

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of report (Date of earliest event reported):
October 23, 2019

Johnson & Johnson

(Exact name of registrant as specified in its charter)

New Jersey
(State or Other Jurisdiction of
Incorporation)

1-3215
(Commission File Number)

22-1024240
(IRS Employer Identification No.)

One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933
(Address of Principal Executive Offices)
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$1.00	JNJ	New York Stock Exchange
4.75% Notes Due November 2019	JNJ	New York Stock Exchange
0.250% Notes Due January 2022	JNJ	New York Stock Exchange
0.650% Notes Due May 2024	JNJ	New York Stock Exchange
5.50% Notes Due November 2024	JNJ	New York Stock Exchange
1.150% Notes Due November 2028	JNJ	New York Stock Exchange
1.650% Notes Due May 2035	JNJ	New York Stock Exchange

Item 2.02 Results of Operations and Financial Condition

On October 23, 2019, Johnson & Johnson issued the attached earnings schedules for the third quarter ended September 29, 2019. These schedules have been amended to reflect the information referenced in Item 7.01.

Item 7.01 Regulation FD Disclosure

Johnson & Johnson and its U.S.-based Janssen Pharmaceutical Companies confirm an agreement in principle to settle opioid litigation as publicly announced and outlined by a committee of State Attorneys General on October 21, 2019. The Company would contribute \$4 billion, subject to various conditions and an agreement being finalized. The agreement in principle is intended to provide certainty for involved parties and critical assistance for families and communities in need. This agreement in principle is not an admission of liability or wrong-doing and would resolve opioid lawsuits filed and future claims by states, cities and counties. The Company cannot predict if or when the agreement will be finalized.

This agreement in principle is a recognized subsequent event and previously reported GAAP net earnings for the fiscal third quarter and nine months ended September 29, 2019 is reduced from \$4.8 billion to \$1.8 billion and \$14.2 billion to \$11.1 billion, respectively. Previously reported earnings per share (EPS) for the fiscal third quarter and nine months ended September 29, 2019 is reduced from \$1.81 to \$0.66 and \$5.28 to \$4.13, respectively. There is no impact to previously reported Adjusted Earnings, Adjusted EPS and Adjusted Operational EPS for each of the periods reported.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description of Exhibit
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99.2	Condensed Consolidated Statement of Earnings for the third quarter.
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104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.
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SIGNATURES

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

Johnson & Johnson
(Registrant)

Date: October 23, 2019

By: /s/ Ronald A. Kapusta

Ronald A. Kapusta
Controller
(Principal Accounting Officer)

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

	THIRD QUARTER				
	2019		2018		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 20,729	100.0	\$ 20,348	100.0	1.9
Cost of products sold	6,867	33.1	6,589	32.4	4.2
Gross Profit	13,862	66.9	13,759	67.6	0.7
Selling, marketing and administrative expenses	5,374	26.0	5,543	27.3	(3.0)
Research and development expense	2,599	12.5	2,508	12.3	3.6
In-process research and development	—	—	1,126	5.6	
Interest (income) expense, net	(41)	(0.2)	68	0.3	
Other (income) expense, net	4,214	20.3	3	0.0	
Restructuring	69	0.4	88	0.4	
Earnings before provision for taxes on income	1,647	7.9	4,423	21.7	(62.8)
Provision for/(Benefit from) taxes on income	(106)	(0.6)	489	2.4	(121.7)
Net earnings	\$ 1,753	8.5	\$ 3,934	19.3	(55.4)
Net earnings per share (Diluted)	\$ 0.66		\$ 1.44		(54.2)
Average shares outstanding (Diluted)	2,669.9		2,727.6		
Effective tax rate	(6.4) %		11.1 %		

Adjusted earnings before provision for taxes and net earnings ^{(1) (A)}					
Earnings before provision for taxes on income	\$ 7,116	34.3	\$ 6,780	33.3	5.0
Net earnings	\$ 5,672	27.4	\$ 5,590	27.5	1.5
Net earnings per share (Diluted)	\$ 2.12		\$ 2.05		3.4
Effective tax rate	20.3 %		17.6 %		

⁽¹⁾ See Reconciliation of Non-GAAP Financial Measures.

^(A) NON-GAAP FINANCIAL MEASURES "Adjusted earnings before provision for taxes on income," "adjusted net earnings," "adjusted net earnings per share (diluted)," and "adjusted effective tax rate" are non-GAAP financial measures and should not be considered replacements for GAAP results. The Company provides earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate on an adjusted basis because management believes that these measures provide useful information to investors. Among other things, these measures may assist investors in evaluating the Company's results of operations period over period. In various periods, these measures may exclude such items as intangible asset amortization expense, significant costs associated with acquisitions, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters). Special items may be highly variable, difficult to predict, and of a size that sometimes has substantial impact on the Company's reported results of operations for a period. Management uses these measures internally for planning, forecasting and evaluating the performances of the Company's businesses, including allocating resources and evaluating results relative to employee performance compensation targets. Unlike earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate prepared in accordance with GAAP, adjusted earnings before provision for taxes on income, adjusted net earnings, adjusted net earnings per share (diluted), and adjusted effective tax rate may not be comparable with the calculation of similar measures for other companies. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of the Company's results of operations without including all events during a period, such as intangible asset amortization expense, the effects of an acquisition, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters) and do not provide a comparable view of the Company's performance to other companies in the health care industry. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP.

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

NINE MONTHS

	2019		2018		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 61,312	100.0	\$ 61,187	100.0	0.2
Cost of products sold	20,422	33.3	20,130	32.9	1.5
Gross Profit	40,890	66.7	41,057	67.1	(0.4)
Selling, marketing and administrative expenses	16,139	26.3	16,549	27.1	(2.5)
Research and development expense	8,123	13.3	7,551	12.3	7.6
In-process research and development	890	1.4	1,126	1.8	
Interest (income) expense, net	(43)	(0.1)	340	0.6	
Other (income) expense, net	2,509	4.1	427	0.7	
Restructuring	162	0.3	187	0.3	
Earnings before provision for taxes on income	13,110	21.4	14,877	24.3	(11.9)
Provision for taxes on income	2,001	3.3	2,622	4.3	(23.7)
Net earnings	\$ 11,109	18.1	\$ 12,255	20.0	(9.4)
Net earnings per share (Diluted)	\$ 4.13		\$ 4.49		(8.0)
Average shares outstanding (Diluted)	2,688.1		2,729.6		
Effective tax rate	15.3 %		17.6 %		
Adjusted earnings before provision for taxes and net earnings ^{(1)(A)}					
Earnings before provision for taxes on income	\$ 22,597	36.9	\$ 20,652	33.8	9.4
Net earnings	\$ 18,283	29.8	\$ 16,943	27.7	7.9
Net earnings per share (Diluted)	\$ 6.80		\$ 6.21		9.5
Effective tax rate	19.1 %		18.0 %		

⁽¹⁾ See Reconciliation of Non-GAAP Financial Measures.

^(A) NON-GAAP FINANCIAL MEASURES "Adjusted earnings before provision for taxes on income," "adjusted net earnings," "adjusted net earnings per share (diluted)," and "adjusted effective tax rate" are non-GAAP financial measures and should not be considered replacements for GAAP results. The Company provides earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate on an adjusted basis because management believes that these measures provide useful information to investors. Among other things, these measures may assist investors in evaluating the Company's results of operations period over period. In various periods, these measures may exclude such items as intangible asset amortization expense, significant costs associated with acquisitions, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters). Special items may be highly variable, difficult to predict, and of a size that sometimes has substantial impact on the Company's reported results of operations for a period. Management uses these measures internally for planning, forecasting and evaluating the performances of the Company's businesses, including allocating resources and evaluating results relative to employee performance compensation targets. Unlike earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate prepared in accordance with GAAP, adjusted earnings before provision for taxes on income, adjusted net earnings, adjusted net earnings per share (diluted), and adjusted effective tax rate may not be comparable with the calculation of similar measures for other companies. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of the Company's results of operations without including all events during a period, such as intangible asset amortization expense, the effects of an acquisition, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters) and do not provide a comparable view of the Company's performance to other companies in the health care industry. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP.

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measures

<i>(Dollars in Millions Except Per Share Data)</i>	Third Quarter		% Incr. /
	2019	2018	(Decr.)
Earnings before provision for taxes on income - as reported	\$ 1,647	4,423	(62.8) %
Intangible asset amortization expense	1,138	1,085	
In-process research and development	—	1,126	
Litigation expense, net	4,000	—	
Restructuring/Other ⁽¹⁾	128	190	
Actelion acquisition related cost	33	40	
Auris Health acquisition related cost	65	—	
AMO acquisition related cost	9	36	
Unrealized loss/(gain) on securities	89	9	
Contingent liability reversal	—	(184)	
Diabetes asset impairment	—	—	
Other	7	55	
Earnings before provision for taxes on income - as adjusted	\$ 7,116	6,780	5.0 %
Net Earnings - as reported	\$ 1,753	3,934	(55.4) %
Intangible asset amortization expense	1,011	968	
In-process research and development	—	859	
Litigation expense, net	3,080	—	
Restructuring/Other	106	162	
Actelion acquisition related cost	30	37	
Auris Health acquisition related cost	51	—	
AMO acquisition related cost	7	29	
Unrealized loss/(gain) on securities	71	8	
Contingent liability reversal	—	(184)	
Diabetes asset impairment	—	—	
Impact of tax legislation ⁽²⁾	(391)	(265)	
Other	(46)	42	
Net Earnings - as adjusted	\$ 5,672	5,590	1.5 %
Diluted Net Earnings per share - as reported	\$ 0.66	1.44	(54.2) %
Intangible asset amortization expense	0.38	0.35	
In-process research and development	—	0.32	
Litigation expense, net	1.15	—	
Restructuring/Other	0.04	0.06	
Actelion acquisition related cost	0.01	0.02	
Auris Health acquisition related cost	0.02	—	
AMO acquisition related cost	—	0.01	
Unrealized loss/(gain) on securities	0.03	—	
Contingent liability reversal	—	(0.07)	
Diabetes asset impairment	—	—	
Impact of tax legislation	(0.15)	(0.10)	
Other	(0.02)	0.02	
Diluted Net Earnings per share - as adjusted	\$ 2.12	2.05	3.4 %
Operational Diluted Net Earnings per share - as adjusted at 2017 foreign currency exchange rates		2.08	
Impact of currency at 2018 foreign currency exchange rates	0.05	(0.03)	
Operational Diluted Net Earnings per share - as adjusted at 2018 foreign currency exchange rates	\$ 2.17	2.05	5.9 %

⁽¹⁾ Includes \$20M recorded in cost of products sold and \$39M recorded in other (income) expense for the third quarter 2019. Includes \$23M recorded in cost of products sold and \$79M recorded in other (income) expense for the third quarter 2018.

⁽²⁾ Includes foreign currency translation

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measures

<i>(Dollars in Millions Except Per Share Data)</i>	Nine Months YTD		% Incr. / (Decr.)
	2019	2018	
Earnings before provision for taxes on income - as reported	\$ 13,110	14,877	(11.9) %
Intangible asset amortization expense	3,386	3,284	
In-process research and development	890	1,126	
Litigation expense, net	4,832	703	
Restructuring/Other ⁽¹⁾	360	473	
Actelion acquisition related cost	123	200	
Auris Health acquisition related cost	56	—	
AMO acquisition related cost	50	82	
Unrealized loss/(gain) on securities	(217)	(3)	
Contingent liability reversal	—	(184)	
Diabetes asset impairment	—	4	
Other	7	90	
Earnings before provision for taxes on income - as adjusted	\$ 22,597	20,652	9.4 %
Net Earnings - as reported	\$ 11,109	12,255	(9.4) %
Intangible asset amortization expense	2,836	2,931	
In-process research and development	703	859	
Litigation expense, net	3,764	609	
Restructuring/Other	297	395	
Actelion acquisition related cost	114	193	
Auris Health acquisition related cost	44	—	
AMO acquisition related cost	40	68	
Unrealized loss/(gain) on securities	(171)	(2)	
Contingent liability reversal	—	(184)	
Diabetes asset impairment	—	3	
Impact of tax legislation ⁽²⁾	(391)	(253)	
Other	(62)	69	
Net Earnings - as adjusted	\$ 18,283	16,943	7.9 %
Diluted Net Earnings per share - as reported	\$ 4.13	4.49	(8.0) %
Intangible asset amortization expense	1.06	1.07	
In-process research and development	0.26	0.32	
Litigation expense, net	1.40	0.22	
Restructuring/Other	0.11	0.15	
Actelion acquisition related cost	0.04	0.07	
Auris Health acquisition related cost	0.02	—	
AMO acquisition related cost	0.01	0.02	
Unrealized loss/(gain) on securities	(0.06)	—	
Contingent liability reversal	—	(0.07)	
Diabetes asset impairment	—	—	
Impact of tax legislation	(0.15)	(0.09)	
Other	(0.02)	0.03	
Diluted Net Earnings per share - as adjusted	\$ 6.80	6.21	9.5 %
Operational Diluted Net Earnings per share - as adjusted at 2017 foreign currency exchange rates		6.04	
Impact of currency at 2018 foreign currency exchange rates	0.18	0.17	
Operational Diluted Net Earnings per share - as adjusted at 2018 foreign currency exchange rates	\$ 6.98	6.21	12.4 %

⁽¹⁾ Includes \$81M recorded in cost of products sold and \$117M recorded in other (income) expense for nine months 2019 YTD. Includes \$73M recorded in cost of products sold and \$213M recorded in other (income) expense for nine months 2018 YTD.

⁽²⁾ Includes foreign currency translation

