Note 13.

Net currency transaction gains and losses included in Other (income) expense were losses of $366 million, $286 million and $216 million in fiscal years 2023, 2022 and 2021, respectively.

15. Earnings per share

The following is a reconciliation of basic net earnings per share to diluted net earnings per share for the fiscal years ended December 31, 2023, January 1, 2023 and January 2, 2022:

(In Millions Except Per Share Amounts)	2023	2022	2021
Basic net earnings per share from continuing operations	$5.26	6.23	6.76
Basic net earnings per share from discontinued operations	8.62	0.60	1.17
Total net earnings per share - basic	13.88	6.83	7.93
Average shares outstanding — basic	2,533.5	2,625.2	2,632.1
Potential shares exercisable under stock option plans	94.1	140.1	138.0
Less: shares repurchased under treasury stock method	(67.2)	(101.4)	(96.1)
Adjusted average shares outstanding — diluted	2,560.4	2,663.9	2,674.0
Diluted net earnings per share from continuing operations	5.20	6.14	6.66
Diluted net earnings per share from discontinuing operations	8.52	0.59	1.15
Total net earnings per share - diluted	$13.72	6.73	7.81

The diluted net earnings per share calculation for fiscal year 2023 excluded 43 million shares related to stock options, as the exercise price of these options was greater than the average market value of the Company's stock.

The diluted net earnings per share calculation for the fiscal years 2022 and 2021 included all shares related to stock options, as the exercise price of these options was less than the average market value of the Company's stock.

16. Common stock, stock option plans and stock compensation agreements

At December 31, 2023, the Company had one stock-based compensation plan. The shares outstanding are for contracts under the Company's 2012 Long-Term Incentive Plan and the 2022 Long-Term Incentive Plan. The 2012 Long-Term Incentive Plan expired on April 26, 2022. All awards (stock options, restricted shares units and performance share units) granted subsequent to that date were under the 2022 Long-Term Incentive Plan. Under the 2022 Long-Term Incentive Plan, the Company may issue up to 150 million shares of common stock, of which up to 110 million shares of common stock may be issued subject to stock options or stock appreciation rights and up to 40 million shares of common stock may be issued subject to full value awards. Awards will generally be counted on a 1-for-1 basis against the share reserve, provided that if more than 40 million full value awards are granted, each full value award in excess of 40 million will be counted on a 5-for-1 basis against the share reserve. Shares available for future grants under the 2022 Long-Term Incentive Plan were 130 million at the end of fiscal year 2023.

The compensation cost that has been charged against income for these plans was $1,087 million, $1,028 million and $1,038 million for fiscal years 2023, 2022 and 2021, respectively. The total income tax benefit recognized in the income statement for share-based compensation costs was $221 million, $177 million and $199 million for fiscal years 2023, 2022 and 2021, respectively. The Company also recognized additional income tax benefits of $126 million, $267 million and $213 million for fiscal years 2023, 2022 and 2021, respectively, for which options were exercised or restricted shares were vested. The total unrecognized compensation cost was $907 million, $866 million and $775 million for fiscal years 2023, 2022 and 2021, respectively. The weighted average period for this cost to be recognized was 1.80 years, 1.80 years and 1.78 years for fiscal years 2023, 2022, and 2021, respectively. Share-based compensation costs capitalized as part of inventory were insignificant in all periods.

The Company settles employee benefit equity issuances with treasury shares. Treasury shares are replenished through market purchases throughout the year for the number of shares used to settle employee benefit equity issuances.

Stock options

Stock options expire 10 years from the date of grant and vest over service periods that range from 6 months to 4 years.
Options granted under the 2012 Long-Term Incentive Plan were granted at the average of the high and low prices of the Company's Common Stock on the New York Stock Exchange on the date of grant. Options granted under the 2022 Long-Term incentive Plan were granted at the closing price of the Company's Common Stock on the New York Stock Exchange on the date of grant.

The fair value of each option award was estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions noted in the following table. For 2023, 2022, and 2021 grants, expected volatility represents a blended rate of 10-year weekly historical overall volatility rate, and a 5-week average implied volatility rate based on at-the-money traded Johnson & Johnson options with a life of 2 years. For all grants, historical data is used to determine the expected life of the option. The risk-free rate was based on the U.S. Treasury yield curve in effect at the time of grant.

The average fair value of options granted was $27.85, $23.23 and $20.86, in fiscal years 2023, 2022 and 2021, respectively. The fair value was estimated based on the weighted average assumptions of:

	2023	2022	2021
Risk-free rate	3.74 %	1.98 %	0.83 %
Expected volatility	17.69 %	18.00 %	18.59 %
Expected life (in years)	7.0	7.0	7.0
Expected dividend yield	2.90 %	2.70 %	2.50 %

A summary of option activity under the Plan as of December 31, 2023, is presented below:

(Shares in Thousands)	Outstanding Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value (Dollars in Millions)
Shares at January 1, 2023	118,672	$134.95	$4,949
Options granted	16,320	162.75	
Options exercised	(12,386)	109.48	
Options canceled/forfeited*	(10,368)	155.62	
Shares at December 31, 2023	**112,238**	**$139.88**	**$2,239**

The total intrinsic value of options exercised was $729 million, $1,228 million and $919 million in fiscal years 2023, 2022 and 2021, respectively.

*includes 7,689 shares of options cancelled as a result of the conversion of Johnson & Johnson stock options held by Kenvue employees into Kenvue stock options.

The following table summarizes stock options outstanding and exercisable at December 31, 2023:

(Shares in Thousands)	Outstanding			Exercisable	
Exercise Price Range	Options	Average Life[1]	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
$90.44 - $101.87	20,774	1.4	$99.21	20,774	$99.21
$115.67 - $129.51	19,368	3.6	122.49	19,368	122.49
$131.94 - $151.41	27,391	5.6	142.84	26,676	142.61
$162.70 - $162.75	13,928	9.1	162.75	6	162.75
$164.62 - $165.89	30,777	7.6	165.29	174	165.12
	112,238	**5.5**	**$139.88**	**66,998**	**$123.39**

[1] Average contractual life remaining in years.

Stock options outstanding at January 1, 2023 and January 2, 2022 were 118,672 and an average life of 5.8 years and 117,361 and an average life of 5.8 years, respectively. Stock options exercisable at January 1, 2023 and January 2, 2022 were 63,661 at an average price of $113.06 and 62,742 at an average price of $104.42, respectively.

Restricted share units and performance share units

The Company grants restricted share units which vest over service periods that range from 6 months to 3 years. The Company also grants performance share units, which are paid in shares of Johnson & Johnson Common Stock after the end of a three-year performance period. Performance shares were granted with two equally-weighted goals that directly align with or help drive long-term total shareholder return: adjusted operational earnings per share and relative total shareholder return. The number of shares actually earned at the end of the three-year period will vary, based only on actual performance, from 0% to 200% of the target number of performance share units granted.

A summary of the restricted share units and performance share units activity under the Plans as of December 31, 2023 is presented below:

(Shares in Thousands)	Outstanding Restricted Share Units	Outstanding Performance Share Units
Shares at January 1, 2023	13,616	2,357
Granted	5,910	828
Issued	(4,329)	(785)
Canceled/forfeited/adjusted*	(2,259)	(363)
Shares at December 31, 2023	12,938	2,037

*includes 1,421 shares of restricted share units and 264 shares of performance share units cancelled as a result of the conversion of Johnson & Johnson restricted share units and performance share units held by Kenvue employees into Kenvue restricted share units

The average fair value of the restricted share units granted was $152.63, $153.67 and $152.62 in fiscal years 2023, 2022 and 2021, respectively, using the fair market value at the date of grant. The fair value of restricted share units was discounted for dividends, which are not paid on the restricted share units during the vesting period. The fair value of restricted share units issued was $605 million, $591 million and $611 million in 2023, 2022 and 2021, respectively.

The weighted average fair value of the performance share units granted was $145.17, $170.46 and $179.35 in fiscal years 2023, 2022 and 2021, calculated using the weighted average fair market value for each of the component goals at the date of grant.

The fair values for the earnings per share goals of each performance share unit were estimated on the date of grant using the fair market value of the shares at the time of the award discounted for dividends, which are not paid on the performance share units during the vesting period. The fair value for the relative total shareholder return goal of each performance share unit was estimated on the date of grant using the Monte Carlo valuation model. The fair value of performance share units issued was $140 million, $94 million and $83 million in fiscal years 2023, 2022 and 2021, respectively.

17. Segments of business and geographic areas

Following the separation of the Consumer Health business in the fiscal third quarter of 2023, the Company is now organized into two business segments: Innovative Medicine (formerly referred to as Pharmaceutical) and MedTech. The segment results have been recast for all periods to reflect the continuing operations of the Company.

	Sales to Customers			% Change	
(Dollars in Millions)	2023	2022	2021	'23 vs. '22	'22 vs. '21
INNOVATIVE MEDICINE[1]					
Immunology					
U.S.	$11,539	11,036	10,843	4.6 %	1.8
International	6,513	5,899	5,907	10.4	(0.1)
Worldwide	18,052	16,935	16,750	6.6	1.1
REMICADE					
U.S.	1,143	1,417	2,019	(19.3)	(29.8)
U.S. Exports	147	204	236	(28.0)	(13.6)
International	549	722	935	(23.9)	(22.8)
Worldwide	1,839	2,343	3,190	(21.5)	(26.6)
SIMPONI / SIMPONI ARIA					
U.S.	1,124	1,166	1,127	(3.6)	3.5
International	1,073	1,017	1,148	5.4	(11.4)
Worldwide	2,197	2,184	2,276	0.6	(4.0)
STELARA					
U.S.	6,966	6,388	5,938	9.0	7.6
International	3,892	3,335	3,196	16.7	4.4
Worldwide	10,858	9,723	9,134	11.7	6.5
TREMFYA					
U.S.	2,147	1,844	1,503	16.5	22.7
International	999	824	624	21.2	32.0
Worldwide	3,147	2,668	2,127	17.9	25.4
OTHER IMMUNOLOGY					
U.S.	11	17	21	(33.8)	(18.4)
International	0	0	3	—	*
Worldwide	11	17	24	(33.8)	(28.2)
Infectious Diseases					
U.S.	1,500	1,680	2,249	(10.7)	(25.3)
International	2,918	3,769	3,576	(22.6)	5.4
Worldwide	4,418	5,449	5,825	(18.9)	(6.5)
COVID-19 VACCINE					
U.S.	0	120	634	*	(81.1)
International	1,117	2,059	1,751	(45.8)	17.6
Worldwide	1,117	2,179	2,385	(48.8)	(8.6)

(Dollars in Millions)	Sales to Customers 2023	2022	2021	% Change '23 vs. '22	'22 vs. '21
EDURANT / rilpivirine					
U.S.	35	36	41	(3.7)	(10.8)
International	1,115	972	953	14.8	2.0
Worldwide	1,150	1,008	994	14.1	1.5
PREZISTA / PREZCOBIX / REZOLSTA / SYMTUZA					
U.S.	1,446	1,494	1,508	(3.2)	(1.0)
International	408	449	575	(9.2)	(21.9)
Worldwide	1,854	1,943	2,083	(4.6)	(6.7)
OTHER INFECTIOUS DISEASES					
U.S.	19	30	66	(34.5)	(55.5)
International	278	289	297	(3.8)	(2.6)
Worldwide	297	318	363	(6.7)	(12.3)
Neuroscience					
U.S.	4,065	3,570	3,347	13.9	6.7
International	3,076	3,323	3,641	(7.5)	(8.7)
Worldwide	7,140	6,893	6,988	3.6	(1.4)
CONCERTA / methylphenidate					
U.S.	230	151	172	52.5	(12.5)
International	554	493	495	12.2	(0.4)
Worldwide	783	644	667	21.6	(3.5)
INVEGA SUSTENNA / XEPLION / INVEGA TRINZA / TREVICTA					
U.S.	2,897	2,714	2,550	6.7	6.5
International	1,218	1,426	1,472	(14.6)	(3.1)
Worldwide	4,115	4,140	4,022	(0.6)	3.0
SPRAVATO					
U.S.	589	328	198	79.7	65.7
International	100	46	26	*	76.9
Worldwide	689	374	224	84.1	67.0
OTHER NEUROSCIENCE[2]					
U.S.	349	376	427	(7.3)	(11.9)
International	1,204	1,358	1,647	(11.3)	(17.5)
Worldwide	1,553	1,734	2,074	(10.4)	(16.4)
Oncology					
U.S.	8,462	6,930	5,958	22.1	16.3
International	9,199	9,052	8,590	1.6	5.4
Worldwide	17,661	15,983	14,548	10.5	9.9

(Dollars in Millions)	Sales to Customers 2023	2022	2021	% Change '23 vs. '22	'22 vs. '21
CARVYKTI					
U.S.	469	133	—	*	*
International	30	—	—	*	*
Worldwide	500	133	—	*	*
DARZALEX					
U.S.	5,277	4,210	3,169	25.4	32.8
International	4,467	3,767	2,854	18.6	32.0
Worldwide	9,744	7,977	6,023	22.2	32.4
ERLEADA					
U.S.	1,065	968	813	10.0	19.2
International	1,322	913	478	44.8	*
Worldwide	2,387	1,881	1,291	26.9	45.7
IMBRUVICA					
U.S.	1,051	1,390	1,747	(24.4)	(20.4)
International	2,214	2,394	2,622	(7.5)	(8.7)
Worldwide	3,264	3,784	4,369	(13.7)	(13.4)
ZYTIGA /abiraterone acetate					
U.S.	50	74	119	(32.1)	(37.8)
International	837	1,696	2,178	(50.7)	(22.1)
Worldwide	887	1,770	2,297	(49.9)	(22.9)
OTHER ONCOLOGY					
U.S.	549	156	110	*	41.8
International	330	283	458	16.9	(38.2)
Worldwide	879	438	568	*	(22.9)
Pulmonary Hypertension					
U.S.	2,697	2,346	2,365	15.0	(0.8)
International	1,117	1,071	1,085	4.3	(1.3)
Worldwide	3,815	3,417	3,450	11.6	(1.0)
OPSUMIT					
U.S.	1,292	1,132	1,147	14.1	(1.3)
International	681	651	672	4.6	(3.2)
Worldwide	1,973	1,783	1,819	10.6	(2.0)
UPTRAVI					
U.S.	1,326	1,104	1,056	20.1	4.5
International	255	218	181	17.3	20.4
Worldwide	1,582	1,322	1,237	19.7	6.9
OTHER PULMONARY HYPERTENSION					
U.S.	79	110	163	(28.6)	(32.3)
International	182	202	232	(10.3)	(12.8)
Worldwide	260	313	395	(16.7)	(20.8)

(Dollars in Millions)	Sales to Customers 2023	2022	2021	% Change '23 vs. '22	'22 vs. '21
Cardiovascular / Metabolism / Other					
U.S.	2,906	3,042	3,192	(4.5)	(4.7)
International	765	845	927	(9.4)	(8.9)
Worldwide	3,671	3,887	4,119	(5.5)	(5.6)
XARELTO					
U.S.	2,365	2,473	2,438	(4.4)	1.4
International	—	—	—	—	—
Worldwide	2,365	2,473	2,438	(4.4)	1.4
OTHER[3]					
U.S.	541	569	754	(5.0)	(24.5)
International	765	845	927	(9.4)	(8.8)
Worldwide	1,306	1,414	1,682	(7.6)	(15.9)
TOTAL INNOVATIVE MEDICINE					
U.S.	31,169	28,604	27,954	9.0	2.3
International	23,590	23,959	23,726	(1.5)	1.0
Worldwide	54,759	52,563	51,680	4.2	1.7
MEDTECH					
Interventional Solutions					
U.S.	3,633	2,169	1,836	67.5	18.2
International	2,717	2,131	2,135	27.5	(0.2)
Worldwide	6,350	4,300	3,971	47.7	8.3
ELECTROPHYSIOLOGY					
U.S.	2,458	2,036	1,730	20.7	17.7
International	2,230	1,901	1,893	17.3	0.4
Worldwide	4,688	3,937	3,623	19.1	8.7
ABIOMED[4]					
U.S.	1,066	31	—	*	*
International	240	—	—	*	*
Worldwide	1,306	31	—	*	*
OTHER INTERVENTIONAL SOLUTIONS					
U.S.	109	102	106	6.7	(3.8)
International	247	230	242	7.3	(5.0)
Worldwide	356	332	348	7.1	(4.6)
Orthopaedics					
U.S.	5,525	5,321	5,126	3.8	3.8
International	3,417	3,267	3,462	4.6	(5.6)
Worldwide	8,942	8,587	8,588	4.1	0.0
HIPS					
U.S.	996	943	878	5.6	7.3
International	564	571	602	(1.2)	(5.1)
Worldwide	1,560	1,514	1,480	3.0	2.3

(Dollars in Millions)	Sales to Customers			% Change	
	2023	2022	2021	'23 vs. '22	'22 vs. '21
KNEES					
U.S.	896	851	787	5.3	8.2
International	559	508	538	10.2	(5.7)
Worldwide	1,456	1,359	1,325	7.1	2.6
TRAUMA					
U.S.	1,949	1,882	1,819	3.6	3.5
International	1,030	989	1,066	4.1	(7.2)
Worldwide	2,979	2,871	2,885	3.8	(0.5)
SPINE, SPORTS & OTHER					
U.S.	1,684	1,645	1,642	2.4	0.2
International	1,263	1,198	1,256	5.4	(4.6)
Worldwide	2,947	2,843	2,898	3.7	(1.9)
Surgery					
U.S.	4,031	3,897	3,867	3.4	0.8
International	6,006	5,793	5,945	3.7	(2.6)
Worldwide	10,037	9,690	9,812	3.6	(1.2)
ADVANCED					
U.S.	1,833	1,784	1,761	2.8	1.3
International	2,837	2,785	2,861	1.9	(2.6)
Worldwide	4,671	4,569	4,622	2.2	(1.1)
GENERAL					
U.S.	2,198	2,113	2,105	4.0	0.4
International	3,168	3,008	3,085	5.3	(2.5)
Worldwide	5,366	5,121	5,190	4.8	(1.3)
Vision					
U.S.	2,086	1,990	1,857	4.8	7.2
International	2,986	2,859	2,831	4.5	1.0
Worldwide	5,072	4,849	4,688	4.6	3.4
CONTACT LENSES / OTHER					
U.S.	1,626	1,522	1,398	6.8	8.9
International	2,076	2,022	2,043	2.7	(1.0)
Worldwide	3,702	3,543	3,440	4.5	3.0
SURGICAL					
U.S.	460	468	459	(1.8)	2.0
International	910	837	788	8.6	6.2
Worldwide	1,370	1,306	1,248	4.9	4.6
TOTAL MEDTECH					
U.S.	15,275	13,377	12,686	14.2	5.4
International	15,125	14,050	14,374	7.7	(2.3)
Worldwide	30,400	27,427	27,060	10.8	1.4

(Dollars in Millions)	Sales to Customers 2023	2022	2021	% Change '23 vs. '22	'22 vs. '21
WORLDWIDE					
U.S.	46,444	41,981	40,640	10.6	3.3
International	38,715	38,009	38,100	1.9	(0.2)
Worldwide	$85,159	79,990	78,740	6.5 %	1.6

*Percentage greater than 100% or not meaningful

(1) Previously referred to as Pharmaceutical

(2) Inclusive of RISPERDAL CONSTA which was previously disclosed separately

(3) Inclusive of INVOKANA which was previously disclosed separately

(4) Acquired on December 22, 2022

(Dollars in Millions)	Income Before Tax 2023 (3)	2022 (4)	2021 (5)	Identifiable Assets 2023	2022
Innovative Medicine	$18,246	15,647	17,750	$58,324	58,436
MedTech	4,669	4,447	4,208	74,710	70,956
Total	**22,915**	**20,094**	**21,958**	**133,034**	**129,392**
Less: Expense not allocated to segments (1)	7,853	735	2,780		
Discontinued operations				—	27,237
General corporate (2)				34,524	30,749
Worldwide total	**$15,062**	**19,359**	**19,178**	**$167,558**	**187,378**

(Dollars in Millions)	Additions to Property, Plant & Equipment 2023	2022	2021	Depreciation and Amortization 2023	2022	2021
Innovative Medicine	$1,653	1,374	1,198	$3,847	3,687	4,029
MedTech	2,372	2,120	1,933	2,943	2,302	2,286
Segments total	4,025	3,494	3,131	6,790	5,989	6,315
Discontinued operations	162	303	314	383	641	739
General corporate	356	212	207	313	340	336
Worldwide total	**$4,543**	**4,009**	**3,652**	**$7,486**	**6,970**	**7,390**

(Dollars in Millions)	Sales to Customers 2023	2022	2021	Long-Lived Assets (6) 2023	2022
United States	$46,444	41,981	40,640	$54,832	58,750
Europe	20,410	20,664	20,595	31,616	29,878
Western Hemisphere excluding U.S.	4,549	4,108	3,927	1,491	1,289
Asia-Pacific, Africa	13,756	13,237	13,578	1,500	1,520
Segments total	85,159	79,990	78,740	89,439	91,437
Discontinued operations				—	27,237
General corporate				1,192	1,081
Other non long-lived assets				76,927	67,623
Worldwide total	**$85,159**	**79,990**	**78,740**	**$167,558**	**187,378**

See Note 1 for a description of the segments in which the Company operates.

Export sales are not significant. In fiscal year 2023, the Company utilized three wholesalers distributing products for both segments that represented approximately 18.2%, 15.1% and 14.2% of the total consolidated revenues. In fiscal year 2022, the Company had three wholesalers distributing products for both segments that represented approximately 18.9%, 15.0% and 13.8% of the total consolidated revenues. In fiscal year 2021, the Company had three wholesalers distributing products for all three segments that represented approximately 16.6%, 12.6%, and 12.6% of the total consolidated revenues.

(1) Amounts not allocated to segments include interest (income)/expense and general corporate (income)/expense. Fiscal 2023 includes an approximately $7 billion charge related to talc matters (See Note 19, Legal proceedings, for additional details) and $0.4 billion related to the unfavorable change in the fair value of the retained stake in Kenvue.

(2) General corporate includes cash, cash equivalents and marketable securities.

(3) Innovative Medicine includes:

- One-time COVID-19 Vaccine manufacturing exit related costs of $0.7 billion
- A restructuring related charge of $0.5 billion
- Unfavorable changes in the fair value of securities of $0.4 billion
- Favorable litigation related items of $0.1 billion
- Loss on divestiture $0.2 billion.
- An intangible asset impairment charge of approximately $0.2 billion related to market dynamics associated with a non-strategic asset (M710) acquired as part of the acquisition of Momenta Pharmaceuticals in 2020.

MedTech includes:

- Acquired in process research and development asset of $0.4 billion related to the Laminar acquisition in 2023
- A restructuring related charge of $0.3 billion
- Acquisition and integration related costs of $0.2 billion primarily related to the acquisition of Abiomed
- A Medical Device Regulation charge of $0.3 billion
- Income from litigation settlements of $0.1 billion

(4) Innovative Medicine includes:

- One-time COVID-19 Vaccine manufacturing exit related costs of $1.5 billion
- An intangible asset impairment charge of approximately $0.8 billion related to an in-process research and development asset, bermekimab (JnJ-77474462), an investigational drug for the treatment of Atopic Dermatitis (AD) and Hidradenitis Suppurativa (HS) acquired with the acquisition of XBiotech, Inc. in the fiscal year 2020. Additional information regarding efficacy of the AD and HS indications became available which led the Company to the decision to terminate the development of bermekimab for AD and HS.
- Litigation expense of $0.1 billion
- Unfavorable changes in the fair value of securities of $0.7 billion
- A restructuring related charge of $0.1 billion

MedTech includes:

- Litigation expense of $0.6 billion primarily for pelvic mesh related costs
- A restructuring related charge of $0.3 billion
- Acquisition and integration related costs of $0.3 billion primarily related to the acquisition of Abiomed
- A Medical Device Regulation charge of $0.3 billion

(5) Innovative Medicine includes:

- Litigation expense of $0.6 billion, primarily related to Risperdal Gynecomastia
- Divestiture gains of $0.6 billion
- Gains of $0.5 billion related to the change in the fair value of securities
- A restructuring related charge of $0.1 billion

MedTech includes:

- An in-process research and development expense of $0.9 billion related to Ottava
- A restructuring related charge of $0.3 billion
- A Medical Device Regulation charge of $0.2 billion

- Litigation expense of $0.1 billion

(6) Long-lived assets include property, plant and equipment, net for fiscal years 2023, and 2022 of $19,898 and $17,982, respectively, and intangible assets and goodwill, net for fiscal years 2023 and 2022 of $70,733 and $74,536, respectively.

18. Acquisitions and divestitures

In the fiscal first quarter of 2024, the Company announced it has entered into a definitive agreement to acquire Ambrx Biopharma, Inc., or Ambrx (Nasdaq: AMAM), a clinical-stage biopharmaceutical company with a proprietary synthetic biology technology platform to design and develop next-generation antibody drug conjugates (ADCs), in an all-cash merger transaction for a total equity value of approximately $2.0 billion, or $1.9 billion net of estimated cash acquired. The Company will acquire all of the outstanding shares of Ambrx's common stock for $28.00 per share through a merger of Ambrx with a subsidiary of the Company. The closing of the transaction is expected to occur in the first half of 2024, subject to receipt of Ambrx shareholder approval, as well as clearance under the Hart-Scott-Rodino Antitrust Improvements Act and other customary closing conditions. The Company expects that the transaction will be accounted for as a business combination and the results of operations will be included in the Innovative Medicine segment as of the acquisition date.

During the fiscal year 2023, the Company did not make any acquisitions that qualified as a business combination.

During the fiscal year 2023, there were asset acquisitions of in-process research and development of approximately $0.5 billion in cash, primarily consisting of the acquisition of Laminar Inc. for $0.4 billion which was closed on November 30, 2023. Laminar Inc. is a privately-held medical device company focused on eliminating the left atrial appendage (LAA) in patients with non-valvular atrial fibrillation (AFib).

During the fiscal year 2022, certain businesses were acquired for $17.7 billion in cash and $1.1 billion of liabilities assumed. These acquisitions were accounted for using the acquisition method and, accordingly, results of operations have been included in the financial statements from their respective dates of acquisition.

The excess of purchase price over the estimated fair value of tangible assets acquired amounted to $17.3 billion and has been assigned to identifiable intangible assets, with any residual recorded to goodwill.

The fiscal year 2022 acquisitions primarily included Abiomed, Inc. (Abiomed). The remaining acquisitions were not material.

On December 22, 2022, the Company completed the acquisition of Abiomed, a leading, first-to-market provider of cardiovascular medical technology with a first-in-kind portfolio for the treatment of coronary artery disease and heart failure which also has an extensive innovation pipeline of life-saving technologies. The transaction broadens the Company's position as a growing cardiovascular innovator, advancing the standard of care in heart failure and recovery, one of healthcare's largest areas of unmet need. The transaction was accounted for as a business combination and the results of operations were included in the MedTech segment as of the date of the acquisition. The acquisition was completed through a tender offer for all outstanding shares. The consideration paid in the acquisition consisted of an upfront payment of $380.00 per share in cash, amounting to $17.1 billion, net of cash acquired, as well as a non-tradeable contingent value right ("CVR") entitling the holder to receive up to $35.00 per share in cash (which with respect to the CVRs total approximately $1.6 billion in the aggregate) if certain commercial and clinical milestones are achieved. The corresponding enterprise value (without taking into account the CVRs) of approximately $16.5 billion includes cash, cash equivalents and marketable securities acquired.

The milestones of the CVR consist of:

a. $17.50 per share, payable if net sales for Abiomed products exceeds $3.7 billion during Johnson & Johnson's fiscal second quarter of 2027 through fiscal first quarter of 2028, or if this threshold is not met during this period and is subsequently met during any rolling four quarter period up to the end of Johnson & Johnson's fiscal first quarter of 2029, $8.75 per share;

b. $7.50 per share payable upon FDA premarket application approval of the use of Impella® products in ST-elevated myocardial infarction (STEMI) patients without cardiogenic shock by January 1, 2028; and

c. $10.00 per share payable upon the first publication of a Class I recommendation for the use of Impella® products in high risk PCI or STEMI with or without cardiogenic shock within four years from their respective clinical endpoint publication dates, but in all cases no later than December 31, 2029.

During the fiscal fourth quarter of 2023, the Company finalized the purchase price allocation. In the fiscal 2023, there were purchase price allocation adjustments netting to approximately $0.2 billion with an offsetting increase to goodwill. The fair value of the acquisition was allocated to assets acquired of $20.1 billion (net of $0.3 billion cash acquired), primarily to goodwill for $11.1 billion, amortizable intangible assets for $6.6 billion, IPR&D for $1.1 billion, marketable securities of $0.6 billion and

liabilities assumed of $3.0 billion, which includes the fair value of the contingent consideration mentioned above for $0.7 billion and deferred taxes of $2.0 billion. The goodwill is primarily attributable to the commercial acceleration and expansion of the portfolio and is not expected to be deductible for tax purposes. The contingent consideration was recorded in Other Liabilities and adjusted to fair value through the fiscal year end 2023 on the Consolidated Balance Sheet.

The amortizable intangible assets were primarily comprised of already in-market products of the Impella® platform with an average weighted life of 14 years. The IPR&D assets were valued for technology programs for unapproved products. The value of the IPR&D was calculated using probability-adjusted cash flow projections discounted for the risk inherent in such projects. The probability of success factor ranged from 52% to 70%. The discount rate applied was 9.5%.

In 2023, the Company recorded acquisition related costs before tax of approximately $0.2 billion, which was primarily recorded in Other (income)/expense. In 2022, the Company recorded acquisition related costs before tax of approximately $0.3 billion, which was recorded in Other (income)/expense.

During fiscal year 2021, the Company did not make any material acquisitions that qualified as a business combination.

In accordance with U.S. GAAP standards related to business combinations, and goodwill and other intangible assets, supplemental pro forma information for fiscal years 2023, 2022 and 2021 is not provided, as the impact of the aforementioned acquisitions did not have a material effect on the Company's results of operations.

Divestitures

During the fiscal year 2023, the Company executed divestitures resulting in approximately $0.2 billion in proceeds resulting in gains or losses that were not material. At fiscal year end 2023, the Company held assets, primarily intangibles, on its Consolidated Balance Sheet that it expects to divest of approximately $0.3 billion primarily related to Acclarent and Ponvory.

During fiscal year 2022, the Company did not make any material divestitures.

During fiscal year 2021, in separate transactions, the Company divested two brands outside the U.S. within the Innovative Medicine segment. The Company recognized a pre-tax gain recorded in Other (income) expense, net, of approximately $0.6 billion.

19. Legal proceedings

Johnson & Johnson and certain of its subsidiaries are involved in various lawsuits and claims regarding product liability; intellectual property; commercial; indemnification and other matters; governmental investigations; and other legal proceedings that arise from time to time in the ordinary course of their business.

The Company records accruals for loss contingencies associated with these legal matters when it is probable that a liability will be incurred, and the amount of the loss can be reasonably estimated. As of December 31, 2023, the Company has determined that the liabilities associated with certain litigation matters are probable and can be reasonably estimated. The Company has accrued for these matters and will continue to monitor each related legal issue and adjust accruals as might be warranted based on new information and further developments in accordance with ASC 450-20-25, Contingencies. For these and other litigation and regulatory matters discussed below for which a loss is probable or reasonably possible, the Company is unable to estimate the possible loss or range of loss beyond the amounts accrued. Amounts accrued for legal contingencies often result from a complex series of judgments about future events and uncertainties that rely heavily on estimates and assumptions including timing of related payments. The ability to make such estimates and judgments can be affected by various factors including, among other things, whether damages sought in the proceedings are unsubstantiated or indeterminate; scientific and legal discovery has not commenced or is not complete; proceedings are in early stages; matters present legal uncertainties; there are significant facts in dispute; procedural or jurisdictional issues; the uncertainty and unpredictability of the number of potential claims; ability to achieve comprehensive multi-party settlements; complexity of related cross-claims and counterclaims; and/or there are numerous parties involved. To the extent adverse awards, judgments or verdicts have been rendered against the Company, the Company does not record an accrual until a loss is determined to be probable and can be reasonably estimated.

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 accrued in the Company's balance sheet, is not expected to have a material adverse effect on the Company's financial position. However, the resolution of, or increase in accruals for, one or more of these matters in any reporting period may have a material adverse effect on the Company's results of operations and cash flows for that period.

Matters concerning talc

A significant number of personal injury claims alleging that talc causes cancer have been asserted against Johnson & Johnson Consumer Inc., its successor LTL Management LLC (now known as LLT Management LLC) and the Company arising out of the use of body powders containing talc, primarily JOHNSON'S Baby Powder.

In talc cases that previously have gone to trial, the Company has obtained a number of defense verdicts, but there also have been verdicts against the Company, many of which have been reversed on appeal. In June 2020, the Missouri Court of Appeals reversed in part and affirmed in part a July 2018 verdict of $4.7 billion in Ingham v. Johnson & Johnson, et al., No. ED 207476 (Mo. App.), reducing the overall award to $2.1 billion. An application for transfer of the case to the Missouri Supreme Court was subsequently denied and in June 2021, a petition for certiorari, seeking a review of the Ingham decision by the United States Supreme Court, was denied. In June 2021, the Company paid the award, which, including interest, totaled approximately $2.5 billion. The facts and circumstances, including the terms of the award, were unique to the Ingham decision and not representative of other claims brought against the Company. The Company continues to believe that it has strong legal grounds to contest the other talc verdicts that it has appealed. Notwithstanding the Company's confidence in the safety of its talc products, in certain circumstances the Company has settled cases.

In October 2021, Johnson & Johnson Consumer Inc. (Old JJCI) implemented a corporate restructuring (the 2021 Corporate Restructuring). As a result of that restructuring, Old JJCI ceased to exist and three new entities were created: (a) LTL Management LLC, a North Carolina limited liability company (LTL or Debtor); (b) Royalty A&M LLC, a North Carolina limited liability company and a direct subsidiary of LTL (RAM); and (c) the Debtor's direct parent, Johnson & Johnson Consumer Inc., a New Jersey company (New JJCI). The Debtor received certain of Old JJCI's assets and became solely responsible for the talc-related liabilities of Old JJCI, including all liabilities related in any way to injury or damage, or alleged injury or damage, sustained or incurred in the purchase or use of, or exposure to, talc, including talc contained in any product, or to the risk of, or responsibility for, any such damage or injury, except for any liabilities for which the exclusive remedy is provided under a workers' compensation statute or act (the Talc-Related Liabilities).

In October 2021, notwithstanding the Company's confidence in the safety of its talc products, the Debtor filed a voluntary petition with the United States Bankruptcy Court for the Western District of North Carolina, Charlotte Division, seeking relief under chapter 11 of the Bankruptcy Code (the LTL Bankruptcy Case). All litigation against LTL, Old JJCI, New JJCI, the Company, other of their corporate affiliates, identified retailers, insurance companies, and certain other parties (the Protected Parties) was stayed, although LTL did agree to lift the stay on a small number of appeals where appeal bonds had been filed. The LTL Bankruptcy Case was transferred to the United States Bankruptcy Court for the District of New Jersey. Claimants filed motions to dismiss the LTL Bankruptcy Case and, following a multiple day hearing, the New Jersey Bankruptcy Court denied those motions in March 2022.

The claimants subsequently filed notices of appeal as to the denial of the motions to dismiss the LTL Bankruptcy Case and the extension of the stay to the Protected Parties. On January 30, 2023, the Third Circuit reversed the Bankruptcy Court's ruling and remanded to the Bankruptcy Court to dismiss the LTL bankruptcy.

LTL filed a petition for rehearing of the Third Circuit's decision, which was denied in March 2023. LTL subsequently filed a motion in the Third Circuit to stay the mandate directing the New Jersey Bankruptcy Court to dismiss the LTL bankruptcy pending filing and disposition of a petition for writ of certiorari to the United States Supreme Court. The Third Circuit denied the motion to stay the mandate and issued the mandate.

In April 2023, the New Jersey Bankruptcy Court dismissed the LTL Bankruptcy Case, effectively lifting the stay as to all parties and returning the talc litigation to the tort system. LTL re-filed in the United States Bankruptcy Court for the District of New Jersey seeking relief under chapter 11 of the Bankruptcy Code (the LTL 2 Bankruptcy Case). As a result of the new filing, all talc claims against LTL were again automatically stayed pursuant to section 362 of the Bankruptcy Code. Additionally, the New Jersey Bankruptcy Court issued a temporary restraining order staying all litigation as to LTL, Old JJCI, New JJCI, the Company, identified retailers, and certain other parties (the New Protected Parties).

Also in April 2023, the New Jersey Bankruptcy Court issued a decision that granted limited injunctive relief to the Company and the New Protected Parties (the LTL 2 Preliminary Injunction). The LTL 2 Preliminary Injunction remained in force until late August 2023, following the Bankruptcy Court's extension of the initial LTL 2 Preliminary Injunction in June 2023. Under the LTL 2 Preliminary Injunction, except for in those cases filed in the federal court ovarian cancer multi-district litigation, discovery in all personal injury and wrongful death matters was permitted to proceed.

Furthermore, in April 2023, the Talc Claimants' Committee filed a motion to dismiss the LTL 2 Bankruptcy followed by similar motions from other claimants. Hearings on the motions to dismiss occurred in June 2023. On July 28, 2023, the court dismissed the LTL 2 Bankruptcy case and, the same day, the Company stated its intent to appeal the decision and to continue its efforts to obtain a resolution of the talc claims. In September 2023, the Bankruptcy Court entered an order granting LTL leave to seek a direct appeal to the Third Circuit Court of Appeals. In October 2023, the Third Circuit granted LTL's petition for a direct appeal. Briefing is ongoing.

Following the dismissal of LTL 2, new lawsuits were filed and cases across the country that had been stayed were reactivated. The majority of the cases are pending in federal court, organized in a multi-district litigation (MDL) in the United States District Court for the District of New Jersey. In the MDL, case-specific discovery is proceeding with an expectation that a trial will occur in early 2025. Separately, discovery and pre-trial activity is underway in various individually filed and set cases around the country, with most activity for such cases centralized in New Jersey and California.

In the original bankruptcy case, the Company agreed to provide funding to LTL for the payment of amounts the New Jersey Bankruptcy Court determines are owed by LTL and the establishment of a $2 billion trust in furtherance of this purpose. The Company established a reserve for approximately $2 billion in connection with the aforementioned trust. During the bankruptcy proceedings LTL had been de-consolidated by the Company. In the LTL 2 Bankruptcy Case, the Company had agreed to contribute an additional amount which, when added to the prior $2 billion, would be a total reserve of approximately $9 billion payable over 25 years (nominal value approximately $12 billion discounted at a rate of 4.41%), to resolve all the current and future talc claims. The approximate $9 billion reserve encompasses actual and contemplated settlements, of which approximately one-third is recorded as a current liability. The recorded amount remains the Company's best estimate of probable loss after the dismissal.

The parties have not yet reached a resolution of all talc matters and the Company is unable to estimate the possible loss or range of loss beyond the amount accrued.

A class action advancing claims relating to industrial talc was filed against the Company and others in New Jersey state court in May 2022 (the Edley Class Action). The Edley Class Action asserts, among other things, that the Company fraudulently defended past asbestos personal injury lawsuits arising from exposure to industrial talc mined, milled, and manufactured before January 6, 1989 by the Company's then wholly owned subsidiary, Windsor Minerals, Inc., which is currently a debtor in the Imerys Bankruptcy described hereafter. The Company removed the Edley Class Action to federal court in the District of New Jersey. In October 2022, the Company filed motions to dismiss and to deny certification of a class to pursue the Edley Class Action in the New Jersey District Court. Argument on the motions was heard in November 2023. Thereafter, the Company resolved this matter.

In February 2019, the Company's talc supplier, Imerys Talc America, Inc. and two of its affiliates, Imerys Talc Vermont, Inc. and Imerys Talc Canada, Inc. (collectively, Imerys) filed a voluntary petition for relief under chapter 11 of the United States Code (the Bankruptcy Code) in the United States Bankruptcy Court for the District of Delaware (Imerys Bankruptcy). The Imerys Bankruptcy relates to Imerys's potential liability for personal injury from exposure to talcum powder sold by Imerys. In its bankruptcy, Imerys alleges it has claims against the Company for indemnification and rights to joint insurance proceeds. In its bankruptcy, Imerys proposed a chapter 11 plan (the Imerys Plan) that contemplated all talc-related claims against it being channeled to a trust along with its alleged indemnification rights against the Company. Following confirmation and consummation of the plan, the trust would pay talc claims pursuant to proposed trust distribution procedures (the TDP) and then seek indemnification from the Company.

In February 2021, Cyprus Mines Corporation (Cyprus), which had owned certain Imerys talc mines, filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code and filed its Disclosure Statement and Plan (the Cyprus Plan). The Cyprus Plan contemplates a settlement with Imerys and talc claimants where Cyprus would make a monetary contribution to a trust established under the Imerys Plan in exchange for an injunction against talc claims asserted against it and certain affiliated parties.

The Imerys Plan proceeded to solicitation in early 2021. However, the Imerys Plan did not receive the requisite number of votes to be confirmed after the Bankruptcy Court ruled certain votes cast in favor of the Imerys Plan should be disregarded. Imerys subsequently canceled its confirmation hearing.

Imerys, the Imerys Tort Claimants' Committee, and the Imerys Future Claimants' Representative, along with Cyprus, the Cyprus Tort Claimants' Committee, and the Cyprus Future Claimants' Representative (collectively the Mediation Parties) have been engaged in mediation since shortly after the confirmation hearing was canceled in October 2021. In September 2023, the Bankruptcy Court entered an order extending the term of the mediation among the Mediation Parties through the end of December 2023. The Bankruptcy Court also authorized Imerys and Cyprus to proceed with mediation with certain of their insurers through the end of December 2023.

In September 2023, Imerys and Cyprus filed amended plans of reorganization. The amended plans contemplate a similar construct as the prior Imerys and Cyprus Plans, including all talc claims against Imerys and Cyprus (and certain other protected parties) being channeled to a trust along with Imerys's and Cyprus's alleged indemnification rights against the Company. In January 2024, Imerys and Cyprus filed revised TDP. In February 2024, Imerys and Cyprus filed certain motions related to their Disclosure Statement.

In February 2018, a securities class action lawsuit was filed against the Company and certain named officers in the United States District Court for the District of New Jersey, alleging that the Company violated the federal securities laws by failing to disclose alleged asbestos contamination in body powders containing talc, primarily JOHNSON'S Baby Powder, and that purchasers of the Company's shares suffered losses as a result. In April 2019, the Company moved to dismiss the complaint. In

December 2019, the Court denied, in part, the motion to dismiss. In April 2021, briefing on Plaintiff's motion for class certification was completed. The case was stayed in May 2022 pursuant to the LTL Bankruptcy Case and was reopened in May 2023. In December 2023, the Court granted Plaintiff's motion for class certification. In January 2024, Defendants filed a petition with the Third Circuit under Federal Rule of Civil Procedure 23(f) for permission to appeal the Court's order granting class certification. Fact discovery is proceeding.

A lawsuit was brought against the Company in the Superior Court of California for the County of San Diego alleging violations of California's Consumer Legal Remedies Act (CLRA) relating to JOHNSON'S Baby Powder. In that lawsuit, the plaintiffs allege that the Company violated the CLRA by failing to provide required Proposition 65 warnings. In July 2019, the Company filed a notice of removal to the United States District Court for the Southern District of California and plaintiffs filed a second amended complaint shortly thereafter. In October 2019, the Company moved to dismiss the second amended complaint for failure to state a claim upon which relief may be granted. In response to those motions, plaintiffs filed a third amended complaint. In December 2019, the Company moved to dismiss the third amended complaint for failure to state a claim upon which relief may be granted. In April 2020, the Court granted the motion to dismiss but granted leave to amend. In May 2020, plaintiffs filed a Fourth Amended Complaint but indicated that they would be filing a motion for leave to file a fifth amended complaint. Plaintiffs filed a Fifth Amended Complaint in August 2020. The Company moved to dismiss the Fifth Amended Complaint for failure to state a claim upon which relief may be granted. In January 2021, the Court issued an Order and opinion ruling in the Company's favor and granting the motion to dismiss with prejudice. In February 2021, Plaintiffs filed a Notice of Appeal with the Ninth Circuit. Plaintiffs filed their opening brief in July 2021. The company filed its responsive brief in October 2021. After the Notice of Suggestion of Bankruptcy was filed with the Ninth Circuit, a stay was imposed, and the Court held the reply deadline in abeyance. In September 2023, the stay lifted. With briefing complete, the Court is expected to either schedule oral argument or issue its decision at any time.

In June 2014, the Mississippi Attorney General filed a complaint in Chancery Court of The First Judicial District of Hinds County, Mississippi against the Company and Johnson & Johnson Consumer Companies, Inc. (now known as Johnson & Johnson Consumer Inc.) (collectively, JJCI). The complaint alleges that JJCI violated the Mississippi Consumer Protection Act by failing to disclose alleged health risks associated with female consumers' use of talc contained in JOHNSON'S Baby Powder and JOHNSON'S Shower to Shower (a product divested in 2012) and seeks injunctive and monetary relief. In February 2022, the trial court set the case for trial to begin in February 2023. However, in October 2022, the LTL bankruptcy court issued an order staying the case. In March 2023, the Third Circuit issued the mandate to dismiss the LTL Bankruptcy Case and in April 2023, the New Jersey Bankruptcy Court dismissed the LTL Bankruptcy Case, effectively lifting the stay as to this matter. The State requested a new trial setting. Later in April 2023, the trial court set a new trial date for April 2024. The Company filed summary judgment and Daubert motions. The State filed a limited Daubert motion. The parties agreed to the Court's request for mediation. A pretrial conference is set for February 2024 and trial is scheduled for April 2024. However, the Company is actively engaged in resolution discussions concerning this matter.

In January 2020, the State of New Mexico filed a consumer protection case alleging that the Company deceptively marketed and sold its talcum powder products by making misrepresentations about the safety of the products and the presence of carcinogens, including asbestos. In March 2022, the New Mexico court denied the Company's motion to compel the State of New Mexico to engage in discovery of state agencies and denied the Company's request for interlocutory appeal of that decision. The Company then filed a Petition for Writ of Superintending Control and a Request for a Stay to the New Mexico Supreme Court on the issue of the State of New Mexico's discovery obligations. In April 2022, in view of the efforts to resolve talc-related claims in the LTL Bankruptcy Case, the Company and the State agreed to a 60-day stay of all matters except for the pending writ before the New Mexico Supreme Court, which expired in June 2022. Thereafter, the Company moved to enjoin prosecution of the case in the LTL Bankruptcy Case. In October 2022, the bankruptcy court issued an order staying the case. In December 2022, the State filed an appeal to the Third Circuit concerning the stay order. Separately, in September 2022, the New Mexico Supreme Court granted the Company's request for a stay pending further briefing on the scope of the State of New Mexico's discovery obligations. In March 2023, the Third Circuit issued the mandate to dismiss the LTL Bankruptcy Case and in April 2023, the New Jersey Bankruptcy Court dismissed the LTL Bankruptcy Case, effectively lifting the stay as to this matter. While the State notified the New Mexico Supreme Court of the lifted stay of litigation in April 2023, the Court has not taken any action since being notified of the lifting of the stay and it remains in effect.

Forty-two states and the District of Columbia (including Mississippi and New Mexico) have commenced a joint investigation into the Company's marketing of its talcum powder products. At this time, the multi-state group has not asserted any claims against the Company. Five states have issued Civil Investigative Demands seeking documents and other information. The Company has produced documents to Arizona, North Carolina, Texas, and Washington and entered into confidentiality agreements. The Company has not received any follow up requests from those states. In March 2022, each of the forty-two states agreed to mediation of their claims in the LTL Bankruptcy Case. In July 2022, New Mexico and Mississippi indicated they would no longer voluntarily submit to further mediation in the LTL Bankruptcy and would proceed with their respective cases in state court. In March 2023, the mediation was terminated. In January 2024, the Company reached an agreement in principle with the multi-state group of state Attorneys General, subject to ongoing negotiation of non-monetary terms. The unique procedural history and status of the New Mexico and Mississippi matters specifically have been discussed above.

In addition, the Company has received inquiries, subpoenas, and requests to produce documents regarding talc matters and the LTL Bankruptcy Case from various governmental authorities. The Company has produced documents and responded to inquiries, and will continue to cooperate with government inquiries.

Matters concerning opioids

Beginning in 2014 and continuing to the present, the Company and Janssen Pharmaceuticals, Inc. (JPI), along with other pharmaceutical companies, have been named in close to 3,500 lawsuits related to the marketing of opioids, including DURAGESIC, NUCYNTA and NUCYNTA ER. The majority of the cases have been filed by state and local governments. Similar lawsuits have also been filed by private plaintiffs and organizations, including but not limited to the following: individual plaintiffs on behalf of children born with Neonatal Abstinence Syndrome (NAS); hospitals; and health insurers/payors.

To date, the Company and JPI have litigated two of the cases to judgment and have prevailed in both, either at trial or on appeal.

In October 2019, the Company announced a proposed agreement in principle with a negotiating committee of state Attorneys General to settle all remaining government opioid litigation claims nationwide. Under the final national settlement agreement, which was announced in July 2021, the Company agreed to pay up to $5.0 billion to resolve all opioid lawsuits and future opioid claims by states, cities, counties, local school districts and other special districts, and tribal governments, contingent on sufficient participation by eligible government entities, and with credits back for entities that declined or were ineligible to participate. In July 2021, the Company announced that the terms of the agreement to settle the state and subdivision claims had been finalized and approximately 60% of the all-in settlement was paid by the end of fiscal 2023. The expected payment schedule provides that approximately $0.7 billion of payments are to be paid by the end of fiscal 2024. The agreement is not an admission of liability or wrongdoing, and it provides for the release of all opioid-related claims against the Company, JPI, and their affiliates (including the Company's former subsidiaries Tasmanian Alkaloids Pty, Ltd. and Noramco, Inc.). As of January 2024, the Company and JPI have settled or otherwise resolved the opioid claims advanced by all government entity claimants except the City of Baltimore, a number of school districts and other claimants.

The Company and JPI continue to defend the cases brought by the remaining government entity litigants as well as the cases brought by private litigants, including NAS claimants, hospitals, and health insurers/payors. Counting the private litigant cases, there are approximately 35 remaining opioid cases against the Company and JPI in various state courts, 430 remaining cases in the Ohio MDL, and 4 additional cases in other federal courts. Some of these cases have been dismissed and are being appealed by the plaintiffs and certain others are scheduled for trial in 2024 or 2025.

In addition, the Province of British Columbia filed suit against the Company and its Canadian affiliate Janssen Inc., and many other industry members, in Canada, and is seeking to have that action certified as an opt in class action on behalf of other provincial/territorial and the federal governments in Canada. Additional proposed class actions have been filed in Canada against the Company and Janssen Inc., and many other industry members, by and on behalf of people who used opioids (for personal injuries), municipalities and First Nations bands. These actions allege a variety of claims related to opioid marketing practices, including false advertising, unfair competition, public nuisance, consumer fraud violations, deceptive acts and practices, false claims and unjust enrichment. An adverse judgment in any of these lawsuits could result in the imposition of large monetary penalties and significant damages including, punitive damages, cost of abatement, substantial fines, equitable remedies and other sanctions.

From June 2017 through December 2019, the Company's Board of Directors received a series of shareholder demand letters alleging breaches of fiduciary duties related to the marketing of opioids. The Board retained independent counsel to investigate the allegations in the demands, and in April 2020, independent counsel delivered a report to the Board recommending that the Company reject the shareholder demands and take the steps that are necessary or appropriate to secure dismissal of related derivative litigation. The Board unanimously adopted the recommendations of the independent counsel's report.

In November 2019, one of the shareholders who sent a demand filed a derivative complaint against the Company as the nominal defendant and certain current and former directors and officers as defendants in the Superior Court of New Jersey. The complaint alleges breaches of fiduciary duties related to the marketing of opioids, and that the Company has suffered damages as a result of those alleged breaches. A series of additional derivative complaints making similar allegations against the same and similar defendants were filed in New Jersey state and federal courts in 2019 and 2020. By 2022, all but two state court cases had been voluntarily dismissed. In February 2022, the state court granted the Company's motion to dismiss one of the two cases, and the shareholder that brought the second case filed a notice of dismissal. The shareholder whose complaint was dismissed filed a motion for reconsideration. In May 2022, the state court held oral argument on the motion for reconsideration and subsequently denied the motion. The shareholder has appealed the state court's dismissal order.

Product liability

The Company and certain of its subsidiaries are involved in numerous product liability claims and lawsuits involving multiple products. Claimants in these cases seek substantial compensatory and, where available, punitive damages. While the Company believes it has substantial defenses, it is not feasible to predict the ultimate outcome of litigation. From time to time, even if it has substantial defenses, the Company considers isolated settlements based on a variety of circumstances. The Company has accrued for these matters and will continue to monitor each related legal issue and adjust accruals as might be warranted based on new information and further developments in accordance with ASC 450-20-25, Contingencies. The Company accrues an estimate of the legal defense costs needed to defend each matter when those costs are probable and can be reasonably estimated. For certain of these matters, the Company has accrued additional amounts such as estimated costs associated with settlements, damages and other losses. Product liability accruals can represent projected product liability for thousands of claims around the world, each in different litigation environments and with different fact patterns. Changes to the accruals may be required in the future as additional information becomes available.

The table below contains the most significant of these cases and provides the approximate number of plaintiffs in the United States with direct claims in pending lawsuits regarding injuries allegedly due to the relevant product or product category as of December 31, 2023:

Product or product category	Number of plaintiffs
Body powders containing talc, primarily JOHNSON'S Baby Powder	59,140
DePuy ASR XL Acetabular System and DePuy ASR Hip Resurfacing System	160
PINNACLE Acetabular Cup System	920
Pelvic meshes	6,720
ETHICON PHYSIOMESH Flexible Composite Mesh	370
RISPERDAL	200
ELMIRON	2,150

The number of pending lawsuits is expected to fluctuate as certain lawsuits are settled or dismissed and additional lawsuits are filed. There may be additional claims that have not yet been filed.

MedTech

DePuy ASR XL Acetabular System and ASR Hip Resurfacing System

In August 2010, DePuy Orthopaedics, Inc. (DePuy) announced a worldwide voluntary recall of its ASR XL Acetabular System and DePuy ASR Hip Resurfacing System (ASR Hip) used in hip replacement surgery. Claims for personal injury have been made against DePuy and the Company. Cases filed in federal courts in the United States have been organized as a multi-district litigation in the United States District Court for the Northern District of Ohio. Litigation has also been filed in countries outside of the United States, primarily in the United Kingdom, Canada, Australia, Ireland, Germany, India and Italy. In November 2013, DePuy reached an agreement with a Court-appointed committee of lawyers representing ASR Hip plaintiffs to establish a program to settle claims with eligible ASR Hip patients in the United States who had surgery to replace their ASR Hips, known as revision surgery, as of August 2013. DePuy reached additional agreements in February 2015 and March 2017, which further extended the settlement program to include ASR Hip patients who had revision surgeries after August 2013 and prior to February 15, 2017. This settlement program has resolved more than 10,000 claims, thereby bringing to resolution significant ASR Hip litigation activity in the United States. However, lawsuits in the United States remain, and the settlement program does not address litigation outside of the United States. In Australia, a class action settlement was reached that resolved the claims of the majority of ASR Hip patients in that country. In Canada, the Company has reached agreements to settle the class actions filed in that country. The Company continues to receive information with respect to potential additional costs associated with this recall on a worldwide basis. The Company has established accruals for the costs associated with the United States settlement program and ASR Hip-related product liability litigation.

DePuy PINNACLE Acetabular Cup System

Claims for personal injury have also been made against DePuy Orthopaedics, Inc. and the Company (collectively, DePuy) relating to the PINNACLE Acetabular Cup System used in hip replacement surgery. Product liability lawsuits continue to be filed, and the Company continues to receive information with respect to potential costs and the anticipated number of cases. Most cases filed in federal courts in the United States have been organized as a multi-district litigation in the United States

District Court for the Northern District of Texas (Texas MDL). Beginning on June 1, 2022, the Judicial Panel on Multidistrict Litigation ceased transfer of new cases into the Texas MDL, and there are now cases pending in federal court outside the Texas MDL. Litigation also has been filed in state courts and in countries outside of the United States. During the first quarter of 2019, DePuy established a United States settlement program to resolve these cases. As part of the settlement program, adverse verdicts have been settled. The Company has established an accrual for product liability litigation associated with the PINNACLE Acetabular Cup System and the related settlement program.

Ethicon Pelvic Mesh

Claims for personal injury have been made against Ethicon, Inc. (Ethicon) and the Company arising out of Ethicon's pelvic mesh devices used to treat stress urinary incontinence and pelvic organ prolapse. The Company continues to receive information with respect to potential costs and additional cases. Cases filed in federal courts in the United States had been organized as a multi-district litigation (MDL) in the United States District Court for the Southern District of West Virginia. In March 2021, the MDL Court entered an order closing the MDL. The MDL Court has remanded cases for trial to the jurisdictions where the case was originally filed and additional pelvic mesh lawsuits have been filed, and remain, outside of the MDL. The Company has settled or otherwise resolved the majority of the United States cases and the estimated costs associated with these settlements and the remaining cases are reflected in the Company's accruals. In addition, class actions and individual personal injury cases or claims seeking damages for alleged injury resulting from Ethicon's pelvic mesh devices have been commenced in various countries outside of the United States, including claims and cases in the United Kingdom, the Netherlands, Belgium, France, Ireland, Italy, Spain and Slovenia and class actions in Israel, Australia, Canada and South Africa. In November 2019, the Federal Court of Australia issued a judgment regarding its findings with respect to liability in relation to the three Lead Applicants and generally in relation to the design, manufacture, pre and post-market assessments and testing, and supply and promotion of the devices in Australia used to treat stress urinary incontinence and pelvic organ prolapse. In September 2022, after exhausting its appeals, the Company reached an in-principle agreement to resolve the two pelvic mesh class actions in Australia and in March 2023 the Federal Court approved the settlement. The class actions in Canada were discontinued in 2020 as a result of a settlement of a group of cases and an agreement to resolve the Israeli class action was reached in May 2021. The parties in the Israeli class action are currently finalizing the terms of the settlement. A motion to approve the settlement was filed with the Court. The Company has established accruals with respect to product liability litigation associated with Ethicon's pelvic mesh products.

Ethicon Physiomesh

Following a June 2016 worldwide market withdrawal of Ethicon Physiomesh Flexible Composite Mesh (Physiomesh), claims for personal injury have been made against Ethicon, Inc. (Ethicon) and the Company alleging personal injury arising out of the use of this hernia mesh device. Cases filed in federal courts in the United States have been organized as a multi-district litigation (MDL) in the United States District Court for the Northern District of Georgia. A multi-county litigation (MCL) also has been formed in New Jersey state court and assigned to Atlantic County for cases pending in New Jersey. In addition to the matters in the MDL and MCL, there are additional lawsuits pending in the United States District Court for the Southern District of Ohio, which are part of the MDL for polypropylene mesh devices manufactured by C.R. Bard, Inc., and lawsuits pending in two New Jersey MCLs formed for Proceed/Proceed Ventral Patch and Prolene Hernia systems, and lawsuits pending outside the United States. In May 2021, Ethicon and lead counsel for the plaintiffs entered into a term sheet to resolve approximately 3,600 Physiomesh cases (covering approximately 4,300 plaintiffs) pending in the MDL and MCL at that time. A master settlement agreement (MSA) was entered into in September 2021 and includes 3,729 cases in the MDL and MCL. All deadlines and trial settings in those proceedings are currently stayed pending the completion of the settlement agreement. Of the cases subject to the MSA, 3,390 have been dismissed with prejudice. Ethicon has received releases from 3,584 plaintiffs, and releases continue to be submitted as part of the settlement process. Post-settlement cases in the Physiomesh MDL and MCL are subject to docket control orders requiring early expert reports and discovery requirements. In May 2023, Ethicon entered an additional settlement to resolve the claims of 292 Physiomesh claimants. That settlement is proceeding, and releases are being returned. As of December 31, 2023, there were 5 Physiomesh cases in the MDL and 3 in the New Jersey MCL which are not included in either settlement and which remain subject to the docket control orders.

Claims have also been filed against Ethicon and the Company alleging personal injuries arising from the PROCEED Mesh and PROCEED Ventral Patch hernia mesh products. In March 2019, the New Jersey Supreme Court entered an order consolidating these cases pending in New Jersey as an MCL in Atlantic County Superior Court. Additional cases have been filed in various federal and state courts in the United States, and in jurisdictions outside the United States.

Ethicon and the Company also have been subject to claims for personal injuries arising from the PROLENE Polypropylene Hernia System. In January 2020, the New Jersey Supreme Court created an MCL in Atlantic County Superior Court to handle such cases. Cases involving this product have also been filed in other federal and state courts in the United States.

In October 2022, an agreement in principle, subject to various conditions, was reached to settle the majority of the pending cases involving Proceed, Proceed Ventral Patch, Prolene Hernia System and related multi-layered mesh products, as well as a number of unfiled claims. All litigation activities in the two New Jersey MCLs are stayed pending effectuation of the proposed settlement. Future cases that are filed in the New Jersey MCLs will be subject to docket control orders requiring early expert reports and discovery requirements.

The Company has established accruals with respect to product liability litigation associated with Ethicon Physiomesh Flexible Composite Mesh, PROCEED Mesh and PROCEED Ventral Patch, and PROLENE Polypropylene Hernia System products.

Innovative Medicine

RISPERDAL

Claims for personal injury have been made against Janssen Pharmaceuticals, Inc. and the Company arising out of the use of RISPERDAL, and related compounds, indicated for the treatment of schizophrenia, acute manic or mixed episodes associated with bipolar I disorder and irritability associated with autism. Lawsuits primarily have been filed in state courts in Pennsylvania, California, and Missouri. Other actions are pending in various courts in the United States and Canada. Product liability lawsuits continue to be filed, and the Company continues to receive information with respect to potential costs and the anticipated number of cases. The Company has successfully defended a number of these cases but there have been verdicts against the Company, including a verdict in October 2019 of $8.0 billion of punitive damages related to one plaintiff, which the trial judge reduced to $6.8 million in January 2020. In September 2021, the Company entered into a settlement in principle with the counsel representing plaintiffs in this matter and in substantially all of the outstanding cases in the United States. The costs associated with this and other settlements are reflected in the Company's accruals.

ELMIRON

Claims for personal injury have been made against a number of Johnson & Johnson companies, including Janssen Pharmaceuticals, Inc. and the Company, arising out of the use of ELMIRON, a prescription medication indicated for the relief of bladder pain or discomfort associated with interstitial cystitis. These lawsuits, which allege that ELMIRON contributes to the development of permanent retinal injury and vision loss, have been filed in both state and federal courts across the United States. In December 2020, lawsuits filed in federal courts in the United States, including putative class action cases seeking medical monitoring, were organized as a multi-district litigation in the United States District Court for the District of New Jersey. All cases in the multi-district litigation are in active discussions regarding resolution, and as a result, all activity is stayed. In addition, cases have been filed in various state courts of New Jersey, which have been coordinated in a multi-county litigation in Bergen County, as well as the Court of Common Pleas in Philadelphia, which have been coordinated and granted mass tort designation. No activity has taken place in the New Jersey state court litigation; however, three bellwether trials have been set in Philadelphia for March, April and May 2024. In addition, three class action lawsuits have been filed in Canada. Product liability lawsuits continue to be filed, and the Company continues to receive information with respect to potential costs and the anticipated number of cases. The Company has established accruals for defense and indemnity costs associated with ELMIRON related product liability litigation.

Intellectual property

Certain subsidiaries of the Company are subject, from time to time, to legal proceedings and claims related to patent, trademark and other intellectual property matters arising out of their businesses. Many of these matters involve challenges to the coverage and/or validity of the patents on various products and allegations that certain of the Company's products infringe the patents of third parties. Although these subsidiaries believe that they have substantial defenses to these challenges and allegations with respect to all significant patents, there can be no assurance as to the outcome of these matters. A loss in any of these cases could adversely affect the ability of these subsidiaries to sell their products, result in loss of sales due to loss of market exclusivity, require the payment of past damages and future royalties, and may result in a non-cash impairment charge for any associated intangible asset.

Innovative Medicine - litigation against filers of abbreviated new drug applications (ANDAs)

The Company's subsidiaries have brought lawsuits against generic companies that have filed ANDAs with the U.S. FDA (or similar lawsuits outside of the United States) seeking to market generic versions of products sold by various subsidiaries of the Company prior to expiration of the applicable patents covering those products. These lawsuits typically include allegations of non-infringement and/or invalidity of patents listed in FDA's publication "Approved Drug Products with Therapeutic Equivalence Evaluations" (commonly known as the Orange Book). In each of these lawsuits, the Company's subsidiaries are seeking an order enjoining the defendant from marketing a generic version of a product before the expiration of the relevant patents (Orange Book Listed Patents). In the event the Company's subsidiaries are not successful in an action, or any automatic statutory stay expires before the court rulings are obtained, the generic companies involved would have the ability, upon regulatory approval, to introduce generic versions of their products to the market, resulting in the potential for substantial market share and revenue losses for the applicable products, and which may result in a non-cash impairment charge in any associated intangible asset. In addition, from time to time, the Company's subsidiaries may settle these types of actions

and such settlements can involve the introduction of generic versions of the products at issue to the market prior to the expiration of the relevant patents.

The Inter Partes Review (IPR) process with the United States Patent and Trademark Office (USPTO), created under the 2011 America Invents Act, is also being used at times by generic companies in conjunction with ANDAs and lawsuits to challenge the applicable patents.

XARELTO

Beginning in March 2021, Janssen Pharmaceuticals, Inc.; Bayer Pharma AG; Bayer AG; and Bayer Intellectual Property GmbH filed patent infringement lawsuits in United States district courts against generic manufacturers who have filed ANDAs seeking approval to market generic versions of XARELTO before expiration of certain Orange Book Listed Patents. The following entities are named defendants: Dr. Reddy's Laboratories, Inc.; Dr. Reddy's Laboratories, Ltd.; Lupin Limited; Lupin Pharmaceuticals, Inc.; Taro Pharmaceutical Industries Ltd.; Taro Pharmaceuticals U.S.A., Inc.; Teva Pharmaceuticals USA, Inc.; Mylan Pharmaceuticals Inc.; Mylan Inc.; Mankind Pharma Limited; Apotex Inc.; Apotex Corp.; Auson Pharmaceuticals Inc.; Macleods Pharmaceuticals Ltd; Macleods Pharma USA, Inc.; Indoco Remedies Limited; FPP Holding Company LLC; Umedica Laboratories Pvt. Ltd.; Aurobindo Pharma Limited; Aurobindo Pharma USA, Inc.; Cipla Ltd.; Cipla USA Inc.; and InvaGen Pharmaceuticals, Inc. The following U.S. patents are included in one or more cases: 9,539,218 and 10,828,310.

U.S. Patent No. 10,828,310 was also under consideration by the USPTO in an IPR proceeding. In July 2023, the USPTO issued a final written decision finding the claims of the patent invalid. In September 2023, Bayer Pharma AG filed an appeal to the U.S. Court of Appeals for the Federal Circuit.

OPSUMIT

Beginning in January 2023 Actelion Pharmaceuticals Ltd and Actelion Pharmaceuticals US, Inc. filed patent infringement lawsuits in United States district courts against generic manufacturers who have filed ANDAs seeking approval to market generic versions of OPSUMIT before expiration of certain Orange Book Listed Patents. The following entities are named defendants: Sun Pharmaceutical Industries Limited; Sun Pharmaceutical Industries, Inc.; MSN Laboratories Private Limited; MSN Pharmaceuticals Inc.; and Mylan Pharmaceuticals Inc. The following U.S. patents are included in one or more cases: 7,094,781; and 10,946,015. In November 2023, the Company entered into a confidential settlement agreement with MSN Laboratories Private Limited and MSN Pharmaceuticals Inc. In December 2023, the Company entered into a confidential settlement agreement with Sun Pharmaceutical Industries Limited and Sun Pharmaceuticals Industries, Inc.

INVEGA SUSTENNA

Beginning in January 2018, Janssen Pharmaceutica NV and Janssen Pharmaceuticals, Inc. filed patent infringement lawsuits in United States district courts against generic manufacturers who have filed ANDAs seeking approval to market generic versions of INVEGA SUSTENNA before expiration of the Orange Book Listed Patent. The following entities are named defendants: Teva Pharmaceuticals USA, Inc.; Mylan Laboratories Limited; Pharmascience Inc.; Mallinckrodt PLC; Specgx LLC; Tolmar, Inc.; and Accord Healthcare, Inc. The following U.S. patent is included in one or more cases: 9,439,906.

Beginning in February 2018, Janssen Inc. and Janssen Pharmaceutica NV initiated a Statement of Claim under Section 6 of the Patented Medicines (Notice of Compliance) Regulations against generic manufacturers who have filed ANDSs seeking approval to market generic versions of INVEGA SUSTENNA before expiration of the listed patent. The following entities are named defendants: Pharmascience Inc. and Apotex Inc. The following Canadian patent is included in one or more cases: 2,655,335.

INVEGA TRINZA

Beginning in September 2020, Janssen Pharmaceuticals, Inc., Janssen Pharmaceutica NV, and Janssen Research & Development, LLC filed patent infringement lawsuits in United States district courts against generic manufacturers who have filed ANDAs seeking approval to market generic versions of INVEGA TRINZA before expiration of the Orange Book Listed Patent. The following entities are named defendants: Mylan Laboratories Limited; Mylan Pharmaceuticals Inc.; and Mylan Institutional LLC. The following U.S. patent is included in one or more cases: 10,143,693. In May 2023, the District Court issued a decision finding that Mylan's proposed generic product infringes the asserted patent and that the patent is not invalid. Mylan has appealed the verdict.

SYMTUZA

Beginning in November 2021, Janssen Products, L.P., Janssen Sciences Ireland Unlimited Company, Gilead Sciences, Inc. and Gilead Sciences Ireland UC filed patent infringement lawsuits in United States district courts against generic manufacturers who have filed ANDAs seeking approval to market generic versions of SYMTUZA before expiration of certain Orange Book Listed Patents. The following entities are named defendants: Lupin Limited; Lupin Pharmaceuticals, Inc.; MSN Laboratories

Private Ltd.; MSN Life Sciences Private Ltd.; MSN Pharmaceuticals Inc.; Apotex Inc.; and Apotex Corp. The following U.S. patents are included in one or more cases: 10,039,718 and 10,786,518.

ERLEADA

Beginning in May 2022, Aragon Pharmaceuticals, Inc., Janssen Biotech, Inc. (collectively, Janssen), Sloan Kettering Institute for Cancer Research (SKI) and The Regents of the University of California filed patent infringement lawsuits in United States district courts against generic manufacturers who have filed ANDAs seeking approval to market generic versions of ERLEADA before expiration of certain Orange Book Listed Patents. The following entities are named defendants: Lupin Limited; Lupin Pharmaceuticals, Inc.; Zydus Worldwide DMCC; Zydus Pharmaceuticals (USA), Inc.; Zydus Lifesciences Limited; Sandoz Inc.; Eugia Pharma Specialities Limited; Aurobindo Pharma USA, Inc.; Auromedics Pharma LLC; Hetero Labs Limited Unit V; and Hetero USA, Inc. The following U.S. patents are included in one or more cases: 9,481,663; 9,884,054; 10,052,314 (which reissued as RE49,353); 10,702,508; 10,849,888; 8,445,507; 8,802,689; 9,388,159; 9,987,261; and RE49,353. In December 2023, Janssen and SKI voluntarily dismissed their case against Lupin Limited and Lupin Pharmaceuticals, Inc.

UPTRAVI

Beginning in November 2022, Actelion Pharmaceuticals US Inc., Actelion Pharmaceuticals Ltd and Nippon Shinyaku Co., Ltd. filed patent infringement lawsuits in United States district courts against generic manufacturers who have filed ANDAs seeking approval to market generic versions of UPTRAVI intravenous before expiration of certain Orange Book Listed Patents. The following entities are named defendants: Alembic Pharmaceuticals Limited, Alembic Pharmaceuticals Inc.; Lupin Ltd.; Lupin Pharmaceuticals, Inc.; Cipla Limited; Cipla USA Inc.; MSN Laboratories Private Ltd.; and MSN Pharmaceuticals Inc. The following U.S. patents are included in one or more cases: 8,791,122 and 9,284,280. In November 2023, the Company entered into a confidential settlement agreement with Alembic Pharmaceuticals Limited and Alembic Pharmaceuticals Inc.

SPRAVATO

Beginning in May 2023, Janssen Pharmaceuticals, Inc. and Janssen Pharmaceutica NV filed patent infringement lawsuits in United States district courts against generic manufacturers who have filed ANDAs seeking approval to market generic versions of SPRAVATO before expiration of certain Orange Book Listed Patents. The following entities are named defendants: Sandoz Inc.; Hikma Pharmaceuticals Inc. USA; Hikma Pharmaceuticals PLC; and Alkem Laboratories Ltd. The following U.S. patents are included in one or more cases: 10,869,844; 11,173,134; 11,311,500; and 11,446,260.

STELARA

In November 2023, Biocon Biologics Inc. filed a Petition for Inter Partes Review with the USPTO seeking review of U.S. Patent No. 10,961,307 related to methods of treating ulcerative colitis with ustekinumab.

MedTech

In March 2016, Abiomed, Inc. (Abiomed) filed a declaratory judgment action against Maquet Cardiovascular LLC (Maquet) in U.S. District Court for the District of Massachusetts seeking a declaration that the Impella does not infringe certain Maquet patents, currently U.S. Patent Nos. 7,022,100 ('100); 8,888,728; 9,327,068; 9,545,468; 9,561,314; and 9,597,437. Maquet counterclaimed for infringement of each of those patents. After claim construction, Maquet alleged infringement of only the '100 patent. In September 2021, the court granted Abiomed's motion for summary judgment of non-infringement of the '100 patent, and in September 2023, the district court entered final judgment in favor of Abiomed on all patents-in-suit. Maquet appealed.

Government proceedings

Like other companies in the pharmaceutical and medical technologies industries, the Company and certain of its subsidiaries are subject to extensive regulation by national, state and local government agencies in the United States and other countries in which they operate. Such regulation has been the basis of government investigations and litigations. The most significant litigation brought by, and investigations conducted by, government agencies are listed below. It is possible that criminal charges and substantial fines and/or civil penalties or damages could result from government investigations or litigation.

MedTech

In July 2018, the Public Prosecution Service in Rio de Janeiro and representatives from the Brazilian antitrust authority CADE inspected the offices of more than 30 companies including Johnson & Johnson do Brasil Indústria e Comércio de Produtos para Saúde Ltda. The authorities appear to be investigating allegations of possible anti-competitive behavior and possible improper payments in the medical device industry. The Company continues to respond to inquiries regarding the Foreign

Corrupt Practices Act from the United States Department of Justice and the United States Securities and Exchange Commission.

In July 2023, the U.S. Department of Justice ("DOJ") issued Civil Investigative Demands to the Company, Johnson & Johnson Surgical Vision, Inc., and Johnson & Johnson Vision Care, Inc. (collectively, "J&J Vision") in connection with a civil investigation under the False Claims Act relating to free or discounted intraocular lenses and equipment used in eye surgery, such as phacoemulsification and laser systems. J&J Vision has begun producing documents and information responsive to the Civil Investigative Demands. J&J Vision is in ongoing discussions with the DOJ regarding its inquiry.

Innovative Medicine

In July 2016, the Company and Janssen Products, LP were served with a qui tam complaint pursuant to the False Claims Act filed in the United States District Court for the District of New Jersey alleging the off-label promotion of two HIV products, PREZISTA and INTELENCE, and anti-kickback violations in connection with the promotion of these products. The complaint was filed under seal in December 2012. The federal and state governments have declined to intervene, and the lawsuit is being prosecuted by the relators. The Court denied summary judgment on all claims in December 2021. Daubert motions were granted in part and denied in part in January 2022, and the case is proceeding to trial. Trial is scheduled for May 2024.

In March 2017, Janssen Biotech, Inc. (JBI) received a Civil Investigative Demand from the United States Department of Justice regarding a False Claims Act investigation concerning management and advisory services provided to rheumatology and gastroenterology practices that purchased REMICADE or SIMPONI ARIA. In August 2019, the United States Department of Justice notified JBI that it was closing the investigation. Subsequently, the United States District Court for the District of Massachusetts unsealed a qui tam False Claims Act complaint, which was served on the Company. The Department of Justice had declined to intervene in the qui tam lawsuit in August 2019. The Company filed a motion to dismiss, which was granted in part and denied in part. Discovery is underway.

From time to time, the Company has received requests from a variety of United States Congressional Committees to produce information relevant to ongoing congressional inquiries. It is the policy of Johnson & Johnson to cooperate with these inquiries by producing the requested information.

General litigation

The Company or its subsidiaries are also parties to various proceedings brought under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund, and comparable state, local or foreign laws in which the primary relief sought is the Company's agreement to implement remediation activities at designated hazardous waste sites or to reimburse the government or third parties for the costs they have incurred in performing remediation as such sites.

In October 2017, certain United States service members and their families brought a complaint against a number of pharmaceutical and medical devices companies, including Johnson & Johnson and certain of its subsidiaries in United States District Court for the District of Columbia, alleging that the defendants violated the United States Anti-Terrorism Act. The complaint alleges that the defendants provided funding for terrorist organizations through their sales practices pursuant to pharmaceutical and medical device contracts with the Iraqi Ministry of Health. In July 2020, the District Court dismissed the complaint. In January 2022, the United States Court of Appeals for the District of Columbia Circuit reversed the District Court's decision. In June 2023, defendants filed a petition for a writ of certiorari to the United States Supreme Court.

In February 2024, a putative class action was filed against the Company, the Pension & Benefits Committee of Johnson & Johnson, and certain named officers and employees, in United States District Court for the District of New Jersey. The complaint alleges that defendants breached fiduciary duties under the Employee Retirement Income Security Act (ERISA) by allegedly mismanaging the Company's prescription-drug benefits program. The complaint seeks damages and other relief.

MedTech

In October 2020, Fortis Advisors LLC (Fortis), in its capacity as representative of the former stockholders of Auris Health Inc. (Auris), filed a complaint against the Company, Ethicon Inc., and certain named officers and employees (collectively, Ethicon) in the Court of Chancery of the State of Delaware. The complaint alleges breach of contract, fraud, and other causes of action against Ethicon in connection with Ethicon's acquisition of Auris in 2019. The complaint seeks damages and other relief. In December 2021, the Court granted in part and denied in part defendants' motion to dismiss certain causes of action. All claims against the individual defendants were dismissed. The trial was held in January 2024 and the decision is pending.

Innovative Medicine

In June 2019, the United States Federal Trade Commission (FTC) issued a Civil Investigative Demand to the Company and Janssen Biotech, Inc. (collectively, Janssen) in connection with its investigation of whether Janssen's REMICADE contracting practices violate federal antitrust laws. The Company has produced documents and information responsive to the Civil Investigative Demand. Janssen is in ongoing discussions with the FTC staff regarding its inquiry.

In February 2022, the United States Federal Trade Commission (FTC) issued Civil Investigative Demands to Johnson & Johnson and Janssen Biotech, Inc. (collectively, Janssen) in connection with its investigation of whether advertising practices for REMICADE violate federal law. Janssen has produced documents and information responsive to the Civil Investigative Demands. Janssen is in ongoing discussions with the FTC staff regarding the inquiry.

In June 2022, Genmab A/S filed a Notice for Arbitration with International Institute for Conflict Prevention and Resolution (CPR) against Janssen Biotech, Inc. seeking milestones and an extended royalty term for Darzalex FASPRO. In April 2023, the Arbitration Panel ruled in Janssen's favor and dismissed Genmab's claims. In January 2024, Genmab's appeal of this dismissal was denied.

In October 2018, two separate putative class actions were filed against Actelion Pharmaceutical Ltd., Actelion Pharmaceuticals U.S., Inc., and Actelion Clinical Research, Inc. (collectively Actelion) in United States District Court for the District of Maryland and United States District Court for the District of Columbia. The complaints allege that Actelion violated state and federal antitrust and unfair competition laws by allegedly refusing to supply generic pharmaceutical manufacturers with samples of TRACLEER. TRACLEER is subject to a Risk Evaluation and Mitigation Strategy required by the U.S. Food and Drug Administration, which imposes restrictions on distribution of the product. In January 2019, the plaintiffs dismissed the District of Columbia case and filed a consolidated complaint in the United States District Court for the District of Maryland.

In December 2023, a putative class action lawsuit was filed against the Company and Janssen Biotech Inc. (collectively "Janssen") in the United States District Court for the Eastern District of Virginia. The complaint alleges that Janssen violated federal and state antitrust laws and other state laws by delaying biosimilar competition with STELARA through the Janssen's enforcement of patent rights covering STELARA. The complaint seeks damages and other relief.

In June 2022, Janssen Pharmaceuticals, Inc. filed a Demand for Arbitration against Emergent Biosolutions Inc. et al. (EBSI) with the American Arbitration Association, alleging that EBSI breached the parties' Manufacturing Services Agreement for the Company's COVID-19 vaccine. In July 2022, Emergent filed its answering statement and counterclaims. The hearing is scheduled for July 2024.

20. Restructuring

In fiscal 2023, the Company commenced restructuring actions within its Innovative Medicine and MedTech segments. The amounts and details of the current year programs are included below.

In fiscal 2023, the Company completed a prioritization of its research and development (R&D) investment within its Innovative Medicine segment to focus on the most promising medicines with the greatest benefit to patients. This resulted in the exit of certain programs within certain therapeutic areas. The R&D program exits are primarily in infectious diseases and vaccines including the discontinuation of its respiratory syncytial virus (RSV) adult vaccine program, hepatitis and HIV development. Pre-tax Restructuring expenses of $479 million in the fiscal year 2023, included the termination of partnered and non-partnered development program costs and asset impairments. The estimated costs of these total activities is between $500 million - $600 million and is expected to be completed by the end of fiscal year 2024.

In fiscal 2023, the Company initiated a restructuring program of its Orthopaedics franchise within the MedTech segment to streamline operations by exiting certain markets, product lines and distribution network arrangements. The pre-tax restructuring expense of $319 million in the fiscal year 2023 primarily included inventory and instrument charges related to market and product exits. The estimated costs of the total program are between $700 million - $800 million and is expected to be completed by the end of fiscal year 2025.

The following table summarizes the restructuring expenses for the fiscal year 2023:

(Pre-tax Dollars in Millions)	2023
Innovative Medicine Segment[1]	$479
MedTech Segment[2]	319
Total Programs	$798

(1) Included $449 million in Restructuring and $30 million in Cost of products sold on the Consolidated Statement of Earnings

(2) Included $40 million in Restructuring and $279 million in Cost of products sold on the Consolidated Statement of Earnings

Restructuring reserves as of December 31, 2023 and January 1, 2023 were insignificant.

21. Kenvue separation and discontinued operations

On May 8, 2023, Kenvue, completed an initial public offering (the IPO) resulting in the issuance of 198,734,444 shares of its common stock, par value $0.01 per share (the "Kenvue Common Stock"), at an initial public offering of $22.00 per share for net proceeds of $4.2 billion. The excess of the net proceeds from the IPO over the net book value of the Johnson & Johnson divested interest was $2.5 billion and was recorded to additional paid-in capital. As of the closing of the IPO, Johnson & Johnson owned approximately 89.6% of the total outstanding shares of Kenvue Common Stock and at July 2, 2023, the non-controlling interest of $1.3 billion associated with Kenvue was reflected in equity attributable to non-controlling interests in the consolidated balance sheet in the fiscal second quarter of 2023.

On August 23, 2023, Johnson & Johnson completed the disposition of an additional 80.1% ownership of Kenvue Common Stock through an exchange offer, which resulted in Johnson & Johnson acquiring 190,955,436 shares of the Company's common stock in exchange for 1,533,830,450 shares of Kenvue Common Stock. The $31.4 billion of Johnson & Johnson common stock received in the exchange offer is recorded in Treasury stock. Following the exchange offer, the Company owns 9.5% of the total outstanding shares of Kenvue Common Stock that was recorded in other assets within continuing operations at the fair market value of $4.3 billion as of August 23, 2023. Subsequent changes are reflected in other income/expense and amounted to $0.4 billion expense through December 31, 2023.

Johnson & Johnson divested net assets of $11.6 billion as of August 23, 2023, and the accumulated other comprehensive loss attributable to the Consumer Health business at that date was $4.3 billion. Additionally, at the date of the exchange offer, Johnson & Johnson decreased the non-controlling interest by $1.2 billion to record the deconsolidation of Kenvue. This resulted in a non-cash gain on the exchange offer of $21.0 billion that was recorded in Net earnings from discontinued operations, net of taxes in the consolidated statements of earnings for the fiscal third quarter of 2023. This one-time gain includes a gain of $2.8 billion on the Kenvue Common Stock retained by Johnson & Johnson. The gain on the exchange offer qualifies as a tax-free transaction for U.S. federal income tax purposes.

Also in connection with the separation, Johnson & Johnson and Kenvue entered into a separation agreement and also entered into various other agreements that provide for certain transactions to effect the transfer of the assets and liabilities of the Consumer Health business to Kenvue and to govern various interim and ongoing relationships between Kenvue and Johnson & Johnson following the completion of the Kenvue IPO, including transition services agreements (TSAs), transition manufacturing agreements (TMAs), trademark agreements, intellectual property agreements, an employee matters agreement, and a tax matters agreement. Under the TSAs, Johnson & Johnson will provide Kenvue various services and, similarly, Kenvue will provide Johnson & Johnson various services. The provision of services under the TSAs generally will terminate within 24 months following the Kenvue IPO. Additionally, Johnson & Johnson and Kenvue entered into TMAs pursuant to which Johnson & Johnson will manufacture and supply to Kenvue certain products and, similarly, Kenvue will manufacture and supply to Johnson & Johnson certain products. The terms of the TMAs range in initial duration from 3 months to 5 years.

Amounts related to the TSAs and TMAs included in the consolidated statements of earnings were immaterial for the fiscal year 2023. Additionally, the amounts due to and from Kenvue for the above agreements was not material as of December 31, 2023.

The results of the Consumer Health business (previously reported as a separate business segment), as well as the associated gain, have been reflected as discontinued operations in the Company's consolidated statements of earnings as Net earnings from discontinued operations, net of taxes. Prior periods have been recast to reflect this presentation. As a result of the separation of Kenvue, Johnson & Johnson incurred separation costs of $986 million, $1,089 million and $67 million in the fiscal years 2023, 2022 and 2021, respectively, which are also included in Net earnings from discontinued operations, net of taxes. These costs were primarily related to external advisory, legal, accounting, contractor and other incremental costs directly related to separation activities. In the fiscal 2022, as part of the planned separation of the Company's Consumer Health business, the Company recognized approximately $0.5 billion in net incremental tax costs. As of January 1, 2023, the assets and liabilities associated with the Consumer Health business were classified as assets and liabilities of discontinued operations in the consolidated balance sheets.

Details of Net Earnings from Discontinued Operations, net of taxes are as follows:

(Dollars in Millions)	2023[1]	2022	2021
Sales to customers	$10,036	14,953	15,035
Cost of products sold	4,369	6,494	6,452
Gross profit	5,667	8,459	8,583
Selling, marketing and administrative expenses	3,085	4,519	4,542
Research and development expense	258	468	437
Interest Income	(117)	—	—
Interest expense, net of portion capitalized	199	—	—
Other (income) expense, net	1,092	1,060	(37)
(Gain) on separation of Kenvue	(20,984)	—	—
Restructuring	—	46	43
Earnings from Discontinued Operations Before Provision for Taxes on Income	22,134	2,366	3,598
Provision for taxes on income	307	795	521
Net earnings from Discontinued Operations	**$21,827**	**1,571**	**3,077**

(1) The Company ceased consolidating the results of the Consumer Health business on August 23, 2023, the date of the exchange offer, but continued to reflect any separation costs incurred as part of discontinued operations through the end of the fiscal fourth quarter.

The following table presents depreciation, amortization and capital expenditures of the discontinued operations related to Kenvue:

(Dollars in Millions)	2023[1]	2022	2021
Depreciation and Amortization	$383	641	739
Capital expenditures	$162	303	314

Details of assets and liabilities of discontinued operations were as follows:

	January 1, 2023
Assets	
Cash and cash equivalents	$1,238
Accounts receivable trade, less allowances for doubtful accounts	2,121
Inventories	2,215
Prepaid expenses and other receivables	256
Total current assets of discontinued operations	**5,830**
Property, plant and equipment, net	1,821
Intangible assets, net	9,836
Goodwill	9,184
Deferred taxes on income	176
Other assets	390
Total noncurrent assets of discontinued operations	**$21,407**
Liabilities	
Loans and notes payable	$15
Accounts payable	1,814
Accrued liabilities including accrued taxes on income	644
Accrued rebates, returns and promotions	838
Accrued compensation and employee related obligations	279
Total current liabilities of discontinued operations	**3,590**
Long-term debt	2
Deferred taxes on income	2,383
Employee related obligations	225
Other liabilities	291
Total noncurrent liabilities of discontinued operations	**$2,901**

22. Selected quarterly financial data (unaudited)

Selected unaudited quarterly financial data has been recast for discontinued operations for the years 2023 and 2022 and is summarized below:

	2023				2022			
(Dollars in Millions Except Per Share Data)	First Quarter[1]	Second Quarter	Third Quarter[2]	Fourth Quarter[3]	First Quarter[4]	Second Quarter	Third Quarter	Fourth Quarter[5]
Segment sales to customers								
Innovative Medicine	$13,413	13,731	13,893	13,722	12,869	13,317	13,214	13,163
MedTech	7,481	7,788	7,458	7,673	6,971	6,898	6,782	6,776
Total sales	20,894	21,519	21,351	21,395	19,840	20,215	19,996	19,939
Gross profit	14,207	15,057	14,745	14,597	13,822	13,893	13,824	13,855
Earnings (Loss) before provision for taxes on income	(1,287)	6,306	5,217	4,826	5,203	5,144	5,172	3,840
Net earnings (loss) from continuing operations	(491)	5,376	4,309	4,132	4,571	4,262	4,310	3,227
Net earnings (loss) from discontinued operations, net of tax	423	(232)	21,719	(83)	578	552	148	293
Net earnings (loss)	(68)	5,144	26,028	4,049	5,149	4,814	4,458	3,520
Basic net earnings(loss) per share:								
Basic net earnings (loss) per share from continuing operations	(0.19)	2.07	1.71	1.71	1.74	1.62	1.64	1.24
Basic net earnings (loss) per share from discontinued operations	0.16	(0.09)	8.61	(0.03)	0.22	0.21	0.06	0.11
Basic net earnings (loss) per share	(0.03)	1.98	10.32	1.68	1.96	1.83	1.70	1.35
Diluted net earnings (loss) per share:								
Diluted net earnings (loss) per share from continuing operations	(0.19)	2.05	1.69	1.70	1.71	1.60	1.62	1.22
Diluted net earnings (loss) per share from discontinued operations	0.16	(0.09)	8.52	(0.03)	0.22	0.20	0.06	0.11
Diluted net earnings (loss) per share	(0.03)	1.96	10.21	1.67	1.93	1.80	1.68	1.33

(1) The fiscal first quarter of 2023 includes a $6.9 billion charge related to talc matters.

(2) The fiscal third quarter of 2023 includes; a non-cash gain on the exchange offer of $21.0 billion that was recorded in Net earnings from discontinued operations, net of taxes; $0.6 billion related to the unfavorable change in the fair value of the retained stake in Kenvue and $0.4 billion related to the partial impairment of Idorsia convertible debt and the change in the fair value of the Idorsia equity securities held.

(3) The fourth quarter of 2023 includes favorable changes in the fair value of securities of $0.4 billion.

(4) In the fiscal first quarter of 2022, the Company recorded an intangible asset impairment charge of approximately $0.6 billion related to an in-process research and development asset, bermekimab (JnJ-77474462).

(5) The fiscal fourth quarter of 2022 includes one-time COVID-19 Vaccine related exit costs of $0.8 billion.

Report of independent registered public accounting firm

To the Board of Directors and Shareholders of Johnson & Johnson

Opinions on the financial statements and internal control over financial reporting

We have audited the accompanying consolidated balance sheets of Johnson & Johnson and its subsidiaries (the "Company") as of December 31, 2023 and January 1, 2023, and the related consolidated statements of earnings, of comprehensive income, of equity and of cash flows for each of the three fiscal years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and January 1, 2023, and the results of its operations and its cash flows for each of the three fiscal years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and limitations of internal control over financial reporting

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.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

U.S. pharmaceutical rebate reserves – managed care, medicare and medicaid

As described in Note 1 to the consolidated financial statements, the Company recognizes revenue from product sales when obligations under the terms of a contract with the customer are satisfied. Rebates and discounts provided to customers are accounted for as variable consideration and recorded as a reduction in sales. The liability for such rebates and discounts is recognized within Accrued Rebates, Returns, and Promotions on the consolidated balance sheet. A significant portion of the liability related to rebates is from the sale of pharmaceutical goods within the U.S., primarily the Managed Care, Medicare and Medicaid programs, which amounted to $11.5 billion as of December 31, 2023. For significant rebate programs, which include the U.S. Managed Care, Medicare and Medicaid rebate programs, rebates and discounts estimated by management are based on contractual terms, historical experience, patient outcomes, trend analysis, and projected market conditions in the U.S. pharmaceutical market.

The principal considerations for our determination that performing procedures relating to U.S. pharmaceutical rebate reserves - Managed Care, Medicare and Medicaid is a critical audit matter are the significant judgment by management due to the significant measurement uncertainty involved in developing these reserves and the high degree of auditor judgment, subjectivity and audit effort in performing procedures and evaluating the assumptions related to contractual terms, historical experience, patient outcomes, trend analysis, and projected market conditions in the U.S. pharmaceutical market.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to U.S. pharmaceutical rebate reserves - Managed Care, Medicare and Medicaid, including controls over the assumptions used to estimate these rebates. These procedures also included, among others, (i) developing an independent estimate of the rebates by utilizing third party information on price and market conditions in the U.S. pharmaceutical market, the terms of the specific rebate programs, and the historical experience and trend analysis of actual rebate claims paid; (ii) testing rebate claims processed by the Company, including evaluating those claims for consistency with the contractual and mandated terms of the Company's rebate arrangements; and (iii) comparing the independent estimates to management's estimates.

Litigation contingencies – talc

As described in Notes 1 and 19 to the consolidated financial statements, the Company records accruals for loss contingencies associated with legal matters, including talc, when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. To the extent adverse awards, judgments, or verdicts have been rendered against the Company, management does not record an accrual until a loss is determined to be probable and can be reasonably estimated. For these matters, management is unable to estimate the possible loss or range of loss beyond the amounts accrued. Amounts accrued for legal contingencies often result from a complex series of judgments about future events and uncertainties that rely heavily on estimates and assumptions including timing of related payments. The ability to make such estimates and judgments can be affected by various factors, including, among other things, whether damages sought in the proceedings are unsubstantiated or indeterminate; scientific and legal discovery has not commenced or is not complete; proceedings are in early stages; matters present legal uncertainties; there are significant facts in dispute; procedural or jurisdictional issues; the uncertainty and unpredictability of the number of potential claims; ability to achieve comprehensive multi-party settlements; complexity of related cross-claims and counterclaims; and/or there are numerous parties involved. Management continues to believe that the Company has strong legal grounds to contest the talc verdicts it has appealed. Notwithstanding management's confidence in the safety of the Company's talc products, in certain circumstances the Company has settled cases. The Company has recognized a total provision of approximately $9 billion, of which approximately one-third is recorded as a current liability and which encompasses actual and contemplated settlements. The recorded amount remains the Company's best estimate of probable loss after the dismissal. The parties have not yet reached a full resolution of all talc matters and the Company is unable to estimate the possible loss or range of loss beyond the remaining amount accrued.

The principal considerations for our determination that performing procedures relating to the talc litigation is a critical audit matter are the significant judgment by management when assessing the likelihood of a loss being incurred, when determining whether a reasonable estimate of the loss or range of loss for the future and existing talc claims can be made, and when determining the timing of any settlement payments, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's assessment of the loss contingencies associated with this litigation.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's evaluation of the talc litigation, including controls over determining whether a loss is probable and whether the amount of loss can be reasonably estimated, as well as financial statement disclosures. These procedures also included, among others, (i) gaining an understanding of the Company's process around the accounting and reporting for the talc litigation; (ii) obtaining and evaluating certain executed settlement agreements related to the talc litigation (iii) discussing the status of significant known actual and potential litigation and settlements activity with the Company's in-house legal counsel, as well as external counsel when deemed necessary; (iv) obtaining and evaluating the letters of audit inquiry with internal and external legal counsel for significant litigation; (v) evaluating the reasonableness of management's assessment regarding whether an unfavorable outcome is reasonably possible or probable and reasonably estimable; and (vi) evaluating the sufficiency of the Company's litigation contingencies disclosures.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
February 16, 2024

We have served as the Company's auditor since at least 1920. We have not been able to determine the specific year we began serving as auditor of the Company.

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 external financial statements in accordance with generally accepted accounting principles.

Internal controls over financial reporting, no matter how well designed, have 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 December 31, 2023. 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 (2013)." 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 controls over financial reporting.

Based on the Company's processes and assessment, as described above, management has concluded that, as of December 31, 2023, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which appears herein.

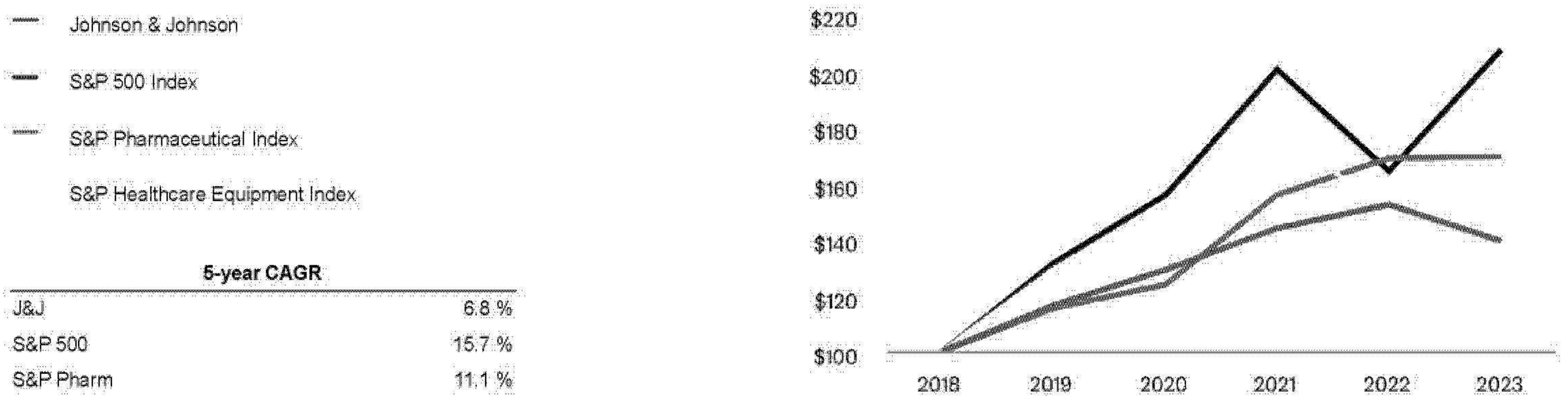
/s/ J. Duato
Joaquin Duato
Chairman, Board of Directors
Chief Executive Officer

/s/ J. J. Wolk
Joseph J. Wolk
Executive Vice President, Chief Financial Officer

Shareholder return performance graphs

Set forth below are line graphs comparing the cumulative total shareholder return on the Company's Common Stock for periods of five years and ten years ending December 31, 2023, against the cumulative total return of the Standard & Poor's 500 Stock Index, the Standard & Poor's Pharmaceutical Index and the Standard & Poor's Healthcare Equipment Index. The graphs and tables assume that $100 was invested on December 31, 2018 and December 31, 2013 in each of the Company's Common Stock, the Standard & Poor's 500 Stock Index, the Standard & Poor's Pharmaceutical Index and the Standard & Poor's Healthcare Equipment Index and that all dividends were reinvested.

5 Year Shareholder Return Performance J&J vs. Indices



5-year CAGR	
J&J	6.8 %
S&P 500	15.7 %
S&P Pharm	11.1 %
S&P H/C Equip	9.9 %

	2018	2019	2020	2021	2022	2023
Johnson & Johnson	$100.00	$116.21	$128.82	$143.57	$152.14	$139.05
S&P 500 Index	$100.00	$131.47	$155.65	$200.29	$163.98	$207.04
S&P Pharmaceutical Index	$100.00	$115.09	$123.75	$155.62	$168.77	$169.33
S&P Healthcare Equipment Index	$100.00	$129.32	$152.12	$181.56	$147.32	$160.64

10 Year Shareholder Return Performance J&J vs. Indices

10-year CAGR	
J&J	8.4 %
S&P 500	12.0 %
S&P Pharm	10.1 %
S&P H/C Equip	13.3 %

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Johnson & Johnson	$100.00	$117.34	$118.69	$136.88	$170.29	$161.54	$187.73	$208.10	$231.92	$245.76	$224.62
S&P 500 Index	$100.00	$113.67	$115.23	$129.00	$157.15	$150.24	$197.53	$233.85	$300.91	$246.37	$311.06
S&P Pharmaceutical Index	$100.00	$122.22	$129.29	$127.27	$143.27	$154.86	$178.23	$191.64	$240.99	$261.37	$262.23
S&P Healthcare Equipment Index	$100.00	$126.28	$133.82	$142.50	$186.53	$216.82	$280.39	$329.83	$393.66	$319.42	$348.30

Item 9. Changes in and disagreements with accountants on accounting and financial disclosure

Not applicable.

Item 9A. Controls and procedures

Disclosure controls and procedures. At the end of the period covered by 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 designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. 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 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. Joaquin Duato, Chairman and Chief Executive Officer, and Joseph J. Wolk, Executive Vice President, Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Messrs. Duato and Wolk concluded that, as of the end of the period covered by this Report, the Company's disclosure controls and procedures were effective.

Reports on internal control over financial reporting. The information called for by this item is incorporated herein by reference to Management's report on internal control over financial reporting, and the attestation regarding internal controls over financial reporting included in the report of independent registered public accounting firm included in Item 8 of this Report.

Changes in internal control over financial reporting. During the fiscal quarter ended December 31, 2023, there were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required under Rules 13a-15 and 15d-15 under the Exchange Act that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company continues to monitor and assess the effectiveness of the design and operation of its disclosure controls and procedures.

The Company is implementing a multi-year, enterprise-wide initiative to integrate, simplify and standardize processes and systems for the human resources, information technology, procurement, supply chain and finance functions. These are enhancements to support the growth of the Company's financial shared service capabilities and standardize financial systems. This initiative is not in response to any identified deficiency or weakness in the Company's internal control over financial reporting. In response to this initiative, the Company has and will continue to align and streamline the design and operation of its financial control environment.

Item 9B. Other information

Securities trading plans of Directors and Executive Officers. During the fiscal fourth quarter of 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," each as defined in Item 408 of Regulation S-K.

Item 9C. Disclosure regarding foreign jurisdictions that prevent inspections

Not applicable.

Part III

Item 10. Directors, executive officers and corporate governance

The information called for by this item is incorporated herein by reference to the discussion of the Audit Committee under the caption Item 1. Election of Directors - Board committees; and the material under the captions Item 1. Election of Directors and, if applicable, Delinquent Section 16(a) reporting in the Proxy Statement; and the material under the caption "Executive Officers of the Registrant" in Part I of this Report.

The Company's Code of 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 Code of Business Conduct is available on the Company's website at www.jnj.com/code-of-business-conduct, and copies are available to shareholders without charge upon written request to the Secretary at the Company's principal executive offices. Any substantive amendment to the Code of Business Conduct or any waiver of the Code granted to the Chief Executive Officer, the Chief Financial Officer or the Controller will be posted on the Company's website at www.jnj.com/code-of-business-conduct within five business days (and retained on the website 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 Members of the Board of Directors and Executive Officers is available on the Company's website at www.investor.jnj.com/governance/corporate-governance-overview/code-of-business-conduct--ethics, and copies are available to shareholders without charge upon written request to the Secretary at the Company's principal executive offices. 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 be posted on the Company's website at www.investor.jnj.com/governance/corporate-governance-overview/code-of-business-conduct--ethics within five business days (and retained on the website for at least one year).

Item 11. Executive compensation

The information called for by this item is incorporated herein by reference to the material under the captions Item 1. Election of Directors – Director compensation, and Item 2. Compensation Committee report, Compensation discussion and analysis and Executive compensation tables in the Proxy Statement.

The material incorporated herein by reference to the material under the caption Compensation Committee report in the Proxy Statement shall be deemed furnished, and not filed, in this Report and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, as a result of this furnishing, except to the extent that the Company specifically incorporates it by reference.

Item 12. Security ownership of certain beneficial owners and management and related stockholder matters

The information called for by this item is incorporated herein by reference to the material under the caption Item 1. Stock ownership in the Proxy Statement; and Note 16 Common stock, stock option plans and stock compensation agreements of the Notes to Consolidated Financial Statements in Item 8 of this Report.

Equity compensation plan information

The following table provides certain information as of December 31, 2023 concerning the shares of the Company's Common Stock that may be issued under existing equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights	Weighted Average Exercise Price of Outstanding Options and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans[2][3]
Equity Compensation Plans Approved by Security Holders[1]	127,211,785	$123.41	130,112,007
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	**127,211,785**	**$123.41**	**130,112,007**

(1) Included in this category are the following equity compensation plans which have been approved by the Company's shareholders: 2012 Long-Term Incentive Plan and 2022 Long-Term Incentive Plan.

(2) This column excludes shares reflected under the column "Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights."

(3) The 2012 Long-Term Incentive Plan expired April 26, 2022. All options and restricted shares granted subsequent to that date were under the 2022 Long-Term Incentive Plan.

Item 13. Certain relationships and related transactions, and director independence

The information called for by this item is incorporated herein by reference to the material under the captions Item 1. Election of Directors - Related person transactions & Director independence in the Proxy Statement.

Item 14. Principal accountant fees and services

The information called for by this item is incorporated herein by reference to the material under the caption Item 3. Ratification of appointment of independent registered public accounting firm in the Proxy Statement.

Part IV

Item 15. Exhibits and financial statement schedules

The following documents are filed as part of this report:

1. *Financial Statements*

   Consolidated balance sheets at end of fiscal years 2023 and 2022

   Consolidated statements of earnings for fiscal years 2023, 2022 and 2021

   Consolidated statements of comprehensive income for Fiscal Years 2023, 2022 and 2021

   Consolidated statements of equity for fiscal years 2023, 2022 and 2021

   Consolidated statements of cash flows for fiscal years 2023, 2022 and 2021

   Notes to Consolidated Financial Statements

   Report of independent registered public accounting firm

All schedules are omitted because they are not applicable or the required information is included in the financial statements or notes.

2. *Exhibits required to be filed by item 60l of regulation S-K*

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

Item 16. Form 10-K summary

Registrants may voluntarily include a summary of information required by Form 10-K under this Item 16. The Company has elected not to include such summary information.

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: February 16, 2024

JOHNSON & JOHNSON

(Registrant)

By /s/ J. Duato

J. Duato, Chairman of the Board

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/ J. Duato J. Duato	Chairman of the Board Chief Executive Officer (Principal Executive Officer)	February 16, 2024
/s/ J. J. Wolk J. J. Wolk	Chief Financial Officer (Principal Financial Officer)	February 16, 2024
/s/ R. J. Decker Jr. R. J. Decker Jr.	Controller and Chief Accounting Officer (Principal Accounting Officer)	February 16, 2024
/s/ D. Adamczyk D. Adamczyk	Director	February 16, 2024
/s/ M. C. Beckerle M. C. Beckerle	Director	February 16, 2024
/s/ D. S. Davis D. S. Davis	Director	February 16, 2024
/s/ J. A. Doudna J. A. Doudna	Director	February 16, 2024

Signature	Title	Date
/s/ M. A. Hewson M. A. Hewson	Director	February 16, 2024
/s/ P. A. Johnson P. A. Johnson	Director	February 16, 2024
/s/ H. Joly H. Joly	Director	February 16, 2024
/s/ M. B. McClellan M. B. McClellan	Director	February 16, 2024
/s/ A. M. Mulcahy A. M. Mulcahy	Director	February 16, 2024
/s/ M. A. Weinberger M. A. Weinberger	Director	February 16, 2024
/s/ N. Y. West N. Y. West	Director	February 16, 2024
/s/ E. A. Woods E. A. Woods	Director	February 16, 2024

Exhibit index

Reg. S-K Exhibit Table Item No.	Description of Exhibit
2(i)	Agreement and Plan of Merger, dated as of October 31, 2022, by and among Johnson & Johnson, Athos Merger Sub, Inc. and ABIOMED, Inc. – Incorporated herein by reference to Exhibit 2.1 of the Registrant's Form 8-K Current Report filed November 1, 2022.†
3(i)	Restated Certificate of Incorporation effective February 19, 2016 — Incorporated herein by reference to Exhibit 3(i) of the Registrant's Form 10-K Annual Report for the fiscal year ended January 3, 2016.
3(ii)	Certificate of Amendment to the Certificate of Incorporation of Johnson & Johnson effective April 30, 2020 — Incorporated herein by reference to Exhibit 3.1 of the Registrant's Form 8-K Current Report filed April 29, 2020.
3(iii)	By-Laws of the Company, as amended effective June 9, 2020 — Incorporated herein by reference to Exhibit 3.1 of the Registrant's Form 8-K Current Report filed June 10, 2020.
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.
4(b)	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 — Incorporated herein by reference to Exhibit 4.1 of the Registrant's Form 8-K Current Report filed August 12, 2020.
10(a)	2012 Long-Term Incentive Plan — Incorporated herein by reference to Appendix A of the Registrant's Proxy Statement filed on March 15, 2012.*
10(b)	Form of Stock Option Certificate under the 2012 Long-Term Incentive Plan — Incorporated herein by reference to Exhibit 10.2 of the Registrant's Form 10-Q Quarterly Report for the quarter ended April 1, 2012.*
10(c)	Form of Restricted Share Unit Certificate under the 2012 Long-Term Incentive Plan — Incorporated herein by reference to Exhibit 10.3 of the Registrant's Form 10-Q Quarterly Report for the quarter ended April 1, 2012.*
10(d)	Form of Performance Share Unit Certificate under the 2012 Long-Term Incentive Plan — Incorporated herein by reference to Exhibit 10.4 of the Registrant's Form 10-Q Quarterly Report for the quarter ended April 1, 2012.*
10(e)	Global NonQualified Stock Option Award Agreement under the 2012 Long-Term Incentive Plan — Incorporated herein by reference to Exhibit 10.1 of the Registrant's Form 10-Q Quarterly Report for the quarter ended April 1, 2018.*
10(f)	Global Restricted Share Unit Award Agreement under the 2012 Long-Term Incentive Plan — Incorporated herein by reference to Exhibit 10.2 of the Registrant's Form 10-Q Quarterly Report for the quarter ended April 1, 2018.*
10(g)	Global Performance Share Unit Award Agreement under the 2012 Long-Term Incentive Plan — Incorporated herein by reference to Exhibit 10.3 of the Registrant's Form 10-Q Quarterly Report for the quarter ended April 1, 2018.*
10(h)	Global Restricted Share Unit Award Agreement granted to John Reed on May 1, 2023 under the 2022 Long-Term Incentive Plan — Filed with this document.*
10(i)	Domestic Deferred Compensation (Certificate of Extra Compensation) Plan — 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(j)	Amendments to the Certificate of Extra Compensation Plan effective as of January 1, 2009 — Incorporated herein by reference to Exhibit 10(j) of the Registrant's Form 10-K Annual Report for the year ended December 28, 2008.*
10(k)	2009 Certificates of Long-Term Performance Plan — Incorporated herein by reference to Exhibit 10.1 of the Registrant's Form 10-Q Quarterly Report for the quarter ended September 27, 2009.*
10(l)	Amended and Restated Deferred Fee Plan for Directors (Amended as of January 17, 2012) — Incorporated herein by reference to Exhibit 10(k) of the Registrant's Form 10-K Annual Report for the fiscal year ended January 1, 2012.*

Reg. S-K Exhibit Table Item No.	Description of Exhibit
10(m)	The Johnson & Johnson Executive Income Deferral Plan Amended and Restated Effective January 1, 2010 — Incorporated herein by reference to Exhibit 10.1 of the Registrant's Form 10-Q Quarterly Report for the quarter ended September 30, 2012.*
10(n)	The Johnson & Johnson Excess Savings Plan (amended and restated as of January 1, 2022) — Incorporated herein by reference to Exhibit 10(l) of the Registrant's Form 10-K Annual Report for the fiscal year ended January 1, 2023.*
10(o)	Excess Benefit Plan of Johnson & Johnson and Affiliated Companies (amended and restated as of January 1, 2020) — incorporated by reference to Exhibit 10(n) of the Registrant's Form 10-K Annual Report for the fiscal year ended January 3, 2021.*
10(p)**	Executive Life Plan Agreement — Incorporated herein by reference to Exhibit 10(i) of the Registrant's Form 10-K Annual Report for the fiscal year ended January 3, 1993.*
10(q)	Executive Life Plan Agreement Closure Letter — Incorporated herein by reference to Exhibit 10.1 of the Registrant's Form 10-Q Quarterly Report for the quarter ended March 29, 2015.*
10(r)	2022 Long-Term Incentive Plan — Incorporated by reference to Appendix A of the Registrant's Proxy Statement filed on March 16, 2022.*
10(s)	Severance Pay Plan of Johnson & Johnson and U.S. Affiliated Companies, Amended and Restated as of October 1, 2014 — Incorporated herein by reference to Exhibit 10.1 of the Registrant's Form 10-Q Quarterly Report for the quarter ended September 28, 2014.*
10(t)	First Amendment to the Severance Pay Plan of Johnson & Johnson and U.S. Affiliated Companies (as amended and restated effective October 1, 2014) — Incorporated herein by reference to Exhibit 10.1 of the Registrant's Form 10-Q Quarterly Report for the quarter ended June 28, 2015.*
10(u)	Second Amendment to the Severance Pay Plan of Johnson & Johnson and U.S. Affiliated Companies (as amended and restated effective October 1, 2014) — Incorporated herein by reference to Exhibit 10(x) of the Registrant's Form 10-K Annual Report for the fiscal year ended January 3, 2016.*
10(v)	Contingent Value Rights Agreement, dated as of December 22, 2022, by and between Johnson & Johnson and American Stock Transfer & Trust Company, LLC – Incorporated herein by reference to Exhibit 10.1 of the Registrant's Form 8-K Current Report filed December 22, 2022.†
10(w)	Separation Agreement, dated as of May 3, 2023, by and between Johnson & Johnson and Kenvue Inc.
10(x)	Tax Matters Agreement, dated as of May 3, 2023, by and between Johnson & Johnson and Kenvue Inc.
10(y)	Employee Matters Agreement, dated as of May 3, 2023, by and between Johnson & Johnson and Kenvue Inc.
10(z)	Intellectual Property Agreement, dated as of May 3, 2023, by and between Johnson & Johnson and Kenvue Inc.
10(aa)	Trademark Phase-Out License Agreement, dated as of April 3, 2023, by and between Johnson & Johnson and Johnson & Johnson Consumer Inc.
10(ab)	Transition Services Agreement, dated as of May 3, 2023, by and between Johnson & Johnson and Kenvue Inc.
10(ac)	Transition Manufacturing Agreement, dated as of May 3, 2023, by and between Johnson & Johnson and Kenvue Inc.
10(ad)	Registration Rights Agreement, dated as of May 3, 2023, by and between Johnson & Johnson and Kenvue Inc.
10(ae)	Johnson & Johnson Deferred Compensation Plan*
10(af)	Global Performance Share Unit Award Agreement*

Reg. S-K Exhibit Table Item No.	Description of Exhibit
10(ag)	Global Restricted Share Unit Award Agreement*
10(ah)	Global Nonqualified Stock Option Award Agreement*
10(ai)	Amendment One to the Johnson & Johnson Excess Savings Plan (amended and restated effective as of January 1, 2022) — Incorporated herein by reference to Exhibit 10.1 of the Registrant's Form 10-Q Quarterly Report for the quarter ended October 1, 2023.*
10(aj)	Johnson & Johnson Executive Incentive Plan (Amended as of September 7, 2023) — Incorporated herein by reference to Exhibit 10.2 of the Registrant's Form 10-Q Quarterly Report for the quarter ended October 1, 2023.*
19	Johnson & Johnson Stock Trading Policy for Directors, Executive Officers and Insiders (Amended as of April 27, 2023) — Filed with this document.
21	Subsidiaries — Filed with this document.
23	Consent of Independent Registered Public Accounting Firm — Filed with this document.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act — Filed with this document.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act — Filed with this document.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act — Furnished with this document.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act — Furnished with this document.
97	Johnson & Johnson Clawback Policy (effective as of August 8, 2023) — Filed with this document.
Exhibit 101:	
EX-101.INS	Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
EX-101.SCH	Inline XBRL Taxonomy Extension Schema
EX-101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
EX-101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
EX-101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
EX-101.DEF	Inline XBRL Taxonomy Extension Definition Document
Exhibit 104:	Cover Page Interactive Data File—the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Management contract or compensatory plan.

** Paper filing.

† Certain exhibits and schedules have been omitted pursuant to Item 601(b)(2)(ii) or 601(b)(10)(iv) of Regulation S-K, as applicable.

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. Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Company has not filed as exhibits to this Form 10-K certain long-term debt instruments, including indentures, under which the total amount of securities authorized does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company hereby agrees to furnish a copy of any such instrument to the SEC upon request.

Exhibit 10(h)

JOHNSON & JOHNSON
2022 LONG-TERM INCENTIVE PLAN

GLOBAL RESTRICTED SHARE UNIT AWARD AGREEMENT

Granted To: John Christian Reed

WWID #:

Total Units: **75,765**

Grant Date: **05/01/2023**

Scheduled Vesting Date(s): the date(s) set forth in the table below (each, a "Scheduled Vesting Date")

Grant No.	Grant Type	No. of Units	Scheduled Vesting Date
REED050123	Restricted Share Units	25,255	05/01/2024
REED050123	Restricted Share Units	25,255	05/01/2025
REED050123	Restricted Share Units	25,255	05/01/2026

In addition to such other conditions as may be established by the Committee in its sole discretion, in consideration of the granting of an award under the terms of the Johnson & Johnson 2022 Long-Term Incentive Plan, as amended from time to time (the "Plan"), you agree as follows:

1. Grant of Restricted Share Units.

a. *Award.* Subject to the terms and conditions of this Global Restricted Share Unit Award Agreement, including any country-specific terms in Appendix A hereto and any other exhibits or addendums to these documents (collectively, this "Agreement") and the Plan, Johnson & Johnson, a New Jersey corporation (the "Corporation"), hereby grants you the above-stated number of Restricted Share Units ("RSUs"), which will become vested subject to the terms and conditions of this Agreement. Upon vesting of each RSU, you will receive one share of Common Stock of the Corporation, par value $1.00 per share ("Common Stock"), or cash in lieu thereof, in either case subject to and in accordance with the terms of Section 4 of this Agreement. Except where the context clearly indicates otherwise, each capitalized term used herein shall have the definition assigned to it by this Agreement or, to the extent that this Agreement does not define a capitalized term used herein, by the Plan. The RSUs granted herein are subject to all of the terms and conditions of the Plan, and the terms of the Plan are hereby incorporated herein by reference.

b. *Conditions.* This grant of RSUs is conditioned on your (i) electronically accepting this grant on the website of the Plan recordkeeper (or in such other manner as the Corporation may establish or permit from time to time) and (ii) opening and maintaining a brokerage account that is permitted for use with respect to awards granted under the Plan, in each case by the deadline established by the Corporation and/or set forth on the website of the Plan recordkeeper. By accepting this grant of RSUs, you will have confirmed your acceptance of all

of the terms and conditions of this Agreement. **If you do not accept this grant of RSUs by the applicable deadline, your grant will be cancelled.**

2. Vesting of RSUs; Competition with the Corporation Group.

a. *General.* Except as otherwise provided in this Section 2, the RSUs granted herein shall become vested on the above-stated Scheduled Vesting Dates in accordance with the schedule set forth above, provided, that, with respect to each RSU, (i) you are Employed on the applicable Scheduled Vesting Date and have been Employed at all times since the Grant Date and (ii) you have complied with and are in compliance with the terms of this Agreement, as determined by the Corporation in its sole discretion.

b. *Termination of Employment - General.* If, prior to the applicable Scheduled Vesting Date, you cease to be Employed for any reason, then except as otherwise provided in Section 2(c) (Certain Terminations; Disability), the RSUs shall be forfeited for no consideration on the Date of Termination.

c. *Certain Terminations; Disability*

i. *Termination of Employment due to Death*. If you die while Employed, then the RSUs shall immediately become vested in full as of your date of death (to the extent still outstanding and not already vested), and your estate, beneficiary or any person who acquires the RSUs by inheritance or devise, as applicable, shall receive a number of shares of Common Stock (or cash in lieu thereof), as provided in Section 4 (Settlement of RSUs; Tax Withholding; Compliance With Securities Laws; Compliance with Compensation Recoupment Policy).

ii. *Disability*. If you become Disabled while Employed, you shall immediately become vested in full in the RSUs (to the extent still outstanding and not already vested) on the date of Disability.

iii. *Termination for Cause*. Without limiting the generality of Section 2(b), and notwithstanding any other provision of this Section 2(c), if you cease to be Employed for any reason (including, without limitation, as a result of your voluntary resignation) in connection with or following the occurrence of an event that constitutes Cause, then the RSUs and any other awards that you hold under the Plan shall immediately be forfeited for no consideration as of the Date of Termination. If following your Date of Termination, the Corporation becomes aware of conduct or activity by you that occurred during or following your Employment that would have constituted Cause, then any RSUs (or portions thereof) or any other awards held by you under the Plan that are unvested or unexercised (and any payments or benefits in respect thereto) as of the date that the Corporation becomes aware of such conduct or activity shall be forfeited.

iv. *Corporation Determinations*. In the event of your termination of Employment, the determination of the reason for such termination and the applicable treatment under this Section 2 shall be made by the Corporation in its sole discretion.

d. *Competition With the Corporation Group.* In order to protect the Corporation Group's goodwill and investments in research and development and Customer and business

relationships and to prevent the disclosure of the Corporation Group's confidential and trade secret information, thereby promoting the long-term success of the Corporation Group's business, you agree to the following:

i. During your Employment, you will not, without the prior written consent of the Corporation, directly or indirectly engage in Competitive Activities.

ii. For a period of eighteen (18) months following your Date of Termination, you will not, without the prior written consent of the Corporation, directly or indirectly perform, or assist others to perform, work for a Competitor in a position or in any geographic location in which you could disadvantage the Corporation Group or advantage the Competitor through (a) your disclosure or use of the Corporation Group's confidential or trade secret information and/or (b) your use of the Corporation Group's Customer relationships and goodwill.

iii. *Rescission and Forfeiture*. You understand and agree that if the Corporation determines you have violated Section 2(d)(i) and/or Section 2(d)(ii) and/or any non- competition or non-solicitation agreement that you have with any member of the Corporation Group, then, in addition to injunctive relief, damages, and all other equitable and legal rights and remedies:

A. the RSUs shall be forfeited for no consideration on the earliest date on which you are first in violation of Section 2(d)(i) and/or Section 2(d)(ii) or any non-competition or non-solicitation agreement that you have with any member of the Corporation Group; and

B. upon the Corporation's demand, you shall immediately deliver to the Corporation (I) a number of shares of Common Stock equal to the number of RSUs that vested and were settled in the form of Common Stock (for the avoidance of doubt, without reduction for any shares of Common Stock that may have been withheld and/or sold to satisfy applicable withholding taxes) and (II) the gross amount of cash paid to you (for the avoidance of doubt, without reduction for amounts withheld to satisfy applicable withholding taxes) for any RSUs that were settled in the form of cash, in each case in respect of any RSUs that vested within the twelve (12) month period of time immediately preceding the earliest date on which you are first in violation of Section 2(d)(i) and/or Section 2(d)(ii) or any non-competition or non- solicitation agreement that you have with any member of the Corporation Group. To the extent that you do not, as of the date of the Corporation's demand for repayment, hold a number of shares of Common Stock sufficient to satisfy your obligation set forth in clause (I) above, you shall pay the Corporation an amount in cash equal to the result of (x) (i) the number shares required to be delivered by you to the Corporation pursuant to clause (I) above, less (ii) the number of shares actually delivered by you to the Corporation pursuant to clause (I), multiplied by (y) the Fair Market Value per share of Common Stock as of the business day immediately preceding the date of the Corporation's demand for repayment. You agree to deliver and execute such documents (including, if applicable, share certificates) as the Corporation may deem necessary to effect the repayment obligations referred to in this Section 2(d)(iii)(B).

iv. You understand and agree that the remedies set forth in Section 2(d)(iii) shall not be the Corporation Group's exclusive remedies in the event of a breach of the non-competition obligations set forth in Section 2(d)(i) and/or Section 2(d)(ii) or in any other applicable non-competition or non-solicitation agreement that you have with any member of the

Corporation Group, and that the Corporation Group reserves all other rights and remedies available to it at law or in equity.

e. *Conditions on Vesting upon or following Termination of Employment.* Your eligibility to vest in any of the RSUs upon or following the date of your termination of Employment shall be subject to (i) your compliance with the non-competition obligations in Section 2(d)(i) and/or Section 2(d)(ii) and/or any other applicable non-competition or non-solicitation agreement with any member of the Corporation Group and (ii) if required by any member of the Corporation Group at the time of your termination of Employment, your execution of a separation agreement and/or a general release of claims in favor of the Corporation and its subsidiaries and affiliates containing such provisions and in such form as required by the Corporation Group that becomes effective prior to the latest date for settlement of the RSUs set forth in Section 4(a) (or such earlier date as the Corporation Group may require). In the event a separation agreement and/or a release of claims is required by the Corporation Group and (A) (I) the RSUs vest upon the Date of Termination or (II) the Vesting Date falls within the period that you have to provide such release of claims, and (B) the period in which the RSUs must be settled pursuant to Section 4(a) spans two calendar years, then settlement of the vested RSUs will be made in the second calendar year.

3. **Rights to Common Stock.** Prior to the delivery of shares of Common Stock to you pursuant to Section 4(a) (if applicable), you shall not have any rights in, or with respect to, any of the shares of Common Stock underlying the RSUs, including, but not limited to, any voting rights and the right to receive any dividends (or dividend equivalents) that may be paid or any distributions that may be made with respect to such Common Stock.

4. Settlement of RSUs; Tax Withholding; Compliance With Securities Laws; Compliance with Compensation Recoupment Policy.

a. *General.* Subject to the terms of this Agreement, within sixty (60) days following the Vesting Date (but in no event later than the first March 15th occurring thereafter), you will receive from the Corporation one share of Common Stock for each RSU that vested on that date, or, at the discretion of the Committee, the cash equivalent of the Fair Market Value on the Vesting Date, reduced by any whole shares of Common Stock that are withheld or sold or any cash withheld to satisfy applicable Federal, state and local income taxes, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable or deemed applicable to you (the "Tax-Related Items") in the amount determined by the Corporation. In lieu of the foregoing, the Corporation or other applicable member of the Corporation Group may determine that withholding of Tax-Related Items shall be satisfied by any other method permitted under the Plan. Notwithstanding the foregoing, if you are a Section 16 officer of the Corporation under the Securities Exchange Act of 1934, as amended, then the Corporation will satisfy any applicable tax withholding obligations by withholding in shares of Common Stock upon the relevant taxable event (with such withholding obligations determined based on the applicable statutory withholding rates and without regard to Section 83(c)(3) of the Internal Revenue Code of 1986, as amended), unless otherwise determined by the Committee.

b. *Registration and Listing.* Notwithstanding Section 4(a) hereof, shares of Common Stock shall not be issued pursuant to this Agreement unless, on the Vesting Date, there is in effect a current registration statement or amendment thereto under the Securities Act of 1933, as

amended, covering the shares of Common Stock to be issued upon vesting of the RSUs, and such shares are authorized for listing on the New York Stock Exchange or another securities exchange as determined by the Corporation. Nothing herein shall be deemed to require the Corporation to apply for, to effect, or to obtain such registration or listing.

c. *Compensation Recoupment Policy*. You hereby acknowledge and agree that you and the RSUs, including any cash and/or shares of Common Stock that may be delivered to you pursuant to the RSUs, are subject to the Corporation's Compensation Recoupment Policy, as may be amended and/or restated from time to time, a current copy of which can be found on the Corporation's website at http://www.investor.jnj.com/gov/compensation-recoupment-policy.cfm. The terms and conditions of the Compensation Recoupment Policy hereby are incorporated by reference into this Agreement.

5. Nontransferability of RSUs. The RSUs and any rights granted hereunder may not be sold, transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution or in accordance with any beneficiary designation procedures that may be established by the Corporation. Nor shall any such rights be subject to execution, attachment, or similar process, other than in accordance with the terms of the Plan. Upon any attempt to sell, transfer, assign, pledge, hypothecate, or otherwise dispose of the RSUs or of any rights granted herein contrary to the provisions of the Plan or this Agreement, or upon the levy of any attachment or similar process upon the RSUs or such rights, the RSUs and such rights shall, at the election of the Corporation, be forfeited for no consideration.

6. No Special Employment Rights; No Rights to Awards. Nothing contained in the Plan or this Agreement shall be construed or deemed by any person under any circumstances to bind any member of the Corporation Group to continue your employment for the vesting period or for any other period, to create a right to employment with the Corporation, to form or amend an employment or service contract with the Corporation or to interfere in any way with any right of a member of the Corporation Group to terminate your employment at any time. You hereby acknowledge and agree that (i) the Plan is established voluntarily by the Corporation, is discretionary in nature and may be modified, amended, or terminated by the Corporation at any time, as provided in the Plan, (ii) your participation in the Plan is voluntary and you are voluntarily accepting the grant of RSUs, (iii) the RSUs and the shares of Common Stock subject to the RSUs, and the income and value of same, do not constitute part of your normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination indemnities, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or welfare benefits or similar payments, and in no event should be considered as compensation for, or in any way relating to, past services to the Corporation Group, (iv) the RSUs and shares of Common Stock subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation, (v) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past, (vi) unless otherwise agreed with the Corporation, the RSUs and the shares of Common Stock subject to the RSUs, and the income and value of same, are not granted as consideration, or in connection with, the service you may provide as a director of a subsidiary of the Corporation, (vii) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty, (viii) no

claim or entitlement to compensation or damages shall arise from forfeiture or recoupment of the RSU resulting from the termination of your Employment or other service relationship (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), (ix) you shall seek all necessary approvals under, make all required notifications under, and comply with all laws, rules, and regulations applicable to the ownership of the RSUs and, if applicable, shares of Common Stock, including currency and exchange laws, rules, and regulations, (x) neither the Corporation nor any of its subsidiaries or affiliates shall be liable for any foreign exchange rate fluctuation between your local currency and the US dollar that may affect the value of the RSUs or of any amounts due to you pursuant to settlement of the RSUs or the subsequent sale of any shares of Common Stock acquired upon settlement, (xi) the determination of the form of any award granted under the Plan is made by the Committee in its sole discretion and (xii) the Corporation is not providing any tax, legal, or financial advice, nor is the Corporation making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock, you should consult your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the RSUs.

7. Notices. Unless the Corporation notifies you otherwise in writing, all notices, designations, and payments to be submitted to the Corporation in connection with the RSUs shall be addressed to:

Equity Compensation Resources
One Johnson & Johnson Plaza
New Brunswick, NJ 08933
USA

8. Definitions. The following capitalized terms shall have the definitions set forth below for purposes of this Agreement:

a. "Cause" means (i) your conviction for or a plea of *nolo contendere* to the commission of a felony under federal or state law, or (ii) any act by you that, in the Corporation's opinion, constitutes fraud, embezzlement, dishonesty, disclosure of confidential information, the willful and deliberate failure to perform your employment duties in any material respect, a conflict of interest, a violation of the non-competition obligations set forth in Section 2(d)(i) of this Agreement or any other applicable non-competition, non-solicitation, or confidentiality agreement or obligation that you have with any member of the Corporation Group, a violation of any standards of conduct policies or other policies of the Corporation Group to which you are subject, or any other event that is inimical or contrary to the best interests of the Corporation Group. Any determination of "Cause" shall be made by the Corporation in its sole discretion, and its determination shall be final and binding.

b. "Committee" means the Compensation & Benefits Committee of the Board of Directors of the Corporation (or any successor committee), or any person or persons to whom the Committee has delegated authority to administer, construe or interpret the terms of the Plan, pursuant to Section 3(d) of the Plan.

c. "Competitor" means any person or entity including, but not limited to, you or anyone acting on your behalf, that is engaged or preparing to be engaged in research, development, production, manufacturing, marketing or selling of, or consulting on, any product, process, technology, machine, invention or service in existence or under development that resembles, competes with, may now or in the future compete with, can be substituted for or can be marketed as a substitute for any product, process, technology, machine, invention, or service of the Corporation Group that is in existence or that is, was, or is planned to be under development. The Corporation shall determine whether any individual or entity is a "Competitor" in its sole discretion, and its determination shall be final.

d. "Competitive Activities" means any and all activities (including preparations) which compete with, are intended to compete with, or which otherwise may adversely affect or interfere with the Corporation Group's business or advantage a Competitor whether immediately or in the future. The Corporation shall determine whether any conduct constitutes "Competitive Activities" in its sole discretion, and its determination shall be final.

e. "Corporation Group" means the Corporation and its subsidiaries and affiliates, as determined by the Corporation.

f. "Customer" means any entity, client, account, or person, including the employees, agents, or representatives of the foregoing, or any entity or person who participates, influences or has any responsibility in making purchasing decisions on behalf of such entities, clients, accounts, or persons, to whom or to which you contacted, solicited any business from, sold to, rendered any service to, were assigned to, had responsibilities for, received commissions or any compensation on, or promoted or marketed any products or services to during the eighteen (18) month period of time preceding your Date of Termination. The Corporation shall determine whether any individual or entity is a "Customer" in its sole discretion, and its determination shall be final.

g. "Date of Termination" means the date on which your Employment terminates.

h. "Disability" or "Disabled" means that you have been determined to be unable to work because of a disability (i) that lasts for a period in excess of twenty-six (26) weeks and (ii) (A) that entitles you to long-term disability benefits under the long-term disability policy of the Corporation or its applicable affiliate under which you are covered, or (B) if there is no such policy, that you have been determined to be "disabled" (or of similar status) by the Corporation (or its applicable affiliate) in accordance with applicable procedures and policies. Notwithstanding the foregoing, (I) you will not be considered to have incurred a Disability unless you are identified as "disabled" (or of similar status) in accordance with the personnel and/or human resources policies of the Corporation or its applicable affiliate, as in effect from time to time and (II) if the RSUs are subject to Section 409A (as determined by the Corporation), then you will not be considered to have incurred a Disability unless such condition also constitutes a "disability" within the meaning of Treasury Regulation Section 1.409A-3(i)(4).

i. "Employed" or "Employment" means any period of time during which you are an employee of the Corporation Group in good standing, as determined by the Corporation Group in accordance with its applicable practices, policies and records; provided, that, during such period

you are (i) in active employment status with the Corporation Group or (ii) on a Corporation Group-approved leave of absence (as determined by the Corporation Group in its sole discretion). For the avoidance of doubt, you shall not be considered to be Employed (x) for any period during which you are not considered to be an employee in good standing pursuant to the Corporation Group's practices, policies and records, (y) during any notice period or salary continuation period required by contract, practice or local law (such as a "garden leave" or similar period) or any severance period (if you are covered by a severance agreement or arrangement) or (z) for any period of leave that is not approved by the Corporation Group (as determined by the Corporation Group in its sole discretion).

j. "Grant Date" means the date on which the RSUs are granted, as identified on the first page of this Agreement.

k. "Vesting Date" means, with respect to an RSU, the earliest of (to the extent applicable): (i) the applicable Scheduled Vesting Date; or (ii) the date of death, in the event of a termination of Employment pursuant to Section 2(c)(i) (Termination Due to Death); or (iii) the date you become Disabled, in the event of a Disability described in Section 2(c)(ii) (Disability); or (x) the date the RSUs vest and become payable pursuant to any applicable provision of the Plan (provided, that, if the RSUs are subject to Section 409A (as determined by the Corporation), payment will occur on the earliest permissible date determined by the Corporation that would not result in accelerated taxation and/or tax penalties under Section 409A).

9. Miscellaneous.

a. *Amendments*. Except as provided herein, this Agreement may not be amended or otherwise modified unless evidenced in writing and signed by an authorized representative of the Corporation.

b. *Third-Party Beneficiaries*. You acknowledge and agree that all affiliates and subsidiaries of the Corporation have, or will as the result of a future acquisition, merger, assignment, or otherwise have, an interest in your Employment and your compliance with the obligations in Section 2(d) (Competition with the Corporation Group), and that those entities are each express, third-party beneficiaries of this Agreement.

c. *Binding Effect*. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

d. *Severability*. In the event that Section 2(d) (Competition with the Corporation Group) of this Agreement is invalidated or not enforced under applicable law, this shall not affect the validity or enforceability of the remaining provisions of this Agreement or the Plan. To the extent that Section 2(d) of this Agreement is unenforceable because it is deemed overbroad, the provision shall be applied and enforced in a more limited manner to the fullest extent permissible under the applicable law. You further understand and agree that, in the event Section 2(d) of this Agreement is declared invalid, void, overbroad, or unenforceable, in whole or in part, for any reason, you shall remain bound by any non-competition, confidentiality, non-solicitation, and/or non-disclosure agreement previously entered between you and any member of the Corporation Group.

e. *Appendix A*. Notwithstanding any provisions in this Agreement, the RSUs shall be subject to any additional terms and conditions set forth in Appendix A for your country. Moreover, if you relocate to one of the countries included in Appendix A, the additional terms and conditions for such country will apply to you, to the extent the Corporation determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix A constitutes part of this Agreement.

f. Data Privacy Consent. By accepting this grant, you hereby unconditionally consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document by and among, as applicable, your employing entity (the "Employer") and the Corporation and the Corporation Group for the exclusive purpose of implementing, administering and managing any awards issued to you under the Plan. You understand that the Corporation and your Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address, telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, details of all RSUs or any other entitlement to shares of stock awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing any grants issued to you under the Plan. You understand that Data may be transferred to any third parties, as may be selected by the Corporation, which are assisting in the implementation, administration and management of the Plan and the fulfillment of this Agreement. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections from your country. You understand that if you reside outside of the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the recipients, which may assist the Corporation (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing grants under the Plan and the fulfillment of this Agreement. You understand the Data will be held only as long as is necessary to implement, administer and manage grants under the Plan and this Agreement. You understand that if you reside outside of the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your human resources representative. Further, you understand that your consent herein is being provided on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your Employment status or Service will not be affected; the only consequence of refusing or withdrawing your consent is that the Corporation may not be able to grant RSUs or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

g. *Entire Agreement*. This Agreement and the Plan constitute the entire agreement between the parties relating to the subject matter hereof, and any previous agreement or understanding between the parties with respect thereto is superseded by this Agreement and the Plan.

h. *Section 409A*. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance issued thereunder ("Section 409A"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything to the contrary in the Plan or this Agreement, the Corporation reserves the right to revise this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A prior to the actual payment of cash or shares of Common Stock pursuant to the RSUs. However, the Corporation makes no representation that the RSUs are not subject to Section 409A nor makes any undertaking to preclude Section 409A from applying to the RSUs. The Corporation shall not have any liability under the Plan or this Agreement for any taxes, penalties or interest due on amounts paid or payable pursuant to the Plan or this Agreement, including any taxes, penalties or interest imposed under Section 409A. For purposes of the Plan and this Agreement, to the extent necessary to avoid accelerated taxation and/or tax penalties under Section 409A, a termination of Employment shall not be deemed to have occurred for purposes of settlement of any portion of the RSUs unless such termination constitutes a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of Employment" or similar terms shall mean "separation from service." Each amount to be paid under this Agreement shall be construed as a separately identified payment for purposes of Section 409A. In addition, notwithstanding anything herein to the contrary, if you are deemed on the Date of Termination to be a "specified employee" within the meaning of that term under Section 409A and you are subject to U.S. federal taxation, then, to the extent the settlement of the RSUs following such termination of Employment is considered the payment of "non-qualified deferred compensation" under Section 409A payable on account of a "separation from service" that is not exempt from Section 409A, such settlement shall be delayed until the date that is the earlier of (i) the expiration of the six-month period measured from the date of such "separation from service" or (ii) the date of your death.

i. *Acknowledgement*. By electing to accept this Agreement, you acknowledge receipt of this Agreement and hereby confirm your understanding of the terms set forth in this Agreement. In the event of any conflict between the terms of the Plan and this Agreement, the terms of the Plan shall control. The Corporation may, in its sole discretion, decide to deliver any documents (including, without limitation, information required to be delivered to you pursuant to applicable securities laws) related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

j. *Language*. You acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in the English language, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

k. *Imposition of Other Requirements.* The Corporation reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan, to the extent the Corporation determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, to make any corrections or adjustments that it deems necessary or appropriate, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

l. *Waiver.* You acknowledge that a waiver by the Corporation of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other grantee.

m. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey without giving effect to conflict of laws principles, except to the extent superseded by federal law and as set forth in this Section 9(m). Provided that you primarily resided and worked in California during and in connection with your employment with the Corporation Group and at the time that you accepted this Agreement and participation in the Plan, (i) this Agreement shall be governed by and construed in accordance with the laws of the State of California; and (ii) Section 2(d)(ii) shall not apply with respect to services you render in California that do not involve your use or disclosure of the Corporation Group's confidential or trade secret information.

n. *Submission to Jurisdiction; Waiver of Jury Trial.* Any litigation brought against a party to this Agreement shall be brought in any U.S. federal or state court located in the State of New Jersey and each of the parties submits to the exclusive jurisdiction of such courts for the purpose of any such litigation; provided, that, a final judgment in any such litigation shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other matter provided by law. Each party agrees not to assert (A) any objection which it may have to venue in U.S. federal or state court located in the State of New Jersey, (B) any claim that litigation has been brought in an inconvenient forum and (C) any claim that such court does not have jurisdiction with respect to such litigation. Each party waives any right to a trial by jury with respect to any matters arising under this Agreement or any other awards granted under the Plan.

JOHNSON & JOHNSON
By: /s/ Carolyn Hoenish
Carolyn Hoenisch Senior Finance Director
Savings Plan, Pension, Equity Compensation Operations
Johnson & Johnson
One Johnson & Johnson Plaza
New Brunswick, NJ 08933
USA

APPENDIX A

COUNTRY-SPECIFIC PROVISIONS FOR PARTICIPANTS OUTSIDE OF THE U.S.

Certain capitalized terms used but not defined in this Appendix A shall have the meanings set forth in the Plan and/or the Agreement to which this Appendix A is attached.

TERMS AND CONDITIONS

This Appendix A includes additional terms and conditions that govern any RSUs granted under the Plan if, under applicable law, you are a resident of, are deemed to be a resident of or are working in one of the countries listed below. Furthermore, the additional terms and conditions that govern any RSUs granted hereunder may apply to you if you transfer Employment and/or residency to one of the countries listed below and the Corporation shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to you.

NOTIFICATIONS

This Appendix A also includes notifications relating to exchange control, securities and other issues of which you should be aware with respect to your participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of October 2022. Such laws are often complex and change frequently. As a result, the Corporation strongly recommends that you not rely on the notifications herein as the only source of information relating to the consequences of your participation in the Plan because the information may be outdated when you vest in the RSUs and acquire shares of Common Stock under the Plan, or when you subsequently sell shares of Common Stock acquired under the Plan.

In addition, the notifications are general in nature and may not apply to your particular situation, and the Corporation is not in a position to assure you of any particular result. Accordingly, you are strongly advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation. Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you or you may be subject to the provisions of one or more jurisdictions.

ALL NON-U.S. JURISDICTIONS

NOTIFICATIONS

Insider Trading Restrictions/Market Abuse Laws. You acknowledge that, depending on your or your broker's country of residence or where the shares of Common Stock are listed, you may be subject to insider trading restrictions and/or market abuse laws which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (*e.g.*, RSUs) or rights linked to the value of shares of Common Stock (*e.g.*, phantom awards, futures) during such times you are considered to have "inside information" regarding the Corporation as defined by the laws or regulations in your country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party and (ii) "tipping" third parties or causing

them otherwise to buy or sell securities. Keep in mind third parties includes fellow Employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Corporation. You acknowledge that it is your responsibility to comply with any restrictions and are advised to speak to your personal advisor on this matter.

Foreign Asset/Account Reporting. Your country of residence may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside of your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated broker or bank and/or within a certain time after receipt. You acknowledge that it is your responsibility to comply with such regulations and you understand and agree that you should consult your personal legal advisor for any details.

EUROPEAN UNION / EUROPEAN ECONOMIC AREA COUNTRIES, SWITZERLAND AND THE UNITED KINGDOM

TERMS AND CONDITIONS

Data Privacy. The following provision replaces Section 9(f) (Data Privacy Consent) of the Agreement in its entirety:

The Corporation, with its principal executive offices at One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933, USA is the controller responsible for the processing of your personal data by the Corporation and the third parties noted below.

a. *Data Collection and Usage. Pursuant to applicable data protection laws, you are hereby notified that the Corporation collects, processes and uses certain personal information about you for the legitimate purpose of implementing, administering and managing the Plan and generally administering awards, specifically: your name, home address, email address, date of birth, hire date, rehire date (if applicable), termination date (if applicable), employee identification number, work country, pay frequency, associated legal entity and management reporting company, any shares or directorships held in the Corporation, and details of all Awards, any entitlement to shares of Common Stock awarded, canceled, exercised, vested, or outstanding in your favor, which the Corporation receives from you or the Employer ("Personal Data"). In granting the RSUs under the Plan, the Corporation will collect, process, use, disclose and transfer (collectively, "Processing") Personal Data for purposes of implementing, administering and managing the Plan. The Corporation's legal basis for the Processing of Personal Data is the Corporation's legitimate business interests of managing the Plan, administering awards and complying with its contractual and statutory obligations, as well as the necessity of the Processing for the Corporation to perform its contractual obligations under this Agreement and the Plan. Your refusal to provide Personal Data would make it impossible for the Corporation to perform its contractual obligations and may affect your ability to participate in the Plan. As such, by*

accepting the RSUs, you voluntarily acknowledge the Processing of your Personal Data as described herein.

b. *Stock Plan Administration Service Provider. The Corporation may transfer Personal Data to Fidelity Stock Plan Services, LLC ("Fidelity"), an independent service provider based, in relevant part, in the United States, which may assist the Corporation with the implementation, administration and management of the Plan. In the future, the Corporation may select a different service provider and share Personal Data with another company that serves in a similar manner. The Corporation's service provider will open an account for you to receive and trade shares of Common Stock pursuant to the RSUs. The Processing of Personal Data will take place through both electronic and non-electronic means. Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating the Plan. When receiving your Personal Data, if applicable, Fidelity provides appropriate safeguards in accordance with the EU Standard Contractual Clauses or other appropriate cross-border transfer solutions. By participating in the Plan, you understand that the service provider will Process your Personal Data for the purposes of implementing, administering and managing your participation in the Plan.*

c. *International Data Transfers. The Plan and the RSUs are administered in the United States, which means it will be necessary for Personal Data to be transferred to, and processed in the United States. When transferring your Personal Data to the United States, the Corporation provides appropriate safeguards in accordance with the EU Standard Contractual Clauses or other appropriate cross-border transfer solutions. You may request a copy of the appropriate safeguards with Fidelity or the Corporation by contacting your local human resources representative. You may also contact the data protection officer responsible for your country or region, if applicable, by emailing: emeaprivacy@its.jnj.com.*

d. *Data Retention. The Corporation will use Personal Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including tax and securities laws. This period may extend beyond your point of Service. When the Corporation no longer needs Personal Data related to the Plan, the Corporation will remove it from its systems. If the Corporation keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Corporation's legal basis would be for compliance with relevant laws or regulations.**Data Retention. The Corporation will use Personal Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including tax and securities laws. This period may extend beyond your point of Service. When the Corporation no longer needs Personal Data related to the Plan, the Corporation will remove it from its systems. If the Corporation keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Corporation's legal basis would be for compliance with relevant laws or regulations.*

e. *Data Subject Rights. To the extent provided by law, you have the right to (i) subject to certain exceptions, request access or copies of Personal Data the Corporation Processes, (ii) request rectification of incorrect Personal Data, (iii) request deletion of Personal Data, (iv) place restrictions on Processing of Personal Data, (v) lodge complaints with competent authorities in your country, and/or (vi) request a list with the names and*

addresses of any potential recipients of Personal Data. To receive clarification regarding your rights or to exercise your rights, you may contact your local human resources representative. You also have the right to object, on grounds related to a particular situation, to the Processing of Personal Data, as well as opt-out of the Plan herein, in any case without cost, by contacting your local human resources representative in writing. Your provision of Personal Data is a contractual requirement. You understand, however, that the only consequence of refusing to provide Personal Data is that the Corporation may not be able to administer the RSUs, or grant other awards or administer or maintain such awards. For more information on the consequences of the refusal to provide Personal Data, you may contact your local human resources representative in writing. You may also contact the data protection officer responsible for your country or region, if applicable, by emailing: emeaprivacy@its.jnj.com. You may also have the right to lodge a complaint with the relevant data protection supervisory authority.

ARGENTINA

TERMS AND CONDITIONS

Labor Law Policy and Acknowledgement. This provision supplements Section 6 (No Special Employment Rights; No Rights to Awards) of the Agreement:

In accepting the grant of RSUs, you acknowledge and agree that the grant of RSUs is made by the Corporation (not your Employer) in its sole discretion and that the value of the RSUs or any shares of Common Stock acquired under the Plan shall not constitute salary or wages for any purpose under Argentine labor law, including, but not limited to, the calculation of (i) any labor benefits including, but not limited to, vacation pay, thirteenth salary, compensation in lieu of notice, annual bonus, disability, and leave of absence payments, etc., or (ii) any termination or severance indemnities or similar payments.

If, notwithstanding the foregoing, any benefits under the Plan are considered salary or wages for any purpose under Argentine labor law, you acknowledge and agree that such benefits shall not accrue more frequently than on the Vesting Date.

NOTIFICATIONS

Securities Law Information. Neither the RSUs nor the underlying shares of Common Stock are publicly offered or listed on any stock exchange in Argentina.

AUSTRALIA

NOTIFICATIONS

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the "Act") applies (subject to the conditions in that Act).

Securities Law Information. This offer to participate in the Plan is being made under Division 1A, Part 7.12 of the *Corporations Act 2001 (Cth)*. Please note that if you offer your shares of Common Stock for sale to a person or entity resident in Australia, your offer may be subject to

disclosure requirements under Australian law. You should consult with your own personal legal advisor regarding your disclosure obligations prior to making any such offer.

BELGIUM

TERMS AND CONDITIONS

Shareholding Agreement. Under current Belgian tax law, you understand that you may enter into an agreement with the Corporation to hold the shares of Common Stock for two (2) years from the date on which the shares are acquired upon vesting of your RSUs under the Plan to obtain specific tax treatment for the income received under the Plan. If you are interested in learning more information about the tax treatment of the Plan income, you should check with your personal tax advisor. You further understand that if you wish to take advantage of this specific tax treatment, you should review and execute the shareholding agreement in the form provided by the Corporation.

BRAZIL

TERMS AND CONDITIONS

Compliance with Law. By accepting the RSUs, you acknowledge that you agree to comply with applicable Brazilian laws and report and pay any and all applicable taxes associated with the receipt and vesting of the RSUs, the sale of shares of Common Stock acquired under the Plan and the payment of any dividends on such shares.

Acknowledgement of Nature of Plan and RSUs. This provision supplements Section 6 (No Special Employment Rights; No Rights to Awards) of the Agreement:

In accepting this Agreement, you acknowledge that (i) you are making an investment decision, and (ii) the value of the underlying shares of Common Stock is not fixed and may increase or decrease in value over the vesting period without compensation to you.

CANADA

TERMS AND CONDITIONS

Form of Settlement - RSUs Payable Only in Common Stock. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the RSUs do not provide any right for you, as a resident of Canada, to receive a cash payment and shall be paid in shares of Common Stock only.

Conditions on Vesting upon or following Termination of Employment. This provision replaces subsection (y) of the definition of "Employed" or "Employment" in Section 8 of the Agreement:

(y) any period that follows the date you receive written notice of termination of employment or any notice period (such as a "garden leave" or similar period), period of pay in lieu of such notice or salary continuation period requirement under local law (including, but not limited to statutory law, regulatory law and/or common law).

The following provisions will apply to you if you are a resident of Quebec:

Data Privacy Notice and Consent. This provision supplements Section 9(f) (Data Privacy Consent) of the Agreement:

If you are a resident of Quebec, you hereby authorize the Corporation and the Corporation's representative to discuss with and obtain all relevant information from all personnel (professional or not) involved in the administration and operation of the Plan. You further authorize the Corporation and your Employer within the Corporation Group to disclose and discuss your participation in the Plan with their advisors. You also authorize the Corporation and your Employer to record such information and keep it in your employee file. Finally, you acknowledge and authorize the Corporation and other parties involved in the administration of the Plan to use technology for profiling purposes and to make automated decisions that may have an impact on you or the administration of the Plan.

NOTIFICATIONS

Securities Law Information. You are permitted to sell shares of Common Stock acquired through the Plan through the designated broker appointed under the Plan, if any, provided that the resale of such shares of Common Stock takes place outside of Canada through the facilities of a stock exchange on which the shares are listed. The shares of Common Stock are currently listed on the New York Stock Exchange in the United States of America.

CHILE

NOTIFICATIONS

Securities Law Information. This offer conforms to general ruling N°336 of the Chilean Commission for the Financial Market ("CMF"). The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the CMF, and therefore such securities are not subject to its oversight. The issuer is not obligated to provide public information in Chile regarding the foreign securities, since such securities are not registered with the CMF. The securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile, unless they fulfill the requirements set forth in general ruling N°336 of the CMF.

Esta oferta se acoge a la norma de carácter general N°336 de la Comision para el Mercado Financiero de Chile. La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la Comision para el Mercado Financiero de Chile, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores. Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente, a menos que se cumplan las condiciones establecidas en la norma de carácter general N°336 de la Comision para el Mercado Financiero de Chile.

CHINA

The following terms apply only to individuals who are subject to exchange control restrictions in the People's Republic of China (the "PRC"), as determined by the Corporation in its sole discretion:

TERMS AND CONDITIONS

Restriction on Vesting. You will not be permitted to vest in any shares of Common Stock unless and until the necessary approvals for the Plan have been obtained from the State Administration of Foreign Exchange ("SAFE") and remain in place, as determined by the Corporation in its sole discretion. Further, the Corporation is under no obligation to issue shares of Common Stock if the Corporation has not or does not obtain SAFE approval or if any such SAFE approval subsequently becomes invalid or ceases to be in effect by the time you vest in the RSUs. The Corporation reserves the right to settle RSUs in cash.

Termination of Employment. In the event of your termination of Employment with the Corporation Group, the Corporation will require the sale of any shares of Common Stock you may then hold, or any other shares of Common Stock you may then hold which were issued to you pursuant to any award granted to you under the Plan or any predecessor plan, within six (6) months following your Date of Termination (or such other period as may be required by SAFE). You understand and agree that the Corporation is authorized to instruct its designated broker to assist with the mandatory sale of such shares of Common Stock on your behalf pursuant to this authorization, and you expressly authorize your designated broker to complete the sale of such shares. You understand and agree that the Corporation's designated broker is under no obligation to arrange for the sale of shares at any particular price. You also agree to sign any agreements, forms or consents that may be reasonably requested by the Corporation (or the Corporation's designated broker) to effectuate the sale of the shares of Common Stock (including, without limitation, as to the transfer of the proceeds and other exchange control matters noted below) and to otherwise cooperate with the Corporation with respect to such matters, provided, that, you shall not be permitted to exercise any influence over how, when or whether the sales occur. Upon the sale of the shares of Common Stock, the Corporation agrees to pay you the cash proceeds from the sale, less any brokerage fees or commissions and subject to any obligation to satisfy applicable Tax- Related Items.

Designated Broker Account. If shares issued upon the settlement of the RSUs are not immediately sold, you acknowledge that you are required to maintain the shares of Common Stock in an account with the designated broker selected by the Corporation until the shares of Common Stock are sold through such Corporation-designated broker. If the Corporation changes its designated broker, you acknowledge and agree that the Corporation may transfer any shares of Common Stock issued under the Plan to the new designated brokerage firm, if necessary for legal or administrative reasons. You agree to sign any documentation necessary to facilitate the transfer of shares of Common Stock.

Exchange Control Requirements. You understand and agree that, pursuant to local exchange control requirements, you will be required to immediately repatriate the cash proceeds from the sale of shares of Common Stock related to the RSUs (or any other award granted under the Plan or any predecessor plan) to China. You further understand that, under applicable laws, such repatriation of cash proceeds will need to be effectuated through a special exchange control

account established by the Corporation (or any affiliate or subsidiary), and you hereby consent and agree that any proceeds from the sale of shares of Common Stock will be transferred to such special account prior to being delivered to you. You understand that the Corporation may face delays in converting the proceeds to local currency due to exchange control restrictions in China. Proceeds may be paid to you in U.S. dollars or local currency at the Corporation's discretion. If the proceeds are paid to you in U.S. dollars, you will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited in this account. If the proceeds are paid to you in local currency, the Corporation is under no obligation to secure any particular currency conversion rate, and you understand that the Corporation may face delays in converting the proceeds to local currency due to exchange control restrictions in China. You agree to bear any currency fluctuation risk between the time the shares are sold and the time the sale proceeds are distributed through any such special exchange account. You further agree to comply with any other requirements that may be imposed by the Corporation in the future in order to facilitate compliance with the exchange control requirements in China.

COLOMBIA

TERMS AND CONDITIONS

The following supplements Section 6 (No Special Employment Rights; No Rights to Awards) of the Agreement:

Labor Law Policy and Acknowledgement. By accepting your award of RSUs, you acknowledge that pursuant to Article 128 of the Colombia Labor Code, the Plan and related benefits do not constitute a component of "salary" for any purposes.

NOTIFICATIONS

Securities Law Information. The shares of Common Stock subject to the RSUs are not and will not be registered with the Colombian registry of publicly traded securities (*Registro Nacional de Valores y Emisores*) and therefore the shares of Common Stock may not be offered to the public in Colombia. Nothing in this document should be construed as the making of a public offer of securities in Colombia.

DENMARK

TERMS AND CONDITIONS

Danish Stock Option Act. You acknowledge that you have received an Employer Statement translated into Danish, which is being provided to comply with the Danish Stock Option Act, as amended January 1, 2019.

FRANCE

TERMS AND CONDITIONS

Qualified Tax Treatment. Your RSUs may have been granted pursuant to an Addendum for Participants in France for Qualified Share Units and Qualified Performance Share Units (the "French Sub-Plan for RSUs"). The French Sub-Plan for RSUs modifies the terms of the Plan and this Agreement, and in the event of any conflict between the terms and conditions of the French Sub-Plan for RSUs and the Plan or this Agreement, the French Sub-Plan for RSUs shall prevail for any grants made thereunder.

The Corporation does not make any undertaking or representation to maintain the qualified status of these RSUs or of the underlying shares of Common Stock.

Conditions on Vesting and Settlement: If you have been granted RSUs pursuant to the French Sub-Plan for RSUs, irrespective of the provisions of the Agreement and except in the case of death or Disability (as defined in the French Sub-Plan for RSUs), no RSUs subject to the Agreement shall vest prior to the date that is one (1) year after the Grant Date and no shares of Common Stock shall be issued in settlement of any vested RSUs prior to the date that is two (2) years after the Grant Date.

Minimum Holding Period. If you have been granted RSUs pursuant to the French Sub-Plan for RSUs and you are issued shares of Common Stock pursuant to the Agreement prior to the two (2) year anniversary of the Grant Date, then you must hold such shares of Common Stock for a minimum period of two (2) years from the Grant Date. For the avoidance of doubt, the two-year holding period will not be applicable for any shares of Common Stock vested on or following the two (2) year anniversary of the Grant Date.

Sale Restriction During Closed Period. You acknowledge that the shares of Common Stock issued and delivered in settlement of the RSUs may not be sold, transferred, or otherwise disposed of during the periods set forth in Section 7.5 of the French Sub-Plan for RSUs. You acknowledge and agree that you are personally responsible for complying with these specific restrictions.

Termination of Employment due to Death: Notwithstanding anything to the contrary provided in the Section 2(c)(i) of this Agreement, if you have been granted RSUs under the French Sub-Plan for RSUs, upon the Corporation's receipt within six months following your death of a written request from your heirs in a form satisfactory to the Corporation, the Corporation shall transfer the shares underlying any unvested RSUs to your heirs. In this case, shares shall cease immediately to be subject to the above-mentioned Minimum Holding Period.

Termination of Employment due to Disability: If, prior to the Vesting Date, you become Disabled while employed under the definition of Section 2.3 of the French Sub-Plan for RSUs, you shall immediately become vested in the RSUs on the date of the Disability. In this case, shares shall cease immediately to be subject to the above-mentioned Minimum Holding Period.

Language Consent. By accepting the grant, you confirm having read and understood the Plan and Agreement which were provided in the English language. You accept the terms of these documents accordingly.

En acceptant l'attribution, vous confirmez avoir lu et compris le Plan et le Contrat, qui ont été communiqués en langue anglaise. Vous acceptez les termes de ces documents en connaissance de cause.

NOTIFICATIONS

Exchange Control Information. You must report to the French Customs and Excise Authorities the value of any cash or securities that you transfer into or out of France without the use of a financial institution when the value of such cash or securities equals or exceeds a certain threshold.

Foreign Asset/Account Reporting Information. You are required to report all foreign accounts (whether open, current or closed) to the French tax authorities when filing your annual tax return.

HONG KONG

TERMS AND CONDITIONS

Form of Settlement - RSUs Payable Only in Common Stock. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the RSUs do not provide any right for you to receive a cash payment. The RSUs shall be paid in shares of Common Stock only.

Sale of Common Stock. Shares of Common Stock received at vesting are accepted as a personal investment. In the event that Common Stock is issued in respect of the RSUs within six (6) months of the Grant Date, you agree that you will not offer to the public or otherwise dispose of the shares of Common Stock prior to the six (6)-month anniversary of the Grant Date.

NOTIFICATIONS

SECURITIES WARNING: *The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You should exercise caution in relation to the offer. If you are in doubt about any of the contents of the Agreement, including this Appendix A, or the Plan, you should obtain independent professional advice. The RSUs and any shares of Common Stock issued in respect of the RSUs do not constitute a public offering of securities under Hong Kong law and are available only to eligible service providers under the Plan. The Agreement, including this Appendix A, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong. The RSUs and any documentation related thereto are intended solely for the personal use of each member of the award recipient and may not be distributed to any other person.*

INDONESIA

TERMS AND CONDITIONS

Language Consent and Notification. By accepting the grant of RSUs, you (i) confirm having read and understood the documents relating to this grant (i.e., the Plan and the Agreement) which were provided in the English language, (ii) accept the terms of those documents accordingly, and (iii) agree not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

Language Consent and Notification. *Dengan manikin tombol "Saya menerima" atau dengan menandatangani dan mengembalikan dokumen ini yang memuat syarat dan ketentuan pemberian anda, (i) anda mengkonfirmasi bahwa anda telah membaca dan mengerti isi dokumen yang terkait dengan pemberian ini yang disediakan untuk anda dalam bahasa Inggris, (ii) Anda menerima syarat dari dokumen-dokumen tersebut, dan (iii) anda setuju bahwa anda tidak akan mengajukan keberatan atas keberlakuan dokumen ini berdasarkan Undang-Undang No. 24 tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan atau Peraturan Presiden pelaksana (ketika diterbitkan).*

IRELAND

TERMS AND CONDITIONS

Acknowledgement of Nature of Plan and RSUs. The following supplements Section 6 (No Special Employment Rights; No Rights to Awards) of the Agreement:

In accepting this Agreement, you understand and agree that the benefits received under the Plan will not be taken into account for any redundancy or unfair dismissal claim.

ISRAEL

TERMS AND CONDITIONS

This provision supplements Section 4(a) of the Agreement: Tax withholding in Israel will be in accordance with applicable law including any tax ruling which may be received by the Corporation and/or its Israeli subsidiaries.

The following provision applies to participants who are in Israel on the Grant Date.

Trustee Arrangement. You hereby agree that the RSUs, to the extent granted to you by the Corporation under the Israeli Sub-Plan to the Plan, shall be allocated under the provisions of the track referred to as the "Capital Gains Track," according to Section 102(b)(2) and 102(b)(3) of the Israeli Income Tax Ordinance and shall be held by the trustee (the "Trustee") for the periods stated in Section 102 (the "Holding Period"). You acknowledge that if, during the Holding Period, you sell any shares of Common Stock issued in settlement of the RSUs, tax treatment will differ from the treatment that would apply if the Holding Period is met. You should consult your personal tax advisor in this regard.

ITALY

TERMS AND CONDITIONS

Acknowledgement of Nature of Agreement. In accepting this Agreement, you acknowledge that (1) you have received a copy of the Plan, the Agreement and this Appendix A; (2) you have reviewed the applicable documents in their entirety and fully understand the contents thereof; and (3) you accept all provisions of the Plan, the Agreement and this Appendix A.

MEXICO

TERMS AND CONDITIONS

Acknowledgement of the Agreement. In accepting the RSUs granted hereunder, you acknowledge that you have received a copy of the Plan, have reviewed the Plan and the Agreement, including this Appendix A, in their entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix A. You further acknowledge that you have read and specifically and expressly approve the terms and conditions of Section 6 (No Special Employment Rights; No Rights to Awards) of the Agreement which clearly provide as follows:

1. Your participation in the Plan does not constitute an acquired right;

2. The Plan and your participation in it are offered by the Corporation on a wholly discretionary basis;

3. Your participation in the Plan is voluntary; and

4. The Corporation and its subsidiaries or affiliates are not responsible for any decrease in the value of any shares of Common Stock acquired at vesting of the RSUs.

Labor Law Acknowledgement and Policy Statement. In accepting any RSUs granted hereunder, you expressly recognize that the Corporation, with registered offices at One Johnson & Johnson Plaza, New Brunswick, NJ 08933, USA, is solely responsible for the administration of the Plan and that your participation in the Plan and acquisition of shares of Common Stock do not constitute an employment relationship between you and the Corporation since you are participating in the Plan on a wholly commercial basis and your Employer ("Johnson & Johnson Mexico") is your sole employer. Based on the foregoing, you expressly recognize that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and your Employer, Johnson & Johnson Mexico, and do not form part of the employment conditions and/or benefits provided by Johnson & Johnson Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your Employment.

You further understand that your participation in the Plan is as a result of a unilateral and discretionary decision of the Corporation; therefore, the Corporation reserves the absolute right to amend and/or discontinue your participation in the Plan at any time without any liability to you.

Finally, you hereby declare that you do not reserve to yourself any action or right to bring any claim against the Corporation for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and you therefore grant a full and broad release to the Corporation, its affiliates, shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Spanish Translation

Reconocimiento del Contrato. Al aceptar el otorgamiento de las RSUs, usted reconoce que ha recibido una copia del Plan, que ha revisado el Plan y el Contrato, incluyendo este Apéndice A, en su totalidad y que entiende y acepta todas las disposiciones del Plan y del Contracto, incluyendo este Apéndice A. Además, usted reconoce que ha leído y que específica y expresamente aprueba de los términos y condiciones de la Sección 6 del Contrato, que claramente dispone lo siguiente:

1. *Su participación en el Plan no constituye un derecho adquirido;*
2. *El Plan y su participación en el Plan se ofrecen por la Corporación en de manera totalmente discrecional;*
3. *Su participación en el Plan es voluntaria; y*
4. *La Corporación y sus subsidiarias o afiliadas no son responsables por ninguna disminución del valor de las Acciones en el momento de tener derecho a conforme a las RSUs.*

Reconocimiento Ley Laboral y Declaración de la Política. Al aceptar el otorgamiento de las RSUs, usted reconoce expresamente que la Corporación, con oficinas registradas en One Johnson & Johnson Plaza, New Brunswick, NJ 08933, EE.UU, es únicamente responsable por la administración del Plan. Además, usted reconoce que su participación en el Plan y cualquier adquisición de Acciones de conformidad con el Plan no constituyen una relación laboral entre usted y la Corporación, ya que usted está participando en el Plan sobre una base totalmente comercial y que su Empleador ("Johnson & Johnson Mexico") es su único patrón. Derivado de lo anterior, usted reconoce expresamente que el Plan y los beneficios que le puedan derivar al participar en el Plan no establecen ningún derecho entre usted y su patrón, Johnson & Johnson Mexico, y que no forman parte de las condiciones de trabajo y/o prestaciones otorgadas por Johnson & Johnson Mexico, y que cualquier modificación del Plan o la terminación del mismo no constituirán un cambio o deterioro de los términos y condiciones de su Empleo.

Además, usted entiende que su participación en el Plan es resultado de una decisión unilateral y discrecional de la Corporación, por lo que la Corporación se reserva el derecho absoluto a modificar y/o discontinuar su participación en el Plan en cualquier momento, sin responsabilidad alguna para con usted.
Finalmente, usted declara por la presente que no se reserva acción o derecho alguno para interponer una reclamación o demanda en contra de la Corporación por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del Plan, y, por lo tanto, otorga un amplio y total finiquito a la Corporación y sus

afiliadas, accionistas, funcionarios, agentes y representantes legales con respecto a cualquier reclamación o demanda que pudiera surgir.

NOTIFICATIONS

Securities Law Information. The RSUs granted, and any shares of Common Stock acquired, under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Agreement and any other document relating to the RSUs may not be publicly distributed in Mexico. These materials are addressed to you because of your existing relationship with the Corporation and any subsidiary or affiliate of the Corporation (e.g., Johnson & Johnson Mexico), and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of Johnson & Johnson Mexico made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

NEW ZEALAND

NOTIFICATIONS

Securities Law Information. Warning: This is an offer of rights to receive shares of Common Stock upon settlement of the RSUs subject to the terms of the Plan and this Agreement. RSUs give you a stake in the ownership of the Corporation. You may receive a return if dividends are paid on the shares of Common Stock.

If the Corporation runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

You should ask questions, read all documents carefully, and seek independent financial advice before committing to participate in the Plan.

No interest in any RSUs may be transferred (legally or beneficially), assigned, mortgaged, charged or encumbered.

The shares of Common Stock are quoted on the New York Stock Exchange. This means that if you acquire shares of Common Stock under the Plan, you may be able to sell them on the New

York Stock Exchange if there are interested buyers. You may get less than you invested. The price will depend on the demand for the shares of Common Stock.

A copy of the Corporation's most recent Annual Report on Form 10-K and most recent published financial statements (Quarterly Reports on Form 10-Q or Form 10-K) and the auditor's report on those financial statements, which are filed with the U.S. Securities and Exchange Commission are available online at www.sec.gov/, as well as on the Corporation's "Investor Relations" website at http://www.investor.jnj.com/. A copy of the above documents will be sent to you free of charge on written request to Equity Compensation Resources, One Johnson & Johnson Plaza, New Brunswick, NJ 08933, USA.

As noted above, you are advised to carefully read the materials provided before making a decision whether to participate in the Plan. You are also encouraged to contact your tax advisor for specific information concerning your personal tax situation with regard to Plan participation.

PHILIPPINES

TERMS AND CONDITIONS

Restriction on Vesting. You will not be permitted to vest in any shares of Common Stock unless and until the necessary securities law approvals for the Plan have been obtained and remain in place, as determined by the Corporation in its sole discretion. Further, the Corporation is under no obligation to issue shares of Common Stock if the Corporation has not or does not obtain necessary securities approval or if any such approval subsequently becomes invalid or ceases to be in effect by the time you vest in the RSUs. The Corporation reserves the right to settle RSUs in cash.

NOTIFICATIONS

Securities Law Information. You should be aware of the risks of participating in the Plan, which include (without limitation) the risk of fluctuation in the price of the shares of Common Stock on the New York Stock Exchange ("NYSE") and the risk of currency fluctuations between the U.S. Dollar and your local currency. In this regard, you should note that the value of any shares of Common Stock you may acquire under the Plan may decrease, and fluctuations in foreign exchange rates between your local currency and the U.S. Dollar may affect the value of the RSUs or any amounts due to you upon vesting and settlement of the RSUs or upon sale of any shares of Common Stock you acquire under the Plan. The Corporation is not making any representations, projections or assurances about the value of the shares of Common Stock now or in the future.

For further information on risk factors impacting the Corporation's business that may affect the value of the shares of Common Stock, you should refer to the risk factors discussion in the Corporation's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov/, as well as on the Corporation's "Investor Relations" website at http://www.investor.jnj.com/.

You are permitted to sell the shares of Common Stock acquired under the Plan through the designated broker appointed under the Plan (or such other broker to whom you transfer the shares of Common Stock), provided the resale of shares of Common Stock acquired under the

Plan takes place outside of the Philippines through the facilities of a stock exchange on which the shares of Common Stock are listed (e.g., the NYSE).

PORTUGAL

TERMS AND CONDITIONS

Consent to Receive Information in English. You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Agreement.

Conhecimento da Lingua. *Por meio do presente, eu declaro expressamente que tem pleno conhecimento da lingua inglesa e que li, compreendi e livremente aceitei e concordei com os termos e condições estabelecidas no Plano e no Acordo.*

RUSSIA

TERMS AND CONDITIONS

Securities Law Requirements. Any RSUs granted hereunder, the Agreement, including this Appendix A, the Plan and all other materials you may receive regarding your participation in the Plan or any RSUs granted hereunder do not constitute advertising or an offering of securities in Russia. The issuance of shares of Common Stock under the Plan has not and will not be registered in Russia; therefore, shares of Common Stock may not be offered or placed in public circulation in Russia.

In no event will shares of Common Stock acquired under the Plan be delivered to you in Russia; all shares of Common Stock will be maintained on your behalf in the United States.

You are not permitted to sell any shares of Common Stock acquired under the Plan directly to a Russian legal entity or resident.

Labor Law Acknowledgement. You acknowledge that if you continue to hold shares of Common Stock acquired under the Plan after an involuntary termination of your Employment, you will not be eligible to receive unemployment benefits in Russia.

Data Privacy Notice. You hereby acknowledge that you have read and understood the terms regarding collection, processing and transfer of Data contained in Section 9(f) (Data Privacy Consent) of the Agreement and by participating in the Plan, you agree to such terms. In this regard, upon request of the Corporation or your Employer, you agree to provide an executed data privacy consent form to your Employer or the Corporation (or any other agreements or consents that may be required by your Employer or the Corporation) that the Corporation and/or your Employer may deem necessary to obtain under the data privacy laws in your country, either now or in the future. You understand you will not be able to participate in the Plan if you fail to execute any such consent or agreement.

NOTIFICATIONS

Anti-Corruption Legislation Information. Individuals holding public office in Russia, as well as their spouses and dependent children, may be prohibited from opening or maintaining a foreign brokerage or bank account and holding any securities, whether acquired directly or indirectly, in a foreign company (including shares of Common Stock acquired under the Plan). You should consult with your personal legal advisor to determine whether this restriction applies to your circumstances.

SINGAPORE

TERMS AND CONDITIONS

Restriction on Sale and Transferability. You hereby agree that any shares of Common Stock acquired pursuant to the RSUs will not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to one or more exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("SFA").

NOTIFICATIONS

Securities Law Information. The grant of the RSUs is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the SFA and is not made with a view to the RSUs being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

SOUTH AFRICA

NOTIFICATIONS

Securities Law Information. In compliance with South African Securities Law, you acknowledge that you have been notified that the Corporation's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov/, as well as on the Corporation's "Investor Relations" website at http://www.investor.jnj.com/.

SPAIN

TERMS AND CONDITIONS

Labor Law Acknowledgement. The following supplements Section 6 (No Special Employment Rights; No Rights to Awards) of the Agreement:

By accepting the RSUs granted hereunder, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan.

You understand that the Corporation has unilaterally, gratuitously and in its sole discretion decided to grant any RSUs under the Plan to individuals who may be employees of the Corporation Group throughout the world. The decision is a limited decision, which is entered into upon the express assumption and condition that the RSU granted will not economically or

otherwise bind the Corporation or any of its affiliates on an ongoing basis, other than as expressly set forth in the Agreement, including this Appendix A. Consequently, you understand that the RSUs granted hereunder are given on the assumption and condition that they shall not become a part of any employment contract (either with the Corporation or any of its affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, you understand and freely accept that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant of RSUs since the future value of the RSUs and the underlying shares of Common Stock is unknown and unpredictable. In addition, you understand that any RSUs granted hereunder would not be made but for the assumptions and conditions referred to above; thus, you understand, acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of RSUs or right to RSUs shall be null and void.

Further, the vesting of the RSUs is expressly conditioned on your active employment status with the Corporation Group, such that if your Service terminates, the RSUs may cease vesting immediately and be forfeited, in whole or in part, effective on the date of your termination of Employment (unless otherwise specifically provided in Section 2(c) (Certain Terminations) of the Agreement). This will be the case, for example, even if (1) you are considered to be unfairly dismissed without good cause (*i.e.*, subject to a "despido improcedente"); (2) you are dismissed for disciplinary or objective reasons or due to a collective dismissal; (3) you terminate Service due to a change of work location, duties or any other employment or contractual condition; or (4) you terminate Service due to a unilateral breach of contract by the Corporation or an affiliate of the Corporation. Consequently, upon termination of your Employment for any of the above reasons, you will automatically lose any rights to RSUs that were not vested on the date of your termination of Employment except as described in Section 2(c) of the Agreement.

You acknowledge that you have read and specifically accept the conditions referred to in Section 2 of the Agreement.

NOTIFICATIONS

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Appendix A) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

SWEDEN

TERMS AND CONDITIONS

Tax Withholding. This provision supplements Section 4(a) of the Agreement:

Without limiting the Corporation's or the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in the Agreement, by accepting the RSUs, you authorize the Corporation to withhold shares of Common Stock or to sell shares of Common Stock otherwise deliverable to you upon vesting/settlement to satisfy Tax-Related Items.

regardless of whether the Corporation and/or the Employer have an obligation to withhold such Tax-Related Items.

SWITZERLAND

NOTIFICATIONS

Securities Law Information. Neither this document nor any other materials relating to the RSUs (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("FinSA") (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Corporation or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Supervisory Authority, FINMA.

TAIWAN

NOTIFICATIONS

Securities Law Information. The offer of participation in the Plan is available only for Employees. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

TURKEY

NOTIFICATIONS

Securities Law Information. The Plan is made available only to employees of the Corporation and its affiliates, and the offer of participation in the Plan is a private offering as to employees in Turkey. The RSUs and the issuance of shares of Common Stock under the Plan takes place outside Turkey. You are not permitted to sell shares of Common Stock acquired under the Plan in Turkey. The shares of Common Stock are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol "JNJ" and the shares of Common Stock may be sold through this exchange.

UNITED ARAB EMIRATES

NOTIFICATIONS

Securities Law Information. RSUs under the Plan are granted only to select employees of the Corporation and its affiliates and are for the purpose of providing equity incentives. The Plan and the Agreement are intended for distribution only to such employees and must not be delivered to, or relied on by, any other person. You should conduct your own due diligence on the RSUs offered pursuant to this Agreement. If you do not understand the contents of the Plan and/or the

Agreement, you should consult an authorized financial adviser. The Emirates Securities and Commodities Authority and the Dubai Financial Services Authority have no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of the Economy and the Dubai Department of Economic Development have approved the Plan or the

Agreement nor taken steps to verify the information set out therein, and have no responsibility for such documents.

UNITED KINGDOM

TERMS AND CONDITIONS

Tax Withholding. This provision supplements Section 4(a) of the Agreement:

Without limitation to Section 4(a) of the Agreement, you agree that you are liable for all Tax- Related Items and hereby covenant to pay all Tax-Related Items, as and when requested by the Corporation or, if different, your Employer or by HM Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Corporation and, if different, your Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on your behalf (or any other tax authority or any other relevant authority). For the purposes of this Agreement, Tax-Related Items include (without limitation) employment income tax and the employee portion of the Health and Social Care levy.

Notwithstanding the foregoing, if you are a director or executive officer of the Corporation (within the meaning of Section 13(k) of the Exchange Act), you understand that you may not be able to indemnify the Corporation for the amount of any income tax not collected from or paid by you within ninety (90) days of the end of the U.K. tax year in which the event giving rise to the Tax- Related Items occurs as it may be considered to be a loan and therefore, it may constitute a benefit to you on which additional income tax and National Insurance contributions ("NICs") and Health and Social Care levy may be payable. You understand that you will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self- assessment regime and for paying to the Corporation and/or your Employer (as appropriate) the amount of any employee NICs and Health and Social Care levy due on this additional benefit, which may also be recovered from you by any of the means referred to in Section 4(a) of the Agreement.

URUGUAY

TERMS AND CONDITIONS

Data Privacy Acknowledgement. This provision supplements Section 9(f) of the Agreement:

You understand that your Data will be collected by your Employer and will be transferred to the Corporation at One Johnson & Johnson Plaza, New Brunswick, NJ 08933, U.S.A and/or any financial institutions or brokers involved in the management and administration of the Plan. You further understand that any of these entities may store your Data for purposes of administering your participation in the Plan.

VENEZUELA

TERMS AND CONDITIONS

Settlement of RSUs. Settlement of vested RSUs shall be made in shares of Common Stock, provided, however, that the Corporation has the discretion to settle the RSUs in cash if it determines that cash settlement is necessary or advisable in light of changes in regulatory requirements in Venezuela. In the event that the RSUs are settled in cash, the amount of the cash payment upon vesting and settlement of the RSUs shall be based on the fair market value (as determined by the Corporation) of the shares of Common Stock subject to the vested RSUs, less any applicable Tax-Related Items.

Investment Representation. As a condition of the grant of the RSUs, you acknowledge and agree that any shares of Common Stock you may acquire upon the settlement of the RSUs are acquired as and intended to be an investment rather than for the resale of the shares of Common Stock and conversion of such shares into foreign currency.

NOTIFICATIONS

Securities Law Information. The RSUs granted under the Plan and the shares of Common Stock issued under the Plan are offered as a personal, private, exclusive transaction and are not subject to Venezuelan government securities regulations.

Exhibit 19

JOHNSON & JOHNSON

STOCK TRADING POLICY FOR DIRECTORS, EXECUTIVE OFFICERS AND INSIDERS

Federal and state laws prohibit Insiders (as defined below) from buying or selling securities of Johnson & Johnson ("J&J") when they are aware of material non-public information about J&J and from passing along (or "tipping") such information to others who then trade. This illegal activity is commonly referred to as insider trading. Individuals who trade on material non-public information (or tip information to others who trade) can be liable for civil and criminal penalties, in addition to legal and disciplinary action from J&J, up to and including dismissal for cause.

This Stock Trading Policy (this "Policy") for Directors and Executive Officers (and family members living in the same household) and other Insiders provides guidelines with respect to transactions in the securities of J&J. J&J has adopted this Policy regarding securities transactions to help prevent insider trading and to protect our reputation for integrity and ethical conduct.

I. When does this Policy Apply?

General prohibition: The general prohibition on trading or "tipping" when aware of material non-public information is always applicable.

Blackout Period: Starting on the date two weeks prior to the end of each fiscal quarter, through and until 24 hours after financial results for that fiscal quarter (or the fiscal year) are announced, no Insiders may trade in J&J securities. This period when trading is not allowed is called a "Blackout Period."

Example: If the fiscal quarter ends on September 30 and financial results are released at 8:00 AM (EDT) on October 16, then trading is prohibited under this Policy from September 16 through and until 8:00 AM (EDT) on October 17.

II. Who is Covered by this Policy?

"**Section 16 Insiders**" who are:

a. Members of the Board of Directors;
b. Members of the Executive Committee;
c. Corporate Controller; or
d. Family members living in the same household as any Section 16 Insider (see "Additional Guidance" section below).

"**Restricted Insiders**" who are:

- Treasurer, Corporate Secretary and any other individual as may be designated from time to time by the General Counsel;
- Company Group Chairmen;
- Members of Group Operating Committees and Sector Leadership Teams;

- All individuals reporting directly to the Chief Financial Officer (excluding non-finance staff members);
- Certain employees in the Corporate Controller's group who are involved in the preparation of financial statements (to be determined by the Chief Financial Officer);
- Investor Relations professionals; or
- Family members living in the same household as any Restricted Insider (see "Additional Guidance" section below).

"**Insiders**" who are:
- Section 16 Insiders; or
- Restricted Insiders.

III. What Transactions are Prohibited by this Policy?

- Trading in J&J securities when in possession of material non-public information.
- Trading in J&J securities during a Blackout Period, as described further in Section IV below.
- Gifts of J&J securities when in possession of material non-public information or during a Blackout Period, except as otherwise permitted under Section VII below.

IV. What Transactions are Prohibited During a Blackout Period?

- Open market purchase or sale of J&J securities.
- Purchase or sale of J&J securities through a broker (unless in accordance with pre-arranged and pre-approved written plans or irrevocable instructions -- see "Additional Guidance" section below).
- Sale or exchange of J&J securities in connection with the exercise of stock options (including any sale of shares subject to a stock option as part of a cashless exercise of an option, or any sale or exchange of shares to generate the consideration needed to fund the exercise of an option or to pay taxes).
- Elections to make or change existing elections under the Dividend Reinvestment Plan. Switching existing balances into or out of the J&J Stock Fund in the Company 401(k) Savings Plan.
- Increasing or decreasing future contributions to the J&J Stock Fund in the Company 401(k) Savings Plan.
- Gifts of J&J securities except as otherwise permitted in Section VII below.

V. What Transactions are Allowed During a Blackout Period?

- Regular and matching contributions to the J&J Stock Fund in the Company 401(k) Savings Plan.
- Regular reinvestment of dividends under the Dividend Reinvestment Plan.
- Transfers of J&J securities to or from a trust.
- Regular purchase of J&J securities under the Employee Stock Purchase Plan.

VI. Pre-Clearance of Stock Transactions for Section 16 Insiders

At all times, even when a Blackout Period is not in effect, before purchasing or selling J&J securities, or engaging in any other transaction prohibited during a Blackout Period, Section 16 Insiders must pre-clear all transactions in J&J securities (including gifts) in writing by notifying the General Counsel or Corporate Secretary at least two (2) business days in advance of the proposed transaction. In addition, (i) the Chief Executive Officer will be notified of any transaction requests by other Section 16 Insiders and (ii) the Lead Director of the Board of Directors or any Non-Executive Chairman of the Board of Directors, as applicable, will be notified of any transaction requests by the Chief Executive Officer and any Executive Chairman of the Board of Directors. The transaction must be placed within four (4) business days of the receipt of written pre-clearance from the General Counsel or Corporate Secretary.

VII. Gifts of J&J Securities

Gifts of J&J securities may include gifts to trusts for estate planning purposes, as well as donations to a charitable organization. Whether a gift of securities is a transaction that should be avoided while the person making the gift is in possession of material non-public information may depend on the various circumstances surrounding the gift. Accordingly, you are encouraged to consult the Legal Department when contemplating a gift, and Section 16 Insiders are required to obtain pre-clearance of the gift.

VIII. Pre-Arranged Rule 10b5-1 Trading Plans

An Insider may trade in J&J securities (including the exercise of stock options and the sale or exchange of shares underlying such stock options) during a Blackout Period in accordance with certain pre-arranged written plans or irrevocable instructions ("Trading Plans") that meet the requirements set forth in this Section VIII; provided however, a Section 16 Insider who is subject to the Stock Ownership Guidelines may not use a Trading Plan until their required ownership level has been met.

- First, the proposed Trading Plan must be entered into in good faith at a time when the Insider is not in possession of any material non-public information and not during a Blackout Period.
- Second, the proposed Trading Plan must either specify the number of shares to be purchased or sold on specific dates, or else provide a written formula for that trading.
- Third, the proposed Trading Plan must be pre-approved in writing by the General Counsel or the Corporate Secretary at least five business days prior to entry into a Trading Plan or modification thereof.
- Fourth, the proposed Trading Plan must comply with SEC Rule 10b5-1 (17 CFR 240.10b5-1), or any successor rule.

Single Plan: An Insider may not enter into (i) multiple Trading Plans providing for transactions during overlapping periods or (ii) a Trading Plan providing for the open-market purchase or sale of the total amount of J&J securities under the plan as a single transaction more than once in a 12-month period. The foregoing restrictions do not

apply to eligible "sell-to-cover" transactions to sell only such shares as are necessary to satisfy tax withholding obligations arising exclusively from the vesting of certain types of compensatory awards under SEC Rule 10b5-1(c)(1)(ii)(D)(3).

Waiting Period: The first trade made under any Trading Plan may not take place until 30 days following entry into such Trading Plan. For Section 16 Insiders, the first trade may not take place until the later of (i) 90 days following entry into such Trading Plan, or (ii) 2 business days following J&J's filing of Form 10-Q or 10-K with the SEC for the completed fiscal quarter in which the plan was adopted (subject to a maximum of 120 days following entry into such Trading Plan).

Early Termination: A Trading Plan is deemed terminated upon the expiration of its term or the sale of all of the J&J securities subject to such Trading Plan. A Trading Plan may be terminated by an Insider before either the expiration of its term or the sale of all of the J&J securities subject to the Trading Plan (an "early termination") only after receipt of written approval by the General Counsel or the Corporate Secretary. Note any new Trading Plan would be subject to the waiting period described above. Early termination is strongly discouraged, but in certain limited circumstances, the General Counsel or the Corporate Secretary may consider whether early termination of a plan is warranted.

Amendments: Amendments or modifications to a Trading Plan may only be made after receipt of written approval by the General Counsel or Corporate Secretary. In addition, (i) an Insider may not amend a Trading Plan when in possession of material non-public information or during a Blackout Period and (ii) the amendment may not be effective until 30 days (or for Section 16 Insiders, the longer waiting period described above) thereafter. Amendments are strongly discouraged.

Section 16 Insider Representations: A new or modified Trading Plan by a Section 16 Insider must include a representation certifying that, on the date of adoption of the plan, the individual Section 16 Insider (i) is not aware of any material non-public information about the security or J&J; and (ii) is adopting such plan in good faith and not as part of a plan or scheme to evade the prohibitions of SEC Rule 10b-5.

Notwithstanding the foregoing, adoption of a Trading Plan does not preclude trades outside of such Trading Plan that are otherwise made in accordance with this Policy.

For further information about Trading Plans, please contact the Corporate Secretary's Office.

IX. Additional Guidance for People Covered by this Policy:

Actual Knowledge of Financial Results does not Matter: This Policy applies regardless of your actual knowledge of financial results. An Insider may not trade in J&J securities during a Blackout Period even if that person has no knowledge of the current financial results.

Trading while Knowing Material Non-public Information. SEC rules, as well as the J&J Code of Business Conduct and the J&J Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers, prohibit buying or selling J&J securities while in possession of material non-public information about the Company. In no event should anyone covered by this Policy trade in J&J securities at any time when he or she has knowledge of

material information involving the Company, which has not been disclosed publicly. In the event that an Insider is unsure as to whether any news, development or other information would be considered material, or has any other question as to whether he or she should refrain from trading in J&J securities, they should contact the Corporate Secretary's Office (as stated above, Section 16 Insiders are always required to pre-clear all trades).

Derivative Instruments: Persons covered by this Policy are prohibited at all times from buying or selling "put" or "call" options on J&J securities, short sales, hedging transactions and other types of derivative instruments linked to the performance of J&J securities.

Family Members who Live in Your Household: Family members of people covered by this Policy, who share the same household, are also covered by this Policy to the same extent as the person covered by this Policy. In addition, children who go away to college or otherwise leave home, but remain financially dependent on you, should be considered to be living in your household and subject to this Policy. If your spouse or children own any J&J securities, it is important to advise them of this Policy. If any other "family members" live in an Insider's household, they should also be aware of these restrictions and should not engage in any transactions involving J&J securities without first discussing with the Insider.

Other J&J Securities an Insider may Control. This Policy applies to all investment decisions made by people covered by this Policy. If an Insider has the power to direct the purchase or sale of J&J securities by virtue of his or her position as a shareholder, director or officer of a corporation or not-for-profit organization, or as a trustee of a trust or executor of an estate, then for the purposes of this Policy that Insider should not engage in a transaction in J&J securities on behalf of that corporation, organization, trust or estate that would not be permitted to be engaged in by them in their personal capacity under this Policy.

Exceptions to Policy. Exceptions to this Policy may be granted only under the most extenuating of circumstances. Any exception must be approved by the General Counsel and requires that the individual not be in possession of material non-public information. An urgent or unexpected need for money is not a defense to charges of trading on material non-public information.

Post-Termination Transaction. Subject to any additional terms, conditions, or restrictions that may be set forth in an agreement between an Insider and J&J, for a period of time after their status with J&J terminates, all aspects of this Policy (including mandatory preclearance of any transactions in J&J securities) shall continue to apply until the later of (i) the end of the first black out period following the public release of earnings for the fiscal quarter in which the Insider's status with J&J terminates or (ii) the beginning of the second market trading day after the earlier of (a) the public disclosure of any material non-public information known to the Insider or (b) such time as any material non-public information known to the Insider is no longer material.

X. Whom do I Contact with Questions about this Policy?

Please contact the Office of Corporate Secretary at 732-524-2455 or by email at AskCorpSec@its.jnj.com with any questions.

As amended by the Board of Directors of Johnson & Johnson
Effective: April 27, 2023

EXHIBIT 21

SUBSIDIARIES

Johnson & Johnson, a New Jersey corporation, had the U.S. and international subsidiaries shown below as of December 31, 2023. Johnson & Johnson is not a subsidiary of any other entity.

Name of Subsidiary	Jurisdiction
U.S. Subsidiaries:	
ABD Holding Company, Inc.	Delaware
ABIOMED COMMERCIAL, LLC	Delaware
ABIOMED R&D, Inc.	Delaware
ABIOMED, Inc.	Delaware
Acclarent, Inc.	Delaware
Actelion Pharmaceuticals US, Inc.	Delaware
Albany Street LLC	New Jersey
ALZA Corporation	Delaware
Alza Land Management, Inc.	Delaware
AMO Development, LLC	Delaware
AMO Manufacturing USA, LLC	Delaware
AMO Sales and Service, Inc.	Delaware
AMO Spain Holdings, LLC	Delaware
Anakuria Therapeutics, Inc.	Delaware
AorTx, Inc.	Delaware
Aragon Pharmaceuticals, Inc.	Delaware
Asia Pacific Holdings, LLC	New Jersey
Atrionix, Inc.	California
AUB Holdings LLC	Delaware
Auris Health, Inc.	Delaware
Bandol Merger Sub, Inc.	Delaware
BeneVir BioPharm, Inc.	Delaware
BioMedical Enterprises, Inc.	Texas
Biosense Webster, Inc.	California
Breethe, Inc.	Delaware
Cerenovus, Inc.	New Jersey
Charm Merger Sub, Inc.	Delaware
Coherex Medical, Inc.	Delaware
CoTherix Inc.	Delaware
CRES Holdings, Inc.	Delaware
CrossRoads Extremity Systems, LLC	Tennessee
CSATS, Inc.	Washington
DePuy Mitek, LLC	Massachusetts
DePuy Orthopaedics, Inc.	Indiana
DePuy Products, Inc.	Indiana
DePuy Spine, LLC	Ohio
DePuy Synthes Institute, LLC	Delaware
DePuy Synthes Products, Inc.	Delaware
DePuy Synthes Sales, Inc.	Massachusetts
DePuy Synthes, Inc.	Delaware
Dutch Holding LLC	Delaware
ECL7, LLC	Delaware
Ethicon Endo-Surgery, Inc.	Ohio
Ethicon Endo-Surgery, LLC	Delaware
Ethicon LLC	Delaware
Ethicon US, LLC	Texas
Ethicon, Inc.	New Jersey

Name of Subsidiary	Jurisdiction
Hansen Medical International, Inc.	Delaware
Hansen Medical, Inc.	Delaware
I.D. Acquisition Corp.	New Jersey
Janssen Biotech, Inc.	Pennsylvania
Janssen Global Services, LLC	New Jersey
Janssen Oncology, Inc.	Delaware
Janssen Ortho LLC	Delaware
Janssen Pharmaceuticals, Inc.	Pennsylvania
Janssen Products, LP	New Jersey
Janssen Research & Development, LLC	New Jersey
Janssen Scientific Affairs, LLC	New Jersey
Janssen Supply Group, LLC	Pennsylvania
Janssen-Cilag Manufacturing, LLC	Delaware
Jevco Holding, Inc.	New Jersey
JJHC, LLC	Delaware
JNJ International Investment LLC	Delaware
JNTL (Russia) HoldCo LLC	Delaware
Johnson & Johnson	New Jersey
Johnson & Johnson (Middle East) Inc.	New Jersey
Johnson & Johnson (Singapore) HoldCo LLC	Delaware
Johnson & Johnson Enterprise Innovation Inc.	Delaware
Johnson & Johnson Finance Corporation	New Jersey
Johnson & Johnson Gateway, LLC	New Jersey
Johnson & Johnson Health Care Systems Inc.	New Jersey
Johnson & Johnson Holdco (NA) Inc.	New Jersey
Johnson & Johnson Innovation - JJDC, Inc.	Delaware
Johnson & Johnson Innovation LLC	Delaware
Johnson & Johnson International	New Jersey
Johnson & Johnson Medical Devices & Diagnostics Group - Latin America, L.L.C.	Florida
Johnson & Johnson S.E., Inc.	New Jersey
Johnson & Johnson Services, Inc.	New Jersey
Johnson & Johnson Surgical Vision, Inc.	Delaware
Johnson & Johnson Urban Renewal Associates	New Jersey
Johnson & Johnson Vision Care, Inc.	Florida
JOM Pharmaceutical Services, Inc.	Delaware
Laminar, Inc.	Delaware
LLT Management LLC	Texas
Medical Device Business Services, Inc.	Indiana
Medical Devices & Diagnostics Global Services, LLC	Delaware
MegaDyne Medical Products, Inc.	Utah
Mentor Partnership Holding Company I, LLC	Delaware
Mentor Texas GP LLC	Delaware
Mentor Texas L.P.	Delaware
Mentor Worldwide LLC	Delaware
Middlesex Assurance Company Limited	Vermont
Momenta Pharmaceuticals, Inc.	Delaware
Netherlands Holding Company	Delaware
NeuWave Medical, Inc.	Delaware
NuVera Medical, Inc.	Delaware
OMJ Pharmaceuticals, Inc.	Delaware
Omrix Biopharmaceuticals, Inc.	Delaware
Ortho Biologics LLC	Delaware
Ortho Biotech Holding LLC	Delaware
Patriot Pharmaceuticals, LLC	Pennsylvania

Name of Subsidiary	Jurisdiction
Percivia LLC	Delaware
Princeton Laboratories, Inc.	Delaware
Prosidyan, Inc.	Delaware
Pulsar Vascular, Inc.	Delaware
Regency Urban Renewal Associates	New Jersey
Royalty A&M LLC	North Carolina
Rutan Realty LLC	New Jersey
Scios LLC	Delaware
Serotiny, Inc.	Delaware
SterilMed, Inc.	Minnesota
Synthes USA Products, LLC	Delaware
Synthes USA, LLC	Delaware
Synthes, Inc.	Delaware
TalCo LLC	Texas
TARIS Biomedical LLC	Delaware
TearScience, Inc.	Delaware
The Anspach Effort, LLC	Florida
Tibotec, LLC	Delaware
Torax Medical, Inc.	Delaware
Verb Surgical Inc.	Delaware
WH4110 Development Company, L.L.C.	Georgia
Percivia LLC	Delaware
Princeton Laboratories, Inc.	Delaware
Prosidyan, Inc.	Delaware
Pulsar Vascular, Inc.	Delaware
Regency Urban Renewal Associates	New Jersey
Royalty A&M LLC	North Carolina
Rutan Realty LLC	New Jersey
Scios LLC	Delaware
Serotiny, Inc.	Delaware
SterilMed, Inc.	Minnesota
Synthes USA Products, LLC	Delaware
Synthes USA, LLC	Delaware
Synthes, Inc.	Delaware
TalCo LLC	Texas
TARIS Biomedical LLC	Delaware
TearScience, Inc.	Delaware
The Anspach Effort, LLC	Florida
Tibotec, LLC	Delaware
Torax Medical, Inc.	Delaware
Verb Surgical Inc.	Delaware
WH4110 Development Company, L.L.C.	Georgia

Name of Subsidiary	Jurisdiction
International Subsidiaries:	
ABIOMED AUSTRALIA PTY LTD	Australia
Abiomed Europe GmbH	Germany
Abiomed Europe GmbH, Aachen, Zweigniederlassung Zug	Switzerland
Abiomed Japan K.K.	Japan
ABIOMED SARL	France
ABIOMED SINGAPORE PTE. LTD.	Singapore
ABIOMED, LTD.	United Kingdom
Actelion Pharmaceuticals Ltd	Switzerland
Actelion Pharmaceuticals Trading (Shanghai) Co., Ltd.	China
Actelion Treasury Unlimited Company	Ireland
AIS GmbH Aachen Innovative Solutions	Germany
AMO (Hangzhou) Co., Ltd.	China
AMO (Shanghai) Medical Devices Trading Co., Ltd.	China
AMO ASIA LIMITED	Hong Kong
AMO Australia Pty Limited	Australia
AMO Canada Company	Canada
AMO Denmark ApS	Denmark
AMO France	France
AMO Germany GmbH	Germany
AMO Groningen B.V.	Netherlands
AMO International Holdings Unlimited Company	Ireland
AMO Ireland	Cayman Islands
AMO Italy SRL	Italy
AMO Japan K.K.	Japan
AMO Netherlands BV	Netherlands
AMO Norway AS	Norway
AMO Puerto Rico Manufacturing, Inc.	Cayman Islands
AMO Singapore Pte. Ltd.	Singapore
AMO Switzerland GmbH	Switzerland
AMO United Kingdom, Ltd.	United Kingdom
AMO Uppsala AB	Sweden
Apsis	France
Berna Rhein B.V.	Netherlands
Biosense Webster (Israel) Ltd.	Israel
C Consumer Products Denmark ApS	Denmark
ChromaGenics B.V.	Netherlands
Cilag AG	Switzerland
Cilag GmbH International	Switzerland
Cilag Holding AG	Switzerland
Cilag Holding Treasury Unlimited Company	Ireland
Cilag-Biotech, S.L.	Spain
Cordis de Mexico, S.A. de C.V.	Mexico
Corimmun GmbH	Germany
DePuy Hellas SA	Greece
DePuy International Limited	United Kingdom
DePuy Ireland Unlimited Company	Ireland
DePuy Mexico, S.A. de C.V.	Mexico
ECP Entwicklungsgesellschaft mbH	Germany
EES Holdings de Mexico, S. de R.L. de C.V.	Mexico
EES, S.A. de C.V.	Mexico
EIT Emerging Implant Technologies GmbH	Germany
Ethicon Endo-Surgery (Europe) GmbH	Germany
Ethicon Sarl	Switzerland

Name of Subsidiary	Jurisdiction
Ethicon Women's Health & Urology Sarl	Switzerland
Ethnor (Proprietary) Limited	South Africa
Ethnor del Istmo S.A.	Panama
Ethnor Farmaceutica, S.A.	Venezuela, Bolivarian Republic of
Finsbury (Development) Limited	United Kingdom
Finsbury (Instruments) Limited	United Kingdom
Finsbury Medical Limited	United Kingdom
Finsbury Orthopaedics International Limited	United Kingdom
Finsbury Orthopaedics Limited	United Kingdom
FMS Future Medical System SA	Switzerland
GATT Technologies B.V.	Netherlands
GBSC Division of Janssen Biologics B.V.	Netherlands
GH Biotech Holdings Limited	Ireland
GMED Healthcare BV	Belgium
Guangzhou Bioseal Biotech Co., Ltd.	China
Hansen Medical Deutschland GmbH	Germany
Hansen Medical UK Limited	United Kingdom
Healthcare Services (Shanghai) Ltd.	China
Innomedic Gesellschaft für innovative Medizintechnik und Informatik mbH	Germany
J & J Company West Africa Limited	Nigeria
J&J Argentina S.A.	Argentina
J&J Pension Trustees Limited	United Kingdom
J&J Productos Medicos & Farmaceuticos del Peru S.A.	Peru
J.C. General Services BV	Belgium
Janssen (Scientific Office)	Egypt
Janssen Biologics B.V.	Netherlands
Janssen Cilag Farmaceutica S.A.	Argentina
Janssen Cilag S.p.A.	Italy
Janssen Cilag SPA	Algeria
Janssen Cilag, C.A.	Venezuela, Bolivarian Republic of
Janssen Egypt LLC	Egypt
Janssen Farmaceutica Portugal Lda	Portugal
Janssen France Treasury Unlimited Company	Ireland
Janssen Inc.	Canada
Janssen Irish Finance Unlimited Company	Ireland
Janssen Japan Treasury Unlimited Company	Ireland
Janssen Korea Ltd.	Korea, Republic of
Janssen Mexico Treasury Unlimited Company	Ireland
Janssen Pharmaceutica (Proprietary) Limited	South Africa
Janssen Pharmaceutica NV	Belgium
Janssen Pharmaceutical K.K.	Japan
Janssen Pharmaceutical Sciences Unlimited Company	Ireland
Janssen Pharmaceutical Unlimited Company	Ireland
Janssen R&D Ireland Unlimited Company	Ireland
Janssen Sciences Ireland Unlimited Company	Ireland
Janssen Scientific Office (Syria)	Syrian Arab Republic
Janssen Vaccines & Prevention B.V.	Netherlands
Janssen Vaccines Corp.	Korea, Republic of
Janssen-Cilag	France
Janssen-Cilag (New Zealand) Limited	New Zealand
Janssen-Cilag A/S	Denmark
Janssen-Cilag AG	Switzerland
Janssen-Cilag Aktiebolag	Sweden
Janssen-Cilag AS	Norway

Name of Subsidiary	Jurisdiction
Janssen-Cilag B.V.	Netherlands
Janssen-Cilag d.o.o. Beograd	Serbia
Janssen-Cilag de Mexico S. de R.L. de C.V.	Mexico
Janssen-Cilag Farmaceutica Lda.	Portugal
Janssen-Cilag Farmaceutica Ltda.	Brazil
Janssen-Cilag GmbH	Germany
Janssen-Cilag International NV	Belgium
Janssen-Cilag Kft.	Hungary
Janssen-Cilag Limited	Thailand
Janssen-Cilag Limited	United Kingdom
Janssen-Cilag NV	Belgium
Janssen-Cilag OY	Finland
Janssen-Cilag Pharma GmbH	Austria
Janssen-Cilag Pharmaceutical S.A.C.I.	Greece
Janssen-Cilag Polska, Sp. z o.o.	Poland
Janssen-Cilag Pty Ltd	Australia
Janssen-Cilag S.A.	Colombia
Janssen-Cilag s.r.o.	Czech Republic
Janssen-Cilag, S.A.	Spain
Janssen-Cilag, S.A. de C.V.	Mexico
Janssen-Pharma, S.L.	Spain
J-C Health Care Ltd.	Israel
JJ Surgical Vision Spain, S.L.	Spain
JJ Surgical Vision Spain, S.L. - Sucursal EM Portugal	Portugal
JJC Acquisition Company B.V.	Netherlands
JJSV Belgium BV	Belgium
JJSV Manufacturing Malaysia SDN. BHD.	Malaysia
JJSV Norden AB	Sweden
JJSV Norden AB, filial i Finland	Finland
JJSV Produtos Oticos Ltda.	Brazil
JNJ Global Business Services s.r.o.	Czech Republic
JNJ Holding EMEA B.V.	Netherlands
Johnson & Johnson (Angola), Limitada	Angola
Johnson & Johnson (Australia) Pty Ltd	Australia
Johnson & Johnson (Canada) Inc.	Canada
Johnson & Johnson (China) Investment Ltd.	China
Johnson & Johnson (Ecuador) S.A.	Ecuador
Johnson & Johnson (Hong Kong) Limited	Hong Kong
Johnson & Johnson (Ireland) Limited	Ireland
Johnson & Johnson (Kenya) Limited	Kenya
Johnson & Johnson (Mozambique), Limitada	Mozambique
Johnson & Johnson (Namibia) (Proprietary) Limited	Namibia
Johnson & Johnson (New Zealand) Limited	New Zealand
Johnson & Johnson (Philippines), Inc.	Philippines
Johnson & Johnson (Private) Limited	Zimbabwe
Johnson & Johnson (Trinidad) Limited	Trinidad and Tobago
Johnson & Johnson (Vietnam) Co., Ltd	Vietnam
Johnson & Johnson AB	Sweden
Johnson & Johnson AG	Switzerland
Johnson & Johnson Bulgaria EOOD	Bulgaria
Johnson & Johnson d.o.o.	Slovenia
Johnson & Johnson de Chile S.A.	Chile
Johnson & Johnson de Mexico, S.A. de C.V.	Mexico
Johnson & Johnson de Uruguay S.A.	Uruguay

Name of Subsidiary	Jurisdiction
Johnson & Johnson do Brasil Industria E Comercio de Produtos Para Saude Ltda.	Brazil
Johnson & Johnson Dominicana, S.A.S.	Dominican Republic
Johnson & Johnson European Treasury Unlimited Company	Ireland
Johnson & Johnson Finance Limited	United Kingdom
Johnson & Johnson Financial Services GmbH	Germany
Johnson & Johnson for Export and Import LLC	Egypt
Johnson & Johnson GT, Sociedad Anónima	Guatemala
Johnson & Johnson Healthcare SPC	Kuwait
Johnson & Johnson Hemisferica S.A.	Puerto Rico
Johnson & Johnson Holding GmbH	Germany
Johnson & Johnson Holdings (Austria) GmbH	Austria
Johnson & Johnson Innovation Limited	United Kingdom
Johnson & Johnson International (Singapore) Pte. Ltd.	Singapore
Johnson & Johnson International Financial Services Unlimited Company	Ireland
Johnson & Johnson Irish Finance Company Limited	Ireland
Johnson & Johnson K.K.	Japan
Johnson & Johnson Kazakhstan Limited Liability Partnership	Kazakhstan
Johnson & Johnson Kft.	Hungary
Johnson & Johnson LLC	Russian Federation
Johnson & Johnson Management Limited	United Kingdom
Johnson & Johnson Medical (China) Ltd.	China
Johnson & Johnson Medical (Proprietary) Ltd	South Africa
Johnson & Johnson Medical (Shanghai) Ltd.	China
Johnson & Johnson Medical (Suzhou) Ltd.	China
Johnson & Johnson Medical B.V.	Netherlands
Johnson & Johnson Medical GmbH	Germany
Johnson & Johnson Medical Greece Single Member S.A.	Greece
Johnson & Johnson Medical Korea Ltd.	Korea, Republic of
Johnson & Johnson Medical Limited	United Kingdom
Johnson & Johnson Medical Mexico, S.A. de C.V.	Mexico
Johnson & Johnson Medical NV	Belgium
Johnson & Johnson Medical Products GmbH	Austria
Johnson & Johnson Medical Pty Ltd	Australia
Johnson & Johnson Medical S.A.	Argentina
Johnson & Johnson Medical S.p.A.	Italy
Johnson & Johnson Medical SAS	France
Johnson & Johnson Medical Saudi Arabia Limited	Saudi Arabia
Johnson & Johnson Medical Taiwan Ltd.	Taiwan (Province of China)
Johnson & Johnson Medical, S.C.S.	Venezuela, Bolivarian Republic of
Johnson & Johnson Medikal Sanayi ve Ticaret Limited Sirketi	Turkey
Johnson & Johnson MedTech (Thailand) Ltd.	Thailand
Johnson & Johnson Medtech Colombia S.A.S.	Colombia
Johnson & Johnson Medtech CR Limitada	Costa Rica
Johnson & Johnson MENA RHQ Limited	Saudi Arabia
Johnson & Johnson Middle East - Scientific Office	United Arab Emirates
Johnson & Johnson Middle East FZ-LLC	United Arab Emirates
Johnson & Johnson Morocco Societe Anonyme	Morocco
Johnson & Johnson Nordic AB	Sweden
Johnson & Johnson Pakistan (Private) Limited	Pakistan
Johnson & Johnson Pharmaceutical Ltd.	China
Johnson & Johnson Poland Sp. z o.o.	Poland
Johnson & Johnson Private Limited	India
Johnson & Johnson Romania S.R.L.	Romania
Johnson & Johnson S.E. d.o.o.	Croatia

Name of Subsidiary	Jurisdiction
Johnson & Johnson SDN. BHD.	Malaysia
Johnson & Johnson Sociedade Previdenciaria (Non Profit)	Brazil
Johnson & Johnson Surgical Vision India Private Limited	India
Johnson & Johnson Taiwan Ltd.	Taiwan (Province of China)
Johnson & Johnson Trading Limited	Saudi Arabia
Johnson & Johnson UK Treasury Company Limited	United Kingdom
Johnson & Johnson Ukraine II LLC	Ukraine
Johnson & Johnson Vision Care (Australia) Pty Ltd	Australia
Johnson & Johnson Vision Care (Shanghai) Ltd.	China
Johnson & Johnson Vision Care Ireland Unlimited Company	Ireland
Johnson & Johnson Vision Korea, Ltd.	Korea, Republic of
Johnson & Johnson, Lda	Portugal
Johnson & Johnson, S.A.	Spain
Johnson & Johnson, s.r.o.	Czech Republic
Johnson & Johnson, s.r.o.	Slovakia
Johnson and Johnson Sihhi Malzeme Sanayi Ve Ticaret Limited Sirketi	Turkey
La Concha Land Investment Corporation	Philippines
McNeil Panama, LLC	Panama
Medos International Sarl	Switzerland
Medos Sarl	Switzerland
Medos Sàrl, succursale de Neuchâtel (Branch)	Switzerland
Menlo Care De Mexico, S.A. de C.V.	Mexico
Mentor B.V.	Netherlands
Mentor Deutschland GmbH	Germany
Mentor Medical Systems B.V.	Netherlands
Neuravi Limited	Ireland
Obtech Medical Mexico, S.A. de C.V.	Mexico
OBTECH Medical Sarl	Switzerland
OMJ Holding GmbH	Switzerland
Omrix Biopharmaceuticals Ltd.	Israel
Omrix Biopharmaceuticals NV	Belgium
Orthospin Ltd.	Israel
Orthotaxy	France
preCARDIA	France
Proleader S.A.	Uruguay
PT Johnson and Johnson Indonesia Two	Indonesia
RespiVert Ltd.	United Kingdom
Serhum S.A. de C.V.	Mexico
Spectrum Vision Limited Liability Partnership	Kazakhstan
Surgical Process Institute Deutschland GmbH	Germany
Synthes Costa Rica S.C.R., Limitada	Costa Rica
SYNTHES GmbH	Germany
Synthes GmbH	Switzerland
Synthes Holding AG	Switzerland
Synthes Holding Limited	United Arab Emirates
SYNTHES Medical Immobilien GmbH	Germany
Synthes Medical Surgical Equipment & Instruments Trading LLC	United Arab Emirates
Synthes Produktions GmbH	Switzerland
Synthes S.M.P., S. de R.L. de C.V.	Mexico
Synthes Tuttlingen GmbH	Germany
UAB "Johnson & Johnson"	Lithuania
Vision Care Finance Unlimited Company	Ireland
Xian Janssen Pharmaceutical Ltd.	China

Name of Subsidiary	**Jurisdiction**
XO1 Limited	United Kingdom

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 (Nos. 333-264596, 333-211250, 333-181092, and 333-129542) and Form S-3 (No. 333-269836) of Johnson & Johnson of our report dated February 16, 2024 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/PricewaterhouseCoopers LLP
Florham Park, NJ
February 16, 2024

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Joaquin Duato, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-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 (the Company's fourth fiscal quarter in the case of an annual report) 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(s) 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/ Joaquin Duato

Joaquin Duato

Chief Executive Officer

Date: February 16, 2024

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Joseph J. Wolk certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-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 (the Company's fourth fiscal quarter in the case of an annual report) 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(s) 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/ Joseph J. Wolk

Joseph J. Wolk

Chief Financial Officer

Date: February 16, 2024

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The undersigned, Joaquin Duato, 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (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/ Joaquin Duato

Joaquin Duato

Chief Executive Officer

Dated: February 16, 2024

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, as amended, or otherwise subject to the liability of that section.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT

The undersigned, Joseph J. Wolk, 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 Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (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/ Joseph J. Wolk

Joseph J. Wolk

Chief Financial Officer

Dated: February 16, 2024

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, as amended, or otherwise subject to the liability of that section.

JOHNSON & JOHNSON

CLAWBACK POLICY

The Board of Directors (the "Board") of Johnson & Johnson (the "Company") has determined that it is appropriate for the Company to adopt this Clawback Policy (the "Policy") to be applied to the Executive Officers of the Company as of the Effective Date.

1. Definitions

For purposes of this Policy, the following definitions shall apply:

a. "Committee" means the Compensation and Benefits Committee of the Board.

b. "Company Group" means the Company and each of its Subsidiaries, as applicable.

c. "Covered Compensation" means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was received (i) on or after the effective date of NYSE listing standard Section 303A.14, (ii) after the person became an Executive Officer and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association.

d. "Effective Date" means August 8, 2023.

e. "Erroneously Awarded Compensation" means the amount of Covered Compensation granted, vested or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested or paid to the person had such amount been determined based on the applicable Restatement, computed without regard to any taxes paid (i.e., on a pre-tax basis). For Covered Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Committee will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Covered Compensation was granted, vested or paid and the Committee shall maintain documentation of such determination and provide such documentation to the NYSE.

f. "Exchange Act" means the Securities Exchange Act of 1934.

g. "Executive Officer" means each "officer" of the Company as defined under Rule 16a-1(f) under Section 16 of the Exchange Act, which shall be deemed to include any individuals identified by the Company as executive officers pursuant to Item 401(b) of Regulation S-

K under the Exchange Act. Both current and former Executive Officers are subject to the Policy in accordance with its terms.

h. "Financial Reporting Measure" means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures and may consist of GAAP or non-GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act), (ii) stock price or (iii) total shareholder return. Financial Reporting Measures may or may not be filed with the SEC and may be presented outside the Company's financial statements, such as in Managements' Discussion and Analysis of Financial Conditions and Result of Operations or in the performance graph required under Item 201(e) of Regulation S-K under the Exchange Act.

i. "Home Country" means the Company's jurisdiction of incorporation.

j. "Incentive-Based Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

k. "Lookback Period" means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company's fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on if or when the Restatement is actually filed.

l. "NYSE" means the New York Stock Exchange.

m. Received. Incentive-Based Compensation is deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

n. "Restatement" means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement), within the meaning of Exchange Act Rule 10D-1 and NYSE listing standard Section 303A.14. Changes to the Company's financial statements that do not represent error corrections under the then-current relevant accounting standards will not

constitute Restatements. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on fraud or misconduct by any person in connection with the Restatement.

o. "SEC" means the United States Securities and Exchange Commission.

p. "Subsidiary" means any domestic or foreign corporation, partnership, association, joint stock company, joint venture, trust or unincorporated organization "affiliated" with the Company, that is, directly or indirectly, through one or more intermediaries, "controlling", "controlled by" or "under common control with", the Company. "Control" for this purpose means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, contract or otherwise.

2. Recoupment of Erroneously Awarded Compensation

In the event of a Restatement, any Erroneously Awarded Compensation received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt repayment to the Company Group in accordance with Section 3 of this Policy. The Committee must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 3 of this Policy, except as provided below.

Notwithstanding the foregoing, the Committee (or, if the Committee is not composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Committee determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered (following reasonable attempts by the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to the NYSE), (ii) pursuing such recovery would violate the Company's Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to the NYSE that recovery would result in such a violation and provides such opinion to the NYSE), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

3. Means of Repayment

In the event that the Committee determines that any person shall repay any Erroneously Awarded Compensation, the Committee shall provide written notice to such person by email or certified mail to the physical address on file with the Company Group for such person, and the person shall satisfy such repayment in a manner and on such terms as required by the Committee, and the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the Company Group, to require the forfeiture of any award granted by the Company Group to the person, or to take any and all necessary actions to reasonably promptly

recoup the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section 409A of the Internal Revenue Code and the regulations and guidance thereunder. If the Committee does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the Erroneously Awarded Compensation to the Company Group by wire, cash or cashier's check no later than thirty (30) days after receipt of such notice.

4. No Indemnification

No person shall be indemnified, insured or reimbursed by the Company Group in respect of any loss of compensation by such person in accordance with this Policy, nor shall any person receive any advancement of expenses for disputes related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by the Company Group for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For this purpose, "indemnification" includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash award which would be cancelled to effect the recovery of any Erroneously Awarded Compensation). In no event shall the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment.

5. Miscellaneous

This Policy generally will be administered and interpreted by the Committee. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties. The determinations of the Committee under this Policy need not be uniform with respect to all persons, and may be made selectively amongst persons, whether or not such persons are similarly situated.

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or the NYSE, including any additional or new requirements that become effective after the Effective Date which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. Recoupment of Erroneously Awarded Compensation under this Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to the NYSE.

The rights of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recoupment, or remedies or rights other than recoupment, that may be available to the Company Group pursuant to the terms of any law,

government regulation or stock exchange listing requirement or any other policy, code of conduct, employee handbook, employment agreement, equity award agreement, or other plan or agreement of the Company Group.

6. Amendment and Termination

To the extent permitted by, and in a manner consistent with applicable law, including SEC and NYSE rules, the Committee may terminate, suspend or amend this Policy at any time in its discretion.

7. Successors

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators or other legal representatives with respect to any Covered Compensation granted, vested or paid to or administered by such persons or entities.