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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OF
 THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended January 2, 2011

Commission file number 1-3215

JOHNSON & JOHNSON

(Exact name of registrant as specified in its charter)

New Jersey
 (State of incorporation)

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

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

08933
 (Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, Par Value \$1.00	New York Stock Exchange

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

(Do not check if a smaller reporting company)

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON
FINANCIAL STATEMENT SCHEDULE**

To the Board of Directors of
Johnson & Johnson:

Our audits of the consolidated financial statements and of the effectiveness of internal control over financial reporting referred to in our report dated February 24, 2011 appearing in the 2010 Annual Report to Shareholders of Johnson & Johnson (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 15(a)2 of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

New York, New York
February 24, 2011

Stock Options

Stock options expire 10 years from the date of grant and vest over service periods that range from six months to four years. All options are 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. Under the 2005 Long-Term Incentive Plan, the Company may issue up to 260 million shares of common stock. Shares available for future grants under the 2005 Long-Term Incentive Plan were 121.3 million at the end of 2010.

The Company settles employee stock option exercises with treasury shares. Treasury shares are replenished throughout the year for the number of shares used to settle employee stock option exercises.

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. Expected volatility represents a blended rate of 4-year daily historical average 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. 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 \$8.03, \$8.35 and \$7.66, in 2010, 2009, and 2008, respectively. The fair value was estimated based on the weighted average assumptions of:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Risk-free rate	2.78%	2.71%	2.97%
Expected volatility	17.4%	19.5%	15.0%
Expected life	6.0yrs	6.0yrs	6.0yrs
Dividend yield	3.30%	3.30%	2.90%

A summary of option activity under the Plan as of January 2, 2011, January 3, 2010 and December 28, 2008 and changes during the years ending on those dates is presented below:

<u>(Shares in Thousands)</u>	<u>Outstanding Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Aggregate Intrinsic Value (Dollars in Millions)</u>
Shares at December 30, 2007	228,629	\$ 56.83	\$ 2,411
Options granted	22,428	61.80	
Options exercised	(30,033)	50.27	
Options canceled/forfeited	(5,525)	61.90	
Shares at December 28, 2008	215,499	58.14	\$ 597
Options granted	21,576	58.32	
Options exercised	(18,225)	50.97	
Options canceled/forfeited	(6,131)	61.85	
Shares at January 3, 2010	212,719	58.66	\$ 1,310
Options granted	13,996	62.62	
Options exercised	(25,020)	51.84	
Options canceled/forfeited	(8,005)	62.36	
Shares at January 2, 2011	<u>193,690</u>	<u>\$ 59.68</u>	<u>\$ 648</u>

The total intrinsic value of options exercised was \$278 million, \$184 million and \$506 million in 2010, 2009 and 2008, respectively.

The following table summarizes stock options outstanding and exercisable at January 2, 2011:

<u>(Shares in Thousands)</u>	<u>Outstanding</u>			<u>Exercisable</u>	
<u>Exercise Price Range</u>	<u>Options</u>	<u>Average Life⁽¹⁾</u>	<u>Average Exercise Price</u>	<u>Options</u>	<u>Average Exercise Price</u>
\$25.00-\$40.08	50	0.9	\$ 29.53	50	\$ 29.53
\$41.26-\$49.86	532	0.5	47.43	532	47.43
\$50.52-\$52.80	20,155	2.1	52.20	20,115	52.20
\$53.00-\$53.93	24,114	3.0	53.93	24,114	53.93
\$54.04-\$57.30	24,332	1.1	57.28	24,332	57.28
\$57.44-\$58.34	39,343	6.5	58.33	20,175	58.33
\$58.42-\$65.10	33,020	7.8	62.11	1,147	61.21
\$65.62-\$68.37	52,144	4.8	65.97	50,810	65.98
	<u>193,690</u>	<u>4.7</u>	<u>\$ 59.68</u>	<u>141,275</u>	<u>\$ 59.25</u>

(1) Average contractual life remaining in years.

Stock options exercisable at January 3, 2010 and December 28, 2008 were 148,349 at an average price of \$57.26 and an average life of 5.0 years and 144,962 at an average price of \$56.25 and an average life of 5.3 years, respectively.

A summary of option activity under the Plan as of January 2, 2011, January 3, 2010 and December 28, 2008 and changes during the years ending on those dates is presented below:

<u>(Shares in Thousands)</u>	<u>Outstanding Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Aggregate Intrinsic Value (Dollars in Millions)</u>
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Restricted Share Units

The Company grants restricted share units with a vesting period of three years. The Company settles employee stock issuances with treasury shares. Treasury shares are replenished throughout the year for the number of shares used for employee stock issuances.

A summary of share activity under the Plan as of January 2, 2011:

<u>(Shares in Thousands)</u>	<u>Outstanding Shares</u>
Shares at December 30, 2007	13,661
Granted	10,105
Issued	(40)