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 January 3, 2016

Commission file number 1-3215

JOHNSON & JOHNSON
(Exact name of registrant as specified in its charter)

New Jersey
(State of incorporation)

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

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

22-1024240
(I.R.S. Employer Identification No.)

08933
(Zip Code)

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

Title of each class

Name of each exchange on which registered

Common Stock, Par Value $1.00
New York Stock Exchange

4.75% Notes Due November 2019
New York Stock Exchange

5.50% Notes Due November 2024
New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

The aggregate market value of the Common Stock held by non-affiliates computed by reference to the price at which the Common Stock was last sold as of the last business day of the registrant’s most recently completed second fiscal quarter was approximately $276 billion.

On February 19, 2016, there were 2,759,359,192 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts I and III: Portions of registrant’s proxy statement for its 2016 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").
PART I

1 Business
   General 1
   Segments of Business 1
   Geographic Areas 2
   Raw Materials 2
   Patents 2
   Trademarks 3
   Seasonality 3
   Competition 3
   Research and Development 3
   Environment 3
   Regulation 3
   Available Information 4

1A. Risk Factors 4

1B. Unresolved Staff Comments 4

PART II

5 Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities 7

6 Selected Financial Data 8

7 Management’s Discussion and Analysis of Financial Condition and Results of Operations 9

7A. Quantitative and Qualitative Disclosures About Market Risk 28

8 Financial Statements and Supplementary Data 28

9 Changes in and Disagreements With Accountants on Accounting and Financial Disclosure 83

9A. Controls and Procedures 83

9B. Other Information 83

PART III

10 Directors, Executive Officers and Corporate Governance 83

11 Executive Compensation 84

12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters 84

13 Certain Relationships and Related Transactions, and Director Independence 84

14 Principal Accountant Fees and Services 84

PART IV

15 Exhibits and Financial Statement Schedules 85

Signatures 86

Exhibit Index 88
Item 1. BUSINESS

General

Johnson & Johnson and its subsidiaries (the "Company") have approximately 127,100 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the health care field. Johnson & Johnson is a holding company, which has more than 250 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 three business segments: Consumer, Pharmaceutical and Medical Devices. 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

The Company is organized into three business segments: Consumer, Pharmaceutical and Medical Devices. Additional information required by this item is incorporated herein by reference to the narrative and tabular descriptions of segments and operating results under: Item 7 “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Report; and Note 18 “Segments of Business and Geographic Areas” of the Notes to Consolidated Financial Statements included in Item 8 of this Report.

Consumer

The Consumer segment includes a broad range of products used in the baby care, oral care, skin care, over-the-counter pharmaceutical, women’s health and wound care markets. Baby Care includes the JOHNSON’S ® line of products. Oral Care includes the LISTERINE ® product line. Major brands in Skin Care include the AVEENO ®; CLEAN & CLEAR ®; DABAO ™; JOHNSON’S ® Adult; LE PETITE MARSEILLAIS ®; LUBRIDERM ®; NEUTROGENA ®; and RoC ® product lines. Over-the-counter medicines include the broad family of TYLENOL ® acetaminophen products; SUDAFED ® cold, flu and allergy products; BENADRYL ® and ZYRTEC ® allergy products; MOTRIN ® Ibuprofen products; and the PEPCID ® line of heartburn products. Major brands in Women’s Health outside of North America are STAYFREE ® and CAREFREE ® sanitary pads and o.b. ® tampon brands. Wound Care brands include the BAND-AID ® Brand Adhesive Bandages and NEOSPORIN ® First Aid product lines. These products are marketed to the general public and sold both to retail outlets and distributors throughout the world.

Pharmaceutical

The Pharmaceutical segment is focused on five therapeutic areas: immunology (e.g., rheumatoid arthritis, inflammatory bowel disease and psoriasis), infectious diseases and vaccines (e.g., HIV, hepatitis, respiratory infections and tuberculosis), neuroscience (e.g., Alzheimer's disease, mood disorders and schizophrenia), oncology (e.g., prostate cancer, hematologic malignancies and lung cancer), and cardiovascular and metabolic diseases (e.g., thrombosis and diabetes). Products in this segment are distributed directly to retailers, wholesalers, hospitals and health care professionals for prescription use. Key products in the Pharmaceutical segment include: REMICADE ® (infliximab), a treatment for a number of immune-mediated inflammatory diseases; SIMPONI ® (golimumab), a subcutaneous treatment for adults with moderate to severe rheumatoid arthritis, active psoriatic arthritis, active ankylosing spondylitis and moderately active to severely active ulcerative colitis; SIMPONI ARIA ® (golimumab), an intravenous treatment for adults with moderate to severe rheumatoid arthritis; STELARA ® (ustekinumab), a treatment for adults with moderate to severe plaque psoriasis and active psoriatic arthritis, and for adolescents with moderate to severe psoriasis; OLYSIO ®/SOVRIAD ® (simeprevir), for combination treatment of chronic hepatitis C in adult patients; PREZISTA ® (darunavir), EDURANT ® (rilpivirine), and PREZCOBIX ®/REZOLSTA ® (darunavir/cobicistat), antiretroviral medicines for the treatment of human immunodeficiency virus (HIV-1) in combination with other antiretroviral products; SIRTURO ® (bedaquiline), a diary-lquinoline antimycobacterial drug indicated as part of combination therapy in adults (>18 years) with pulmonary multi-drug resistant tuberculosis (MDR-TB); CONCERTA ® (methylphenidate HCI) extended-release tablets, CII, a treatment for attention deficit hyperactivity disorder; INVEGA ® (paliperidone) extended-release tablets, for the treatment of schizophrenia and schizoaffective disorder; INVEGA SUSTENNA ®/XEPLION ® (paliperidone palmitate), for the treatment of schizophrenia and schizoaffective disorder in adults; INVEGA TRINZA ® (paliperidone palmitate), for the treatment of schizophrenia in patients after they have been adequately treated with INVEGA SUSTENNA ® for at least four months; RISPERDAL CONSTA ® (risperidone long-acting injection), for the treatment of
schizophrenia and the maintenance treatment of Bipolar 1 Disorder in adults; VELCADE® (bortezomib), a treatment for multiple myeloma and for use in combination with rituximab, cyclophosphamide, doxorubicin and prednisone for the treatment of adult patients with previously untreated mantle cell lymphoma; ZYTIGA® (abiraterone acetate), used in combination with prednisone as a treatment for metastatic castration-resistant prostate cancer; IMBRUVICA® (ibrutinib), an oral, once-daily therapy approved for use in treating certain B-cell malignancies, or blood cancers, and Waldenström’s Macroglobulinemia; DARZALEX™ (daratumumab), for the treatment of double refractory multiple myeloma; YONDELIS® ( trabectedin), for the treatment of patients with unresectable or metastatic liposarcoma or leiomyosarcoma who received a prior anthracycline-containing regimen; PROCRIT® (epoetin alfa, sold outside the U.S. as EPREX® ), to stimulate red blood cell production; XARELTO® ( rivaroxaban), an oral anticoagulant for the prevention of deep vein thrombosis (DVT), which may lead to pulmonary embolism (PE) in patients undergoing hip or knee replacement surgery, to reduce the risk of stroke and systemic embolism in patients with nonvalvular atrial fibrillation, for the treatment and reduction of risk of recurrence of DVT and PE; INVOKANA® (canagliflozin), for the treatment of adults with type 2 diabetes; and INVOKAMET®/VOKANAMET® ( canagliflozin/metformin HCl), a combination therapy of fixed doses of canagliflozin and metformin hydrochloride for the treatment of adults with type 2 diabetes. Many of these medicines were developed in collaboration with strategic partners or are licensed from other companies and maintain active lifecycle development programs.

Medical Devices

The Medical Devices segment includes a broad range of products used in the orthopaedic, surgery, cardiovascular, diabetes care and vision care 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. They include orthopaedic products; general surgery, biosurgical, endomechanical and energy products; electrophysiology products to treat cardiovascular disease; sterilization and disinfection products to reduce surgical infection; diabetes care products, such as blood glucose monitoring and insulin delivery products; and disposable contact lenses.

Geographic Areas

The business of Johnson & Johnson is conducted by more than 250 operating companies located in 60 countries, including the U.S., in virtually all countries throughout the world. The products made and sold in the international business include many of those described above under “– Segments of Business – Consumer,” “– Pharmaceutical” and “– Medical Devices.” However, the principal markets, products and methods of distribution in the international business vary with the country and the culture. The products sold in international business include those developed in the United States 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 number of patents relating to their products and manufacturing processes, which in the aggregate are believed to be of material importance to the Company in the operation of its businesses. Sales of the Company's largest product, REMICADE® (infliximab), accounted for approximately 9.4% of the Company's total revenues for fiscal 2015. Accordingly, the patents related to this product are believed to be material to the Company.

There are two sets of patents related specifically to REMICADE® (infliximab). The first set of patents is co-owned by Janssen Biotech, Inc., a wholly-owned subsidiary of Johnson & Johnson, and NYU Langone Medical Center (NYU). Janssen Biotech, Inc. has an exclusive license to NYU’s interests in the patents. These patents have expired in all countries outside the United States. In the United States, the latest of these patents expires in September 2018 and this patent stands rejected and is subject to reexamination proceedings instituted by a third party in the United States Patent and Trademark Office. Those proceedings are on going.

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

The Company does not expect that any additional extensions will be available for the above described patents specifically related to REMICADE®. If any of the REMICADE® related patents discussed above is found to be invalid, any such patent could not be relied upon to prevent the introduction of biosimilar versions of REMICADE®. For a more extensive description of legal matters regarding the patents related to REMICADE®, see Note 21 “Legal Proceedings – Intellectual Property – Pharmaceutical – REMICADE® Related Cases” of the Notes to Consolidated Financial Statements included in Item 8 of this Report.

In addition to competing in the immunology market with REMICADE®, the Company is currently marketing STELARA® (ustekinumab), SIMPONI® (golimumab) and SIMPONI ARIA® (golimumab), next generation immunology products with remaining patent lives of up to eight years.

**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 United States 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 been heavier in the fourth quarter of each year than in other quarters. This reflects increased spending decisions, principally for advertising and 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. In addition, the development and maintenance of customer demand for the Company’s consumer products involve significant expenditures for advertising and promotion.

**Research and Development**

Research activities represent a significant part of the Company’s businesses. Research and development expenditures relate to the processes of discovering, testing and developing new products, improving existing products, as well as demonstrating 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. Worldwide costs of research and development activities amounted to $9.0 billion, $8.5 billion and $8.2 billion for fiscal years 2015, 2014 and 2013, respectively. Research facilities are located in the United States, Belgium, Brazil, Canada, China, France, Germany, India, Israel, Japan, the Netherlands, Singapore, Switzerland and the United Kingdom.

**Environment**

The Company is subject to a variety of U.S. and international environmental protection measures. The Company believes that its operations comply in all material respects with applicable environmental laws and regulations. The Company’s compliance with these requirements did not change during the past year, and 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. In the U.S., the drug, device and cosmetic 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 “FDA”) continues to result in increases in the amounts of testing and documentation required for
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 costs of human health care 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 on drug prices and profits and programs that encourage doctors to write prescriptions for particular drugs, or to recommend, use or purchase particular medical devices. Payers have become a more potent force in the market place and increased attention is being paid to drug and medical device pricing, appropriate drug and medical device utilization and the quality and costs of health care generally.

U.S. government agencies continue to implement the extensive requirements of the Patient Protection and Affordable Care Act (the "ACA"). These have both positive and negative impacts on the U.S. healthcare industry with much remaining uncertain as to how various provisions of the ACA will ultimately affect the industry.

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.

In addition, business practices in the health care industry have come under increased scrutiny, particularly in the United States, by government agencies and state attorneys general, and resulting investigations and prosecutions carry the risk of significant civil and criminal penalties.

Further, the Company relies on global supply chains, and production and distribution processes, that are complex, are 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 lengthy regulatory approvals.

Available Information

The Company’s main corporate website address is www.jnj.com. Copies of the Company’s Quarterly Reports on Form 10-Q, Annual Report on Form 10-K and Current Reports on Form 8-K filed or furnished to the U.S. Securities and Exchange Commission (the "SEC"), and any amendments to the foregoing, will be provided without charge to any shareholder submitting a written request to the Secretary at the principal executive offices of the Company or by calling 1-800-950-5089. All of the Company’s SEC filings are also available on the Company’s website at www.investor.jnj.com/gov/sec-filings.cfm, as soon as reasonably practicable after having been electronically filed or furnished to the SEC. All SEC filings are also available at the SEC’s website at www.sec.gov. In addition, the written charters of the Audit Committee, the Compensation & Benefits Committee, the Nominating & Corporate Governance Committee, the Regulatory, Compliance & Government Affairs Committee and the Science, Technology & Sustainability 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/gov/materials.cfm on the Company's website and will be provided without charge to any shareholder submitting a written request, as provided above. The information on the Company’s website 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

The Company faces a number of uncertainties and risks that are difficult to predict and many of which are outside of the Company's control. 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 in Exhibit 99 to this Report. Investors should realize that if known or unknown risks or uncertainties materialize, the Company’s business, results of operations or financial condition could be adversely affected.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.
The Company's subsidiaries operate 121 manufacturing facilities occupying approximately 21.3 million square feet of floor space. The manufacturing facilities are used by the industry segments of the Company's business approximately as follows:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Square Feet (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>6,942</td>
</tr>
<tr>
<td>Pharmaceutical</td>
<td>7,435</td>
</tr>
<tr>
<td>Medical Devices</td>
<td>6,919</td>
</tr>
<tr>
<td><strong>Worldwide Total</strong></td>
<td><strong>21,296</strong></td>
</tr>
</tbody>
</table>

Within the United States, eight facilities are used by the Consumer segment, eight by the Pharmaceutical segment and 20 by the Medical Devices segment. Outside of the United States, 30 facilities are used by the Consumer segment, 18 by the Pharmaceutical segment and 37 by the Medical Devices segment.

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

<table>
<thead>
<tr>
<th>Geographic Area</th>
<th>Number of Facilities</th>
<th>Square Feet (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>36</td>
<td>5,808</td>
</tr>
<tr>
<td>Europe</td>
<td>38</td>
<td>7,917</td>
</tr>
<tr>
<td>Western Hemisphere, excluding U.S.</td>
<td>14</td>
<td>2,815</td>
</tr>
<tr>
<td>Africa, Asia and Pacific</td>
<td>33</td>
<td>4,756</td>
</tr>
<tr>
<td><strong>Worldwide Total</strong></td>
<td><strong>121</strong></td>
<td><strong>21,296</strong></td>
</tr>
</tbody>
</table>

In addition to the manufacturing facilities discussed above, the Company maintains numerous office and warehouse facilities throughout the world. Research facilities are also discussed in Item 1 of this Report under “Business – Research and Development.”

The Company's subsidiaries generally seek to own 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 and repair, and the facilities are well utilized.

McNEIL-PPC, Inc. (now Johnson & Johnson Consumer Inc.) (McNEIL-PPC) continues to operate under a consent decree, signed in 2011 with the FDA, which governs certain McNeil Consumer Healthcare manufacturing operations, and requires McNEIL-PPC to remediate the facilities it operates in Lancaster, Pennsylvania, Fort Washington, Pennsylvania, and Las Piedras, Puerto Rico (the "Consent Decree"). The Fort Washington facility was voluntarily shut down in April 2010, and subsequently many products were transferred to other manufacturing sites and successfully reintroduced to the market. After McNEIL-PPC successfully completed all requirements contained in the Consent Decree Workplans for the Lancaster and Las Piedras manufacturing sites and completed the steps required for third-party certification of the Fort Washington plant, a third-party cGMP expert submitted written certifications to the FDA for all three manufacturing sites. Following FDA inspections in 2015, McNEIL-PPC received notifications from the FDA that all three manufacturing facilities are in conformity with applicable laws and regulations. Commercial production in Fort Washington started as of September 2015.

Under the Consent Decree, after receiving notice from the FDA of being in compliance with applicable laws and regulations, each of the three facilities is subject to a five-year audit period by a third-party cGMP expert. Thus, a third-party expert will continue to reassess the sites at various times for at least five years. A discussion of legal proceedings related to this matter can be found in Note 21 “Legal Proceedings – Government Proceedings – McNeil Consumer Healthcare” of the Notes to Consolidated Financial Statements included in Item 8 of this Report.

For information regarding lease obligations, see Note 16 “Rental Expense and Lease Commitments” of the Notes to Consolidated Financial Statements included in Item 8 of this Report. Segment information on additions to property, plant and equipment is contained in Note 18 “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 21 “Legal Proceedings” of the Notes to Consolidated Financial Statements included in Item 8 of this Report.

In addition, Johnson & Johnson and its subsidiaries are from time to time party to government investigations, inspections or other proceedings relating to environmental matters, including their compliance with applicable environmental laws.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Listed below are the executive officers of the Company as of February 23, 2016. There are no family relationships between any of the executive officers, and there is no arrangement or understanding between any executive officer and any other person pursuant to which the executive officer was selected. At the annual meeting of the Board of Directors, the executive officers are elected by the Board to hold office for one year and until their respective successors are elected and qualified, or until earlier resignation or removal.

Information with regard to the Directors of the Company, including information for Alex Gorsky, is incorporated herein by reference to the material captioned “Item 1: Election of Directors” in the Proxy Statement.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominic J. Caruso</td>
<td>58</td>
<td>Member, Executive Committee; Vice President, Finance; Chief Financial Officer(a)</td>
</tr>
<tr>
<td>Peter M. Fasolo</td>
<td>53</td>
<td>Member, Executive Committee; Vice President, Global Human Resources(b)</td>
</tr>
<tr>
<td>Alex Gorsky</td>
<td>55</td>
<td>Chairman, Board of Directors; Chairman, Executive Committee; Chief Executive Officer</td>
</tr>
<tr>
<td>Sandra E. Peterson</td>
<td>57</td>
<td>Member, Executive Committee; Group Worldwide Chairman(c)</td>
</tr>
<tr>
<td>Paulus Stoffels</td>
<td>54</td>
<td>Member, Executive Committee; Chief Scientific Officer; Worldwide Chairman, Pharmaceuticals(d)</td>
</tr>
<tr>
<td>Michael H. Ullmann</td>
<td>57</td>
<td>Member, Executive Committee; Vice President, General Counsel(e)</td>
</tr>
</tbody>
</table>

(a) Mr. D. J. Caruso joined the Company in 1999 when the Company acquired Centocor, Inc. At the time of that acquisition, he had been Senior Vice President, Finance of Centocor. Mr. Caruso was named Vice President, Finance of Ortho-McNeil Pharmaceutical, Inc., a subsidiary of the Company, in 2001 and Vice President, Group Finance of the Company’s Medical Devices and Diagnostics Group in 2003. In 2005, Mr. Caruso was named Vice President of the Company’s Group Finance organization. Mr. Caruso became a Member of the Executive Committee and Vice President, Finance and Chief Financial Officer in 2007.

(b) Dr. P. M. Fasolo joined the Company in 2004 as Vice President, Worldwide Human Resources for Cordis Corporation, a subsidiary of the Company. He was then named Vice President, Global Talent Management for the Company. He left Johnson & Johnson in 2007 to join Kohlberg Kravis Roberts & Co. as Chief Talent Officer. Dr. Fasolo returned to the Company in 2010 as the Vice President, Global Human Resources, and in 2011, he became a Member of the Executive Committee.

(c) Ms. S. E. Peterson joined the Company in 2012 as Group Worldwide Chairman and a Member of the Executive Committee, with responsibility for the Consumer Group of Companies, consumer medical device businesses in the Vision Care and Diabetes Care franchises, and functions such as Johnson & Johnson Supply Chain, Information Technology, Wellness and Prevention and Global Strategic Design. Prior to joining Johnson & Johnson, Ms. Peterson had an extensive global career in healthcare, consumer goods and consulting. Most recently, she was Chairman and Chief Executive Officer of Bayer CropScience AG in Germany, previously serving as President and Chief Executive Officer of Bayer Medical Care and President of Bayer Healthcare AG's Diabetes Care Division. Before joining Bayer in 2005, Ms. Peterson held a number of leadership roles at Medco Health Solutions (previously known as Merck-Medco). Among her responsibilities was the application of information technology to healthcare systems.
(d) Dr. P. Stoffels joined the Company in 2002 with the acquisition of Virco and Tibotec, where he was Chief Executive Officer of Virco and Chairman of Tibotec. In 2005, he was appointed Company Group Chairman, Global Virology where he led the development of PREZISTA ® and INTELENCE ®, leading products for the treatment of HIV. In 2006, he assumed the role of Company Group Chairman, Pharmaceuticals, with responsibility for worldwide research and development for the Central Nervous System and Internal Medicine Franchises. Dr. Stoffels was appointed Global Head, Research & Development, Pharmaceuticals, in 2009, and in 2011 became Worldwide Chairman, Pharmaceuticals, with responsibility for the Company's therapeutic pipeline through global research and development and strategic business development. In 2012, Dr. Stoffels was also appointed Chief Scientific Officer, with responsibility for enterprise-wide innovation and product safety, and a Member of the Executive Committee.

(e) Mr. M. H. Ullmann joined the Company in 1989 as a corporate attorney in the Law Department. He was appointed Corporate Secretary in 1999 and served in that role until 2006. During that time, he also held various management positions in the Law Department. In 2006, he was named General Counsel, Medical Devices and Diagnostics. Mr. Ullmann was appointed Vice President, General Counsel and a Member of the Executive Committee in 2012.

PART II

Item 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

As of February 19, 2016, there were 158,749 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: Item 7 “Management’s Discussion and Analysis of Results of Operations and Financial Condition – Liquidity and Capital Resources – Dividends” and “— Other Information Common Stock Market Prices”; Note 17 “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 October 13, 2015, the Company announced that its Board of Directors approved a share repurchase program, authorizing the Company to purchase up to $10.0 billion of the Company's Common Stock. Share repurchases take place on the open market from time to time based on market conditions. The repurchase program has no time limit and may be suspended for periods or discontinued at any time.

The following table provides information with respect to common stock purchases by the Company during the fiscal fourth quarter of 2015. 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.

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Number of Shares Purchased (1)</th>
<th>Avg. Price Paid Per Share</th>
<th>Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)</th>
<th>Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 28, 2015 through October 25, 2015</td>
<td>1,134,367</td>
<td>$96.45</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>October 26, 2015 through November 22, 2015</td>
<td>6,298,421</td>
<td>100.21</td>
<td>5,408,965</td>
<td>-</td>
</tr>
<tr>
<td>November 23, 2015 through January 3, 2016</td>
<td>11,330,068</td>
<td>102.30</td>
<td>4,462,352</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>18,762,856</td>
<td>9,871,317</td>
<td>87,618,945</td>
<td>87,618,945</td>
</tr>
</tbody>
</table>

(1) During the fiscal fourth quarter of 2015, the Company repurchased an aggregate of 18,762,856 shares of Johnson & Johnson Common Stock in open-market transactions, of which 9,871,317 shares were purchased pursuant to the repurchase program that was publicly announced on October 13, 2015, and of which 8,891,539 shares were purchased in open-market transactions as part of a systematic plan to meet the needs of the Company’s compensation programs.

(2) As of January 3, 2016, an aggregate of 9,871,317 shares were purchased for a total of $1.0 billion since the inception of the repurchase program announced on October 13, 2015.

(3) As of January 3, 2016, the maximum number of shares that may yet be purchased under the plan is 87,618,945 based on the closing price of Johnson & Johnson Common Stock on the New York Stock Exchange on December 31, 2015 of $102.72 per share.
### Item 6. SELECTED FINANCIAL DATA

#### Summary of Operations and Statistical Data 2005-2015

<table>
<thead>
<tr>
<th>(Dollars in Millions Except Per Share Amounts)</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to customers — U.S.</td>
<td>$35,687</td>
<td>34,782</td>
<td>31,910</td>
<td>29,830</td>
<td>28,908</td>
<td>29,450</td>
<td>30,889</td>
<td>32,309</td>
<td>32,444</td>
<td>29,775</td>
<td>28,377</td>
</tr>
<tr>
<td>Sales to customers — International</td>
<td>34,387</td>
<td>39,549</td>
<td>39,402</td>
<td>37,394</td>
<td>36,122</td>
<td>32,137</td>
<td>31,008</td>
<td>31,438</td>
<td>28,651</td>
<td>23,549</td>
<td>22,137</td>
</tr>
<tr>
<td><strong>Total sales</strong></td>
<td>70,074</td>
<td>74,331</td>
<td>71,312</td>
<td>76,224</td>
<td>65,030</td>
<td>61,587</td>
<td>61,897</td>
<td>63,747</td>
<td>61,095</td>
<td>53,324</td>
<td>50,514</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>21,536</td>
<td>22,746</td>
<td>22,342</td>
<td>21,658</td>
<td>20,360</td>
<td>18,792</td>
<td>18,447</td>
<td>18,511</td>
<td>17,751</td>
<td>15,057</td>
<td>14,010</td>
</tr>
<tr>
<td>Selling, marketing and administrative expenses</td>
<td>21,203</td>
<td>21,954</td>
<td>21,830</td>
<td>20,869</td>
<td>20,969</td>
<td>19,424</td>
<td>19,801</td>
<td>21,490</td>
<td>20,451</td>
<td>17,433</td>
<td>17,211</td>
</tr>
<tr>
<td>Research and development expense</td>
<td>9,046</td>
<td>8,494</td>
<td>8,183</td>
<td>7,665</td>
<td>7,548</td>
<td>6,844</td>
<td>6,986</td>
<td>7,577</td>
<td>7,680</td>
<td>7,125</td>
<td>6,462</td>
</tr>
<tr>
<td>In-process research and development</td>
<td>224</td>
<td>178</td>
<td>580</td>
<td>1,163</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>181</td>
<td>807</td>
<td>559</td>
</tr>
<tr>
<td>Interest income</td>
<td>(128)</td>
<td>(67)</td>
<td>(74)</td>
<td>(64)</td>
<td>(91)</td>
<td>(107)</td>
<td>(90)</td>
<td>(361)</td>
<td>(452)</td>
<td>(829)</td>
<td>(487)</td>
</tr>
<tr>
<td>Interest expense, net of portion capitalized</td>
<td>552</td>
<td>533</td>
<td>482</td>
<td>532</td>
<td>571</td>
<td>455</td>
<td>451</td>
<td>435</td>
<td>296</td>
<td>63</td>
<td>54</td>
</tr>
<tr>
<td>Other (income) expense, net</td>
<td>(2,064)</td>
<td>(70)</td>
<td>2,498</td>
<td>1,626</td>
<td>2,743</td>
<td>(768)</td>
<td>(526)</td>
<td>(1,015)</td>
<td>534</td>
<td>(671)</td>
<td>(214)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>509</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>569</td>
<td>—</td>
<td>1,073</td>
<td>—</td>
<td>745</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Earnings before provision for taxes on income</strong></td>
<td>$19,196</td>
<td>20,563</td>
<td>15,471</td>
<td>13,775</td>
<td>12,361</td>
<td>16,947</td>
<td>15,755</td>
<td>16,929</td>
<td>13,283</td>
<td>14,587</td>
<td>13,116</td>
</tr>
<tr>
<td>Provision for taxes on income</td>
<td>3,787</td>
<td>4,240</td>
<td>1,640</td>
<td>3,261</td>
<td>2,689</td>
<td>3,613</td>
<td>3,489</td>
<td>3,980</td>
<td>2,707</td>
<td>3,534</td>
<td>3,056</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>15,409</td>
<td>16,323</td>
<td>13,831</td>
<td>10,514</td>
<td>9,672</td>
<td>13,334</td>
<td>12,266</td>
<td>12,949</td>
<td>10,576</td>
<td>11,053</td>
<td>10,060</td>
</tr>
<tr>
<td>Add: Net loss attributable to noncontrolling interest</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>339</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net earnings attributable to Johnson &amp; Johnson</strong></td>
<td>15,409</td>
<td>16,323</td>
<td>13,831</td>
<td>10,853</td>
<td>9,672</td>
<td>13,334</td>
<td>12,266</td>
<td>12,949</td>
<td>10,576</td>
<td>11,053</td>
<td>10,060</td>
</tr>
<tr>
<td>Percent of sales to customers</td>
<td>22.0%</td>
<td>22.0%</td>
<td>19.4%</td>
<td>16.1%</td>
<td>14.9%</td>
<td>21.7%</td>
<td>19.8%</td>
<td>20.3%</td>
<td>17.3%</td>
<td>20.7%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Diluted net earnings per share of common stock</td>
<td>$5.48</td>
<td>5.70</td>
<td>4.81</td>
<td>3.86</td>
<td>3.49</td>
<td>4.78</td>
<td>4.40</td>
<td>4.57</td>
<td>3.63</td>
<td>3.73</td>
<td>3.35</td>
</tr>
<tr>
<td>Percent return on average shareholders’ equity</td>
<td>21.9%</td>
<td>22.7%</td>
<td>19.9%</td>
<td>17.8%</td>
<td>17.0%</td>
<td>24.9%</td>
<td>26.4%</td>
<td>30.2%</td>
<td>25.6%</td>
<td>28.3%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Percent increase (decrease) over previous year:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to customers</td>
<td>(5.7)%</td>
<td>4.2%</td>
<td>6.1%</td>
<td>3.4%</td>
<td>5.6%</td>
<td>(0.5)%</td>
<td>(2.9)%</td>
<td>4.3%</td>
<td>14.6%</td>
<td>5.6%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Diluted net earnings per share</td>
<td>(3.9)%</td>
<td>18.5%</td>
<td>24.6%</td>
<td>10.6%</td>
<td>(27.0)%</td>
<td>8.6%</td>
<td>(3.7)%</td>
<td>25.9%</td>
<td>(2.7)%</td>
<td>11.3%</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

#### Supplementary balance sheet data:

- **Property, plant and equipment, net**: 15,905
- **Additions to property, plant and equipment**: 3,463
- **Total assets**: 133,411
- **Long-term debt**: 12,857
- **Operating cash flow**: 19,279

#### Common stock information:

- **Dividends paid per share**: $2.95
- **Shareholders’ equity per share**: 25.82
- **Market price per share (year-end close)**: $102.72
- **Average shares outstanding (millions)**:
  - Basic: 2,771.8
  - Diluted: 2,812.9

#### Employees (thousands):

- 127.1

(1) Attributable to Johnson & Johnson. (2) Amounts have been reclassified to conform to current year presentation.
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 127,100 employees worldwide engaged in the research and development, manufacture and sale of a broad range of products in the health care field. The Company conducts business in virtually all countries of the world with the primary focus on products related to human health and well-being.

The Company is organized into three business segments: Consumer, Pharmaceutical and Medical Devices. The Consumer segment includes a broad range of products used in the baby care, oral care, skin care, over-the-counter pharmaceutical, women’s health and wound care markets. These products are marketed to the general public and sold both to retail outlets and distributors throughout the world. The Pharmaceutical segment is focused on five therapeutic areas, including immunology, infectious diseases, neuroscience, oncology, and cardiovascular and metabolic diseases. Products in this segment are distributed directly to retailers, wholesalers, hospitals, and health care professionals for prescription use. The Medical Devices segment includes a broad range of products used in the orthopaedic, surgery, cardiovascular, diabetes care and vision care fields which 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 Consumer, Pharmaceutical and Medical Devices business segments.

In all of its product lines, the Company competes with 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. In addition, the development and maintenance of customer demand for the Company’s consumer products involves significant expenditures for advertising and promotion.

Management’s Objectives

The Company manages within a strategic framework with Our Credo as the foundation. The Company believes that our strategic operating principles: being broadly based in human health care, managing the business for the long term, having a decentralized management approach, and being committed to our people and values, are crucial to successfully meeting the demands of the rapidly evolving markets in which we compete. To this end, management is focused on our long-term strategic growth drivers: creating value through innovation, expanding our global reach with a local focus, excellence in execution and leading with purpose.

The Company is broadly based in human health care, and is committed to creating value by developing accessible, high quality, innovative products and services. New products introduced within the past five years accounted for approximately 25% of 2015 sales. In 2015, $9.0 billion, or 12.9% of sales, was invested in research and development, reflecting management’s commitment to delivering new and differentiated products and services to meet evolving health care needs and sustain the Company’s long-term growth.

Our diverse businesses with more than 250 operating companies located in 60 countries are the key drivers of the Company’s success. Maintaining the Company’s decentralized management approach, while at the same time leveraging the extensive resources of the enterprise, positions the Company well to innovate, execute strategic plans and reach markets globally, as well as address the needs and challenges of the local markets.

In order to remain a leader in health care, the Company strives to maintain a purpose-driven organization and is committed to developing global business leaders who can achieve these growth objectives. Businesses are managed for the long-term in order to sustain market leadership positions and enable growth, which provides an enduring source of value to our shareholders.

Our Credo unifies all Johnson & Johnson employees in achieving these objectives, and provides a common set of values that serve as the foundation of the Company’s responsibilities to patients, consumers and health care professionals, employees, communities and shareholders. The Company believes that these foundational values, its strategic framework and long-term growth drivers, along with its overall mission of improving the quality of life for people around the world, will enable Johnson & Johnson to continue to be a leader in the health care industry.
Results of Operations
Analysis of Consolidated Sales

In 2015, worldwide sales decreased 5.7% to $70.1 billion, compared to increases of 4.2% in 2014 and 6.1% in 2013. These sales changes consisted of the following:

<table>
<thead>
<tr>
<th>Sales increase/(decrease) due to:</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>1.2%</td>
<td>6.3%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Price</td>
<td>0.6%</td>
<td>(0.2%)</td>
<td>0.1%</td>
</tr>
<tr>
<td>Currency</td>
<td>(7.5%)</td>
<td>(1.9%)</td>
<td>(1.6%)</td>
</tr>
<tr>
<td>Total</td>
<td>(5.7%)</td>
<td>4.2%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

In 2015, the introduction of competitive products to the Company's Hepatitis C products, OLYSIO®/SOVRIAD® (simeprevir) and INCIVO® (telaprevir), had a negative impact of 2.7% on the worldwide operational sales growth. In 2015, the impact of acquisitions and divestitures on the worldwide operational sales growth was negative 2.0%.

In 2014, sales of the Company's Hepatitis C products, OLYSIO®/SOVRIAD® (simeprevir) and INCIVO® (telaprevir), had a positive impact of 2.8%, and the divestiture of the Ortho-Clinical Diagnostics business had a negative impact of 1.4% on the worldwide operational growth. In 2013, the acquisition of Synthes, Inc., net of the related divestiture, increased worldwide operational growth by 2.5%.

Sales by U.S. companies were $35.7 billion in 2015, $34.8 billion in 2014 and $31.9 billion in 2013. This represents increases of 2.6% in 2015, 9.0% in 2014 and 7.0% in 2013. Sales by international companies were $34.4 billion in 2015, $39.5 billion in 2014 and $39.4 billion in 2013. This represents a decrease of 13.1% in 2015, and increases of 0.4% in 2014 and 5.4% in 2013.

The five-year compound annual growth rates for worldwide, U.S. and international sales were 2.6%, 3.9% and 1.4%, respectively. The ten-year compound annual growth rates for worldwide, U.S. and international sales were 3.3%, 2.3% and 4.5%, respectively.

Sales by companies in Europe experienced a decline of 15.6% as compared to the prior year, including operational growth of 1.1%, offset by a negative currency impact of 16.7%. Sales by companies in the Western Hemisphere (excluding the U.S.) experienced a decline of 15.6% as compared to the prior year, including operational growth of 2.6% offset by a negative currency impact of 18.2%. Sales by companies in the Asia-Pacific, Africa region experienced a decline of 8.1% as compared to the prior year, including operational growth of 0.3% and a negative currency impact of 8.4%.

2015 results benefited from the inclusion of a 53rd week. (See Note 1 to the Consolidated Financial Statements for Annual Closing Date details). The Company estimated that the fiscal year 2015 growth rate was enhanced by approximately 1.0%. While the additional week added a few days to sales, it also added a full week's worth of operating costs; therefore, the net earnings impact was negligible.

In 2015 and 2014, the Company had one wholesaler distributing products for all three segments that represented approximately 12.5% and 11.0%, respectively, of the total consolidated revenues. In 2013, the Company did not have a customer that represented 10% or more of total consolidated revenues.

U.S. Health Care Reform

On July 28, 2014, the Internal Revenue Service issued final regulations for the Branded Prescription Drug Fee, an annual non-tax deductible fee imposed on entities engaged in the business of manufacturing or importing branded prescription drugs (covered entities), enacted by Section 9008 of the Patient Protection and Affordable Care Act. The final regulations accelerated the expense recognition criteria for the fee obligation by one year, from the year in which the fee is paid to the year in which the sales used to calculate the fee occur. This change impacted covered entities and resulted in the need for all entities to record an additional expense in 2014 for the fee that would have otherwise been expensed when paid in 2015. The Company accrued an additional $220 million in the fiscal third quarter of 2014 due to this change. The fee associated with this accelerated expense was paid, as scheduled, in 2015 and had no cash impact in 2014.
Analysis of Sales by Business Segments

Consumer Segment
Consumer segment sales in 2015 were $13.5 billion, a decrease of 6.8% from 2014, which included 2.7% operational growth offset by a negative currency impact of 9.5%. U.S. Consumer segment sales were $5.2 billion, an increase of 2.5%. International sales were $8.3 billion, a decrease of 11.9%, which included 2.7% operational growth offset by a negative currency impact of 14.6%. In 2015, divestitures had a negative impact of 1.4% on the worldwide Consumer segment operational growth.

Major Consumer Franchise Sales:

<table>
<thead>
<tr>
<th>(Dollars in Millions)</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>'15 vs. '14</th>
<th>'14 vs. '13</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTC</td>
<td>$3,975</td>
<td>4,106</td>
<td>4,028</td>
<td>(3.2)%</td>
<td>1.9</td>
</tr>
<tr>
<td>Skin Care</td>
<td>3,531</td>
<td>3,758</td>
<td>3,704</td>
<td>(6.0)%</td>
<td>1.5</td>
</tr>
<tr>
<td>Baby Care</td>
<td>2,044</td>
<td>2,239</td>
<td>2,295</td>
<td>(8.7)%</td>
<td>(2.4)%</td>
</tr>
<tr>
<td>Oral Care</td>
<td>1,580</td>
<td>1,647</td>
<td>1,622</td>
<td>(4.1)%</td>
<td>1.5</td>
</tr>
<tr>
<td>Women’s Health</td>
<td>1,200</td>
<td>1,302</td>
<td>1,568</td>
<td>(7.8)%</td>
<td>(17.0)%</td>
</tr>
<tr>
<td>Wound Care/Other</td>
<td>1,177</td>
<td>1,444</td>
<td>1,480</td>
<td>(18.5)%</td>
<td>(2.4)%</td>
</tr>
<tr>
<td><strong>Total Consumer Sales</strong></td>
<td>$13,507</td>
<td>14,496</td>
<td>14,697</td>
<td>(6.8)%</td>
<td>(1.4)%</td>
</tr>
</tbody>
</table>

The Over-the-Counter (OTC) franchise sales of $4.0 billion decreased 3.2% as compared to the prior year, which included 8.1% operational growth and a negative currency impact of 11.3%. Operational growth was primarily driven by analgesics, upper respiratory, including ZYRTEC®, and digestive health products.

McNEIL-PPC, Inc. (now Johnson & Johnson Consumer Inc.) (McNEIL-PPC) continues to operate under a consent decree, signed in 2011 with the U.S. Food and Drug Administration (FDA), which governs certain McNEIL Consumer Healthcare manufacturing operations and requires McNEIL-PPC to remediate the facilities it operates in Lancaster, Pennsylvania; Fort Washington, Pennsylvania; and Las Piedras, Puerto Rico (the Consent Decree). In February 2015, a third-party expert submitted written certification to the FDA for all three manufacturing sites. Following FDA inspections in 2015, McNEIL-PPC received notifications from the FDA that all three manufacturing facilities are in conformity with applicable laws and regulations. Under the Consent Decree, after receiving notice from the FDA of being in compliance with applicable laws and regulations, each of the three facilities is subject to a five-year audit period by a third-party cGMP expert. Thus, a third-party expert will continue to reassess the sites at various times for at least five years.

The Skin Care franchise sales of $3.5 billion decreased 6.0% as compared to the prior year, which included 1.3% operational growth and a negative currency impact of 7.3%. Operational growth was primarily due to sales growth of NEUTROGENA® and AVEENO® products partially offset by lower sales in China.

The Baby Care franchise sales were $2.0 billion in 2015, a decrease of 8.7% compared to the prior year, which included 1.2% operational growth and a negative currency impact of 9.9%. Operational growth was primarily due to new product launches partially offset by lower sales in China.

The Oral Care franchise sales were $1.6 billion in 2015, a decrease of 4.1% as compared to the prior year, which included 5.2% operational growth and a negative currency impact of 9.3%. Operational growth was driven by increased sales of LISTERINE® products, attributable to geographical expansion of new products and successful marketing campaigns.

The Women’s Health franchise sales were $1.2 billion in 2015, a decrease of 7.8% as compared to the prior year, which included 7.6% operational growth and a negative currency impact of 15.4%. Operational growth outside the U.S. was driven by new product launches and successful marketing campaigns.

The Wound Care/Other franchise sales were $1.2 billion in 2015, a decrease of 18.5% from 2014, primarily due to the SPLENDA® and BENECOL® divestitures.

Consumer segment sales in 2014 were $14.5 billion, a decrease of 1.4% from 2013, which included 1.0% operational growth offset by a negative currency impact of 2.4%. U.S. Consumer segment sales were $5.1 billion, a decrease of 1.3%. International sales were $9.4 billion, a decrease of 1.4%, which included 2.3% operational growth offset by a negative currency impact of 3.7%.
Pharmaceutical Segment

Pharmaceutical segment sales in 2015 were $31.4 billion, a decrease of 2.7% from 2014, which included operational growth of 4.2% offset by a negative currency impact of 6.9%. U.S. sales were $18.3 billion, an increase of 5.2%. International sales were $13.1 billion, a decrease of 12.0%, which included 3.0% operational growth offset by a negative currency impact of 15.0%. The Pharmaceutical segment operational growth was negatively impacted by 6.5% due to the introduction of competitive products to the Company's Hepatitis C products, OLYSIO®/SOVRIAD® (simeprevir) and INCIVO® (telaprevir), and positively impacted by 1.4% due to an adjustment to previous reserve estimates, including Managed Medicaid rebates primarily in the Cardiovascular/Metabolism/Other therapeutic area. In 2015, divestitures had a negative impact of 0.3% on the worldwide Pharmaceutical segment operational growth.

Major Pharmaceutical Therapeutic Area Sales: *

<table>
<thead>
<tr>
<th>(Dollars in Millions)</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>'15 vs. '14</th>
<th>'14 vs. '13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Immunology</strong></td>
<td>$10,402</td>
<td>10,193</td>
<td>9,190</td>
<td>2.1 %</td>
<td>10.9</td>
</tr>
<tr>
<td>REMICADE *</td>
<td>6,561</td>
<td>6,868</td>
<td>6,673</td>
<td>(4.5)</td>
<td>2.9</td>
</tr>
<tr>
<td>SIMPONI */SIMPONI ARIA *</td>
<td>1,328</td>
<td>1,187</td>
<td>932</td>
<td>11.9</td>
<td>27.4</td>
</tr>
<tr>
<td>STELARA *</td>
<td>2,474</td>
<td>2,072</td>
<td>1,504</td>
<td>19.4</td>
<td>37.8</td>
</tr>
<tr>
<td>Other Immunology</td>
<td>39</td>
<td>66</td>
<td>81</td>
<td>(40.9)</td>
<td>(18.5)</td>
</tr>
<tr>
<td><strong>Total Infectious Diseases</strong></td>
<td>3,656</td>
<td>5,599</td>
<td>3,550</td>
<td>(34.7)</td>
<td>57.7</td>
</tr>
<tr>
<td>EDURANT *</td>
<td>410</td>
<td>365</td>
<td>236</td>
<td>12.3</td>
<td>54.7</td>
</tr>
<tr>
<td>OLYSIO®/SOVRIAD®</td>
<td>621</td>
<td>2,302</td>
<td>23</td>
<td>(73.0)</td>
<td>**</td>
</tr>
<tr>
<td>PREZISTA */ PREZCOBIX */REZOLSTA *</td>
<td>1,810</td>
<td>1,831</td>
<td>1,673</td>
<td>(1.1)</td>
<td>9.4</td>
</tr>
<tr>
<td>Other Infectious Diseases</td>
<td>815</td>
<td>1,101</td>
<td>1,618</td>
<td>(26.0)</td>
<td>(32.0)</td>
</tr>
<tr>
<td><strong>Total Neuroscience</strong></td>
<td>6,259</td>
<td>6,487</td>
<td>6,667</td>
<td>(3.5)</td>
<td>(2.7)</td>
</tr>
<tr>
<td>CONCERTA */ methylphenidate</td>
<td>821</td>
<td>599</td>
<td>782</td>
<td>37.1</td>
<td>(23.4)</td>
</tr>
<tr>
<td>INVEGA */ paliperidone</td>
<td>573</td>
<td>640</td>
<td>583</td>
<td>(10.5)</td>
<td>9.8</td>
</tr>
<tr>
<td>INVEGA SUSTENNA */XEPLION */INVEGA TRINZA *</td>
<td>1,830</td>
<td>1,588</td>
<td>1,248</td>
<td>15.2</td>
<td>27.2</td>
</tr>
<tr>
<td>RISPERDAL® / CONSTA *</td>
<td>970</td>
<td>1,190</td>
<td>1,318</td>
<td>(18.5)</td>
<td>(9.7)</td>
</tr>
<tr>
<td>Other Neuroscience</td>
<td>2,065</td>
<td>2,470</td>
<td>2,736</td>
<td>(16.4)</td>
<td>(9.7)</td>
</tr>
<tr>
<td><strong>Total Oncology</strong></td>
<td>4,695</td>
<td>4,457</td>
<td>3,773</td>
<td>5.3</td>
<td>18.1</td>
</tr>
<tr>
<td>IMBRUVICA *</td>
<td>689</td>
<td>200</td>
<td>—</td>
<td>**</td>
<td>—</td>
</tr>
<tr>
<td>VELCADE *</td>
<td>1,333</td>
<td>1,618</td>
<td>1,660</td>
<td>(17.6)</td>
<td>(2.5)</td>
</tr>
<tr>
<td>ZYTIGA *</td>
<td>2,231</td>
<td>2,237</td>
<td>1,698</td>
<td>(0.3)</td>
<td>31.7</td>
</tr>
<tr>
<td>Other Oncology</td>
<td>442</td>
<td>402</td>
<td>415</td>
<td>10.0</td>
<td>(3.1)</td>
</tr>
<tr>
<td><strong>Cardiovascular / Metabolism / Other</strong>*</td>
<td>6,418</td>
<td>5,577</td>
<td>4,945</td>
<td>15.1</td>
<td>12.8</td>
</tr>
<tr>
<td>XARELTO *</td>
<td>1,868</td>
<td>1,522</td>
<td>864</td>
<td>22.7</td>
<td>76.2</td>
</tr>
<tr>
<td>INVOKANA */ INVOKAMET *</td>
<td>1,308</td>
<td>586</td>
<td>123</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>PROCRIT */ EPREX *</td>
<td>1,068</td>
<td>1,238</td>
<td>1,364</td>
<td>(13.7)</td>
<td>(9.2)</td>
</tr>
<tr>
<td>Other</td>
<td>2,174</td>
<td>2,231</td>
<td>2,594</td>
<td>(2.6)</td>
<td>(14.0)</td>
</tr>
<tr>
<td><strong>Total Pharmaceutical Sales</strong></td>
<td>$31,430</td>
<td>32,313</td>
<td>28,125</td>
<td>(2.7)%</td>
<td>14.9</td>
</tr>
</tbody>
</table>

* Prior year amounts have been reclassified to conform to current year presentation.
** Percentage greater than 100%
*** Previously referred to as Other

Immunology products achieved sales of $10.4 billion in 2015, representing an increase of 2.1% as compared to the prior year. Immunology products growth of 2.1% included operational growth of 6.9% and a negative currency impact of 4.8%. The increased sales of STELARA® (ustekinumab) and SIMPONI®/SIMPONI ARIA® (golimumab) were due to market growth and increased penetration of SIMPONI ARIA®. Growth was partially offset by lower REMICADE® (infliximab) sales to the Company’s distributor primarily due to the weakening of the euro and biosimilar competition in Europe. The patents for REMICADE® in certain countries in Europe expired in February 2015. Biosimilar versions of REMICADE® have been introduced in certain markets outside the United States, resulting in a reduction in sales of REMICADE® in those markets.
Additional biosimilar competition will likely result in a further reduction in REMICADE® sales in markets outside the United States. The timing of the possible introduction of a biosimilar version of REMICADE® in the United States is subject to enforcement of patent rights, approval by the FDA and compliance with the 180-day notice provisions of the Biologics Price Competition and Innovation Act (the BPCIA). On February 9, 2016, the Arthritis Advisory Committee of the FDA recommended by a vote of 21-3 to approve the first investigational biosimilar infliximab across all eligible indications in the United States. There is a risk that a competitor could launch a biosimilar version of REMICADE® following FDA approval (subject to compliance with the 180-day notice provisions of the BPCIA), even though one or more valid patents are in place. Introduction to the U.S. market of a biosimilar version of REMICADE® will result in a reduction in U.S. sales of REMICADE®. In 2015, U.S. sales of REMICADE® were $4.5 billion. The launch of a biosimilar version of REMICADE® in the U.S. is not expected to have a material adverse effect on the Company’s results of operations and cash flows in 2016. See Note 21 to the Consolidated Financial Statements for legal matters regarding the REMICADE® patents.

Infectious disease products sales were $3.7 billion, a decline of 34.7% from 2014, which included an operational decrease of 27.6% and a negative currency impact of 7.1%. Competitive products to the Company’s Hepatitis C products, OLYSIO®/SOVRIAD® (simeprevir) and INCIVO® (telaprevir), had a significant negative impact on U.S. sales and will continue to have a negative impact on future sales. The decline of Hepatitis C sales was partially offset by sales growth of EDURANT® (rilpivirine) and sales of PREZISTA®/PREZCOBIX®/REZOLSTA® (darunavir/cobicistat).

Neuroscience products sales were $6.3 billion, a decrease of 3.5% from 2014, which included an operational growth of 5.0% and a negative currency impact of 8.5%. The U.S. sales growth of CONCERTA®/methylphenidate was primarily due to a therapeutic equivalence reclassification of generic competitors by the FDA in November 2014. Strong sales of INVEGA SUSTENNA®/XEPLION®/INVEGA TRINZA® (paliperidone palmitate) were primarily due to increased market share and the launch of INVEGA TRINZA®. Neuroscience products sales were negatively impacted by the U.S. divestiture of NUCYNTA® (tapentadol) and lower sales of RISPERDAL®/CONSTA® (risperidone).

Oncology products achieved sales of $4.7 billion in 2015, representing an increase of 5.3% as compared to the prior year. Oncology products growth of 5.3% included operational growth of 17.7% and a negative currency impact of 12.4%. Contributors to the growth were strong sales of IMBRUVICA® (ibrutinib) due to the approval of new indications, additional country launches and strong patient uptake. Additionally, sales of ZYTIGA® (abiraterone acetate) grew in the U.S. due to market growth partially offset by share decline, and strong growth in Asia and Latin America was partially offset by lower sales in Europe due to competition.

Cardiovascular/Metabolism/Other products achieved sales of $6.4 billion in 2015, representing an increase of 15.1% as compared to the prior year due to strong sales of XARELTO® (rivaroxaban) and INVOKANA®/INVOKAMET® (canagliflozin). PROCRIT®/EPREX® (Epoetin alfa) sales were impacted by competition.