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EDITED TRANSCRIPT

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PRESENTATION

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Okay, let's get started. Thank you, everybody who's here. It's not exactly the weather and climate environment. It's been a big challenge here. Chris Shibutani from the Goldman Sachs Research team. We really appreciate everybody's support and this presence. We're very excited to have J&J here, especially with the duo that is sitting in. I guess you guys are back at Mission Control, right?

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

We are from our North America headquarters in Titusville, New Jersey.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Okay. Excellent.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

And hi, Chris. Great to be with you today.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Yeah thank you very much. We're very thrilled to have J&J here. In particular Jennifer Taubert, Executive Vice President, Worldwide Chairman of the Innovative Medicine business, not Medicines, singular. I try to make sure I'm accurate. John Reed also has been here.

Now, John, you've been around for over a year now. Innovative Medicine really kind of point person for R&D. And I think one of the things that's unique was I am not sure that the two of you have been on stage here, and I hope to have that as a precedent.

Obviously, you're virtually on stage because my goal was to see if we could get you guys to maybe get into a fight, throw chairs or something like that, but maybe you can still do that in the headquarter. So we'll see how provocative we can get here.

Jennifer, when you and I sat together on stage last year, you humored me and told me a little bit about your background here and some of the things that I think you have been bringing to bear in your role as a member of pharma in particular. Also, you've been an Advisory Board member at the Center for Health Policy and Economics at USC. And earlier in your career, you also have had interfaces at the consumer level; consumer-centric health care, obviously being Allergan. And also, you're a Board member of McDonald's, I learned.

QUESTIONS AND ANSWERS

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

So an interesting portfolio that you spend your time professionally here, which makes me want to ask you some broad questions. And John, you can listen to these as well, because I'll be asking them to you. The company has undergone this transformation after many, many, many years. And now you are a pharma and medical device entity with a consumer running separately. Talk about the strategic advantages.

I think at face value, it's always clear that there was a logic to having everything together, but it's become clear that you have an opportunity. How are you really trying to aim to capture that opportunity with the new structure going forward?

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

Yeah. Well, so first of all, thank you and hello to everybody. And John, really -- John, I did want to be there with you. Mother Nature did not cooperate, but I'm so glad that we can at least be here via Zoom. And I mentioned that we're in our North America headquarters for our Innovative Medicine business as a part of new Johnson & Johnson.

And so I tie that back to your question, Chris, in that. We're really excited to be in the launch phase of new Johnson & Johnson, which really is a 100% healthcare focused organization. And through both our Innovative Medicine business and our MedTech business, really bringing transformational innovation to patients and in doing so globally.

And I think because of that focus, we really are able to bring the entire resources of the company, both financial as well as brainpower against really the biggest challenges that we see in healthcare and are really looking forward to launching a number of exciting new medicines throughout the rest of this year and next year.

And John and I were actually just up in Boston earlier this week, spending time, getting readouts on some of our new innovations as well as hearing some of the exciting innovations that are coming forward in our MedTech sector. So we really do believe that our best days are ahead of us here and that new J&J, Johnson & Johnson is really the place to be.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

That's very helpful. And the word global is very much part of your business card here. So if I can ask you to touch upon, let's start in the US. Inflation Reduction Act is very much a reality. Talk about how we should think about the impact to the industry. And in particular, a lot of us are sharpening pencils and thinking about Medicare Part D redesign 2025 revenues. Let's get that out of the way. Help us understand here?

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

Yeah, absolutely. I think it helps to start with the big picture. And so if you think about our business globally, we're about 55% in North America and the 45% remaining around the rest of the world. And then if you zoom in a little deeper into the United States, we really have a terrific mix of business across commercial and Medicare Part D and Medicare Part B. And so I bring that up because I think it really enables us to be able to weather changes better than most because of the diversification of our business, for example, within the United States and then also globally.

So as we take a look at IRA, as a company we've been very vocal that we do not think that the IRA is helpful. And in fact, we think it's harmful to innovation, and we do not think it's helpful to patients. And so we really continue to advocate as a company as well as through our advocacy organizations in a group such as pharma and bio. We think there are other better ways to actually help patients and ones that can really help lower patient out-of-pocket costs, which is what we think the real issue at hand is.

When we take a look at it IRA and our business, so for us XARELTO and STELARA are really the two big product that we see being impacted in the near term for us, both of those products. STELARA already had loss of exclusivity and had biosimilar competition for at least a year. And XARELTO was in the later stages of its lifecycle.

So we are engaging in the process as we're really obligated to do and really to try to ensure access for patients. But these are -- it's going to be impacting products that are already on really towards the end of life cycle. And that are not our key growth drivers, both now as well as in '25, '26 or out through the 2030 period.

So we think as a company, we're very well positioned across the industry, to continue to deliver growth. And when you think about -- and for those who were able to join us on our enterprise business review back at the end of last year, we put out some goals around continuing our market-leading growth. And from '25 out through '30, 5%-7% growth on a number of very significant brands.

In fact, 10-plus that are over $5 billion in potential, another 15-plus that are $1 billion to $5 billion in peak sales potential and many with them launching in this near-term timeframe. So we think that we're very well positioned as a company to be able to compete, even in an environment with IRA.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

And again, I want to lean into your truly global footprint and your experience that are broad, help us a little bit understand what the forward-looking outlook is internationally. Let's start with Europe. And I partly bring this up because we had a DC panel the other day, and we're contemplating all the potential impacts of how the ecosystem could change as a function of who's sitting in the White House, acronyms. Most favored nations starts to come up here, which means that we should all be a little bit more aware of how that is playing out actually in parts of the world. So what's the outlook like in Europe and what should we know?

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

So our first thing to know is that we are the number one pharmaceutical company in Europe, and we have been now for the past couple of years. And so we have that ranking and position really based on the strength of our innovative portfolio and the access that we're able to get for patients across the markets in Europe and also the value that we're able to demonstrate.

You mentioned MFN. As a company, we are -- we invest in our products and in getting the right endpoints and the right data. So we've got the right value dossiers and can go in and can argue very, very compellingly for getting the right value back for bringing those innovations to patients. And so because of that, we are very disciplined throughout the world.

We both have speed to market in terms of gaining access, but we also have a very, very good discipline as it relates to pricing and value throughout the world. And so we think, regardless of any pricing dynamics in the other markets and changes in political parties and things like that, we think that we're in a very good position to be able to continue to advance our innovation and to continue to grow our business at above market rates.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

And then can I talk to you both a little bit about China. Industry clearly threaded through, but exposures at the level of both the R&D side, just coming off of ASCO with a lot of China data. And so we'll turn to John after this, but on the commercial side, Jennifer, first, the geopolitics are complex. How are you thinking about China as an end market for your pharmaceutical products.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

Yeah. So China is a top 10 market for us. And we believe that there are a lot of patients in China that are in need of our innovation. And so we continue to invest in the country and we invest to help get our products in on the national drug listings, the NRDL listing. And are having good success getting that for our innovative pipeline.

And so we continue to see growth opportunities in China, obviously, at high volumes when you get on NRDL listing, but at lower prices. But we still see China as a good opportunity for us for our innovative portfolio, and we're seeing really nice growth coming out of the market currently.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Let's start over to you John and use this question about China and the exposure by a Secure Act, et cetera. As a segue, I will ask you about broader questions as well. But thoughts there from the research perspective and how J&J in your group is thinking about this?

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

Yes. Well, particularly for clinical development, we've established a very robust development capability in China. I think we have close to 900 headcount that are delivering our studies. And we strive for global simultaneous development and submissions that include China for almost all of our projects. Across the portfolio, China is accounting for about 20% of our overall patient recruitment and the relationships that we forged with the hospitals there. It's really, really paid off in being able to do high quality clinical research.

We also have an innovation center in Shanghai, where we then are scouting the local ecosystem for innovation, and we're actively bringing innovations out of Chinese biotech. The most advanced of which of these would be our CAR-T.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Absolutely.

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

CARVYKTI is coming from the Legend's collaboration, I think which is now becoming kind of a milestone for the whole pharma industry in terms of bringing an innovative product out of China and having it be approved, I think in 70 markets around the world and really a flagship program for addressing multiple myeloma in multiple territories.

So very active there also on that side of the business development, partnering in China, and surrounding Asia-Pacific countries. So I'm really pleased with the progress there. If you look at as a good example, Amivantamab, our bispecific EGF receptor, MET inhibitor that is approved for lung cancer. Because the EGF receptor mutations are more prevalent in Asian patients with lung cancer, it's turned out that our studies actually have had more than half the patients coming from Asia and most of those from China.

So that's really played well to this precision medicine approach in a case like that, where they just so happens that Asian patients have about twice the prevalence of EGF receptor mutations as Western patients. So I'm really excited about the progress across all therapeutic areas.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Right. No, I think certainly the research team at J&J talk and the commercial efforts of Jennifer's team are helping that company earn their name, Legend. And so from that standpoint, I think it's clear. John, a little bit more to you. I'll just reference some comments from some of your partners

in the C-suite, Joaquin talked about the emphasis on, quotes, strength and innovation, growth and margins. And then Joe was also on stage, recently talked about the next 10 years of innovation will be more profound than the past 100. So no pressure.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

John's up to it.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Absolutely.

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

Yeah, I will tell you, it is the exciting times at the J&J. First of all, the pipeline has just been amazing. I've been here a little more than a year now. And during that time, we've had a 90% success rate across all phases of the pipeline. So it's really --

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Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Yeah, I was going to bring that up.

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

Yeah, so I'd like to think that we must be doing something right here in terms of picking targets, designing molecules, developing them. One of the things that I like about the J&J setup, which is different than other companies in which I've worked is our therapeutic areas are end to end where they have discovery, early development, late development, all in one vertical. And each of those units is paired with an R&D leader and a commercial leader so that we really have this expertise from beginning to end. And there's not these proverbial throwing stuff over the wall from research to development or from early development to late development, which characterizes the organizational setup of so many of our peer companies.

So I think it's that and this notion that was championed back in the day by Bill Heiden, Paul Stoffels, upgrading Disease Area Strongholds with again, that end-to-end vision of what it's going to take to change the practice of medicine in specific medical specialties there. It has really allowed us to have unprecedented success rate. So very pleased about that.

And of course, innovation may mean different things to different people, but certainly changing the practice of medicine is where the bottom line is. Now, how we do that? Sometimes it could get you into innovation and new modalities, and we're one of the leaders in bispecific antibodies. For example, I think we have as many approved as anybody else.

Maybe one other company tied with us so far. We're into antibody drug conjugates, radio, pharmaceuticals, of course, the CAR-T cell, all as just examples. But then going into other areas like immunology, oral targeted peptides, so they can do things like inhibit IL-23 receptor with an oral molecule and these kind of innovations. Or if you look at drug device combos which only J&J can do with MedTech and pharma.

We have SPRAVATO for depression where we have the customized delivery device for nasal delivery of the world's first new mechanism for depression and about half as injury on the one hand, and then in development, we've got a drug device for early bladder cancer that is delivering unprecedented levels of complete responses for patients with early bladder cancer, non-muscle invasive bladder cancer which is very prevalent, 600,000 cases every year. So the innovation takes the form of many of these things, and then I'd be remiss if I didn't say we were very deep into AI.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Yeah, I was going to bring that up. I think Joe talks about having like a headcount of 6,000 engineers, which is extraordinary from a headcount standpoint. We probably have that many people that Goldman who work on IT support, although I never seem to get my apps to function the same way. So hopefully, yours are being quite productive.

Talk about the practical return. I think it's very logical to have the ability to interpolate through different data sets and bring them to bear. I have a hard time measuring the impact. It's more apparent and logical when you think about drug discovery and design. There you can see the chirality and the computers, doing their thing. More practically speaking, is there a good way to measure it? How are you guys measuring whether these 6000 people are, you're getting an ROI on them?

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

Yeah, maybe I would just turn to some of the applications in the clinical development arena because that's where companies like our spend the biggest part of our R&D budget, is delivering the studies. And we're using it together with real world data where we have data from electronic medical records from more than 600 million patients to simulate different eligibility criteria as we develop protocols and helps us to understand what that will do in terms of the ability to find patients that meet those criteria.

We use it to try to aid our clinical trial diversity criteria. In terms of which sites and what eligibility criteria might allow us to cast a net that welcomes people of all demographics into this study. We're using a lot for site selection. One of the big cost drivers in clinical development that can be a negative drain on that is activating sites that never roll a patient. And so with these kind of tools, we're able to prognosticate, which sites are going to be the high performing sites where we can get multiple patients delivered.

That's much more efficient in terms of your trials set up there as well as how you manage your clinical supply and your delivery of investigational product to the sites so that you have less wastage of investigational product sitting at sites that never enroll a patient or that under enroll relative to what you supplied them with. So in these kind of ways, very pragmatically refining data and AI, really helping to make clinical development process more efficient.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

And I think that that extends throughout our entire business. So if you talk about those 6,000 people, they're not all stored away in in one place. So many of these folks are actually embedded throughout the teams, focused on what are the problems that need to be solved or what are the opportunities that we can go after and to be able to get there better and faster.

And so continuing throughout manufacturing and then you get into the commercial realm. We've talked before, we're a transformational medical innovator. And so we really doubled down on our investment in R&D. And what that requires is that we are very effective and very efficient in our sales and our marketing spend. And so as we take a look at our go to market models and figuring out, we use it to figure out who are the customers that we call on? When do they need to be reached with what message? What's the avenue with which they like to be reached?

And we do this very effectively, and we also were able to do this through many, many markets of the world. So I'll say globally, not all markets because it is databased but in many markets throughout the world. And we've been able to see a significant lift and to be able to measure and to quantify that for our business because of it. So we do take a look at what we're doing it to help us be more effective, more so than just an efficiency play. But we are able to quantify it in a number of areas and having meaningful impact.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Let's get into some of the product verticals here. Certainly, one of the crown jewels, if not the crown jewel across the industry, is the multiple myeloma franchise. Last year, Biljana, Nanovic, just another one of your cadres, very impressive executives is able to really talk about wrapping end to end solutions cell therapies just thinking about even introducing the word cure into the vocabulary.

I don't want to talk about that, though. Let's talk about the disconnect between where you guys envision peak sales and maybe what's underappreciated. And then maybe let's feel around and palpate and get to a nidus of concern, which is the immunology business.

STELARA, fantastic product, right? Going to be facing some LOEs in Europe and in the US. The opportunity is there for the next string. TREMFYA, a legitimate growth product with some impressive data coming from DDW as well to really lead the charge there. And there's that transition. And I would argue that this is a very important and valuable use of the time that we have today, especially where the stock is sitting at right.

It feels as if we can resolve some of these bull bear debates around this. And to me this is one of the niduses of concern. Let's talk about that a little bit. So Jennifer, how is TREMFYA going to soar amidst STELARA's maturation?

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

Love the question. And first off, I want to thank you for noting our crown jewel of our multiple myeloma franchise. So between DARZALEX, that's already a $10 billion-plus asset with so much growth opportunity ahead in frontline. CARVYKTI, now approved for lines two plus as the only BCMA CAR-T for that and already starting to make enrolls and then Tecvayli and Talvey and those later lines of therapy and so many opportunities ahead for potential combination regimens and moving some of those assets even earlier in the treatment paradigm. That is, and we hope we'll continue to be a real crown jewel for us and DARZALEX is our largest asset now. So back to your question, I'll get off my multiple myeloma commercial.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Yeah. No, just want to thank you. Very well. I knew you would get that in there, but let's get into it.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

Thank you for letting me get that in there. So take a look at TREMFYA. We're really excited about TREMFYA. And maybe an important thing to note is, with STELARA, if you if you take a look at STELARA right now, it's about 75% IBD, 20%-25% psoriasis. And so really, substantial percentage of that product is all in the IBD area. When you look at TREMFYA, currently in psoriasis, it's already about 4 billion. And we're gearing up and getting ready to launch into UC later this year and then hopefully Crohn's later as well.

We do think based on the strength of the data that we've seen and as a dual-acting agent and with the clear superiority that we've been able to demonstrate that the great data in ultra colitis and then most recently at DDW, the superiority data versus STELARA that we were able to show, including in endoscopic remission, we think that we really have a winning agent to enter into IBD and to be able to win. We think we've got a few key differentiators for us that really put us in the best position with the best in class agent and then I will add on to that our ability to have a sub-Q induction dose, which is going to make it so much easier for patients, for offices, and for continuity of care that we really think that we've got a compelling winner for entering into IBD.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Yeah. No, that's the practical aspect of it as well. The profile, the data that you have, that's what you walk in the door with. The contract is what you walk out the door with. Talk about the contracting environment here, and how you're feeling about that with the portfolio?

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

Yeah, so we invest heavily in ensuring that patients have access to our medicines. And so we feel very good moving forward in terms of TREMFYA and the access that we have for that product, now and what we'll have as we enter into the IBD space. And so that that is really across the payer landscape, and then also what we're doing with patient services and ensuring that patients, who the physicians want to prescribe it for, have the ability to get access and to navigate through the whole insurance maze and everything and come out on the other end very successfully on the product. So we feel real good getting ready for and moving into this launch.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Right. And this next contracting season, we love the spring into the fall, and by 3Q, we're pestering you relentlessly. John, pull you in here. A couple of important pipeline assets to again address the maturation of STELARA. You have 2113 advanced oral agent and then I'm going to ask you potentially provocative question about cell therapy.

But let's start with 2113 because certainly capture some headlines. You've had some data here. The premise in immunology that we all love as investors is that the product is the pipeline, right, and there's indication. But let's start with the lead data set, and how this could be positioned as an advanced oral therapy. And then take us on a journey in terms of where you would like to see additional opportunities.

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

Yeah, thanks for highlighting what we call J&J 2113, which is our targeted oral peptide inhibitor of the IL-23 receptor. Really excited about this molecule. When you look at the patient populations where the IL-23 mechanism can play, almost uniformly, the vast majority of patients who actually qualify for an advanced therapy, particularly biologic, are not taking it. There's just -- there is a barrier for some patients. And so having an oral option, we're confident is going to unlock a lot of opportunity for patients that have been otherwise struggling.

The data from the initial flagship pilot study in psoriasis looked fabulous of Phase 2 randomized study where the efficacy would go head to head with any other mechanism out there. But the really extra bonus here is the tried and true safety associated with IL-23 inhibitors that we bring to the table with a molecule like this.

So we really think that this could be an oral option now that has that high bar for efficacy check but then also a really pristine safety profile for patients. Unlike many of the kinase inhibitors that are out there today in the old space.

We have a Phase 2 ongoing in also colitis right now. And once we're confident of dose and schedule for, that indication will be going broadly in both Crohn's and colitis. And then we're going to have our first of our Phase 3 studies read out in psoriasis this year and some of the psoriasis studies do go head to head with the TYK2 inhibitor for example.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

And we think, based on the strength of the profile, this is actually a market expansion opportunity. So this isn't just playing within the existing patients that we think being able to have that biologic like efficacy really good with that known safety profile in a pill, we think it's going to be a big expansion opportunity.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Great.

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

Yeah. I would also say that we have a pretty broad program in immunology to identify other oral drugs that could tackle some of the lymphokines and lymphokine receptors that have been validated. We're also in early development with a really nicely crafted IL-17 inhibitor. And then preclinically, we've got programs that are advancing nicely against some other targets. So we've really been building this internal capability around both peptide and small molecule inhibitors of these classes of immunological targets.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

When can I put something on the calendar for IL-17? When we get a peek at the profile? Is that a 2024 or 2025 initial clinical stuff?

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

[We are currently planning out the phase 2 study] (corrected by company after the call).

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Okay, terrific, recognized mechanism. Cell therapies for immune-mediated disease, quite the buzz from since the start of the year. You guys know your way around in the oncology group with cell therapies. We always think about manufacturing supply constraints. I was just talking to a small cap player that's going the allogeneic route.

How do you see a solution? Do you see a commercial opportunity? Maybe we'll start with the research side and then Jennifer, how excited are you?

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

Yeah. We're really intrigued by this data, and we are in the clinic for B-cell malignancies with an exciting asset, dual CAR -- IL -- CD19/CD 20 dual CAR that is looking very promising in the early going, but it's still early. We also were really interested in the idea of whether you could get CAR-T and like effects in autoimmune diseases, but with a biologic.

We have some very sophisticated bi and trispecific antibodies and development for B-cell malignancies that we'd like to give a go in autoimmune diseases and see if you could generate similar kinds of efficacy there. So there's at least a couple different ways of entry to skin the CAD here. And so those are of interest to us.

I would say if we do end up going the CAR-T route, we've been investing heavily here at J&J and CAR-T manufacturing capabilities. Of course, the BCMA, CAR-T, CARVYKTI, the partnership with Legend was the starting point, but in our manufacturing environment, we're working on all kinds of robotics and other ways to really multiplex and automate the production of CAR-T, leveraging some of the engineering capability we have here at the company in MedTech for example. And so we're really going to be in a new place when it comes to CAR-T manufacturing a couple of years from now.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

I'll pivot to neuroscience, watching the clock here a little bit if I could. SPRAVATO was actually quietly done quite nicely. It's become disclosed. What's driving that growth, and you know, where do you see that going?

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

Yeah. So it's probably not -- COVID is not the best time to launch products that have an observation period. And so fair point is, during that period, it didn't get off to what we would have liked in terms of a launch. But it is really contributing in a very meaningful now and very much for patients.

And so I think it's both the profile of the product and the results that are being seen. It's really the providers working through the access and figuring out how they can have that access for their patients and accommodate the observation period in the right way.

And then the last piece which I think is pretty significant, is the superiority data that we have that shows superiority versus quetiapine. And so that's resonating very well, not only in the United States, but we were talking about being a global company. That's also in Germany and Europe. It's allowed us to gain access in a number of markets with a very, very strong value case.

And so I think the combination of those has really illuminated folks to the potential of SPRAVATO. And so as a result, we're seeing a very nice uptake, not only in the US but a number of other markets around the world.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Yeah. No, it's intriguing that that is the tip of the spear, CNS, the group got together at December Enterprise Day and talked about the ambition of being the number one neuroscience company by the end of this decade. And certainly we're going to be looking to be equipped with opportunity here.

John, Alzheimer's disease, it seems if I take a look at the portfolio of pipeline prospects, there's kind of a "Tau-ist" bent. There's almost sort of like a religion. Are you a believer in Tau? Are you a believer in b amyloid? Are you a "Tau-ist" and, and when are we going to learn more about your efforts in Alzheimer?

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

Yes I'd love to talk about it, but before I do, I just want to -- before we leave depression. I just want to remind that we also have two other new mechanisms for depression in Phase 3, Seltorexant and a Kappa opioid receptor, and we just released some data, had shared some data at a psychiatry meeting in Miami where you are, which showed really nice data and hitting the primary and all secondary points.

And then we have aticaprant, which is also a really exciting new mechanism as well that is in Phase 3. And the Phase 2 data on that were really, really encouraging. And both of those have really pristine safety profiles. So they don't have the weight gains, sexual dysfunction, things like this that you see in many antidepressants.

And so it continues our mission to come up with new mechanisms that address treatment-resistant depression, which is the leading cause of disability around the world. Nearly a quarter of a billion people impacted by treatment-resistant depression. So, it's a big deal.

So moving to the big frontier in Alzheimer's, of course, the [AAV] therapies have been a starting point, and we've seen some rays of hope there. But as you know, the delay of progression is quite modest with those therapies.

A lot of data suggests that tau may be more of the culprit. It's directly connected to the cognitive decline. And so, we're excited about the approaches we're taking.

One is a monoclonal antibody that seeks to prevent the accumulation and spreading of tau. We're attacking different place on the tau protein than others based on the science underlying that, where we think that's going to be the sweet spot to intervene, the data will tell.

And then, on top of that, we have a very ambitious program to try to make an Alzheimer's vaccine with immunizing to a particular region of tau in a way that is safe to do so and that could be a way to have your own immune system make the antibodies to protect you against tau, provided we intervene early.

We think it will be important to intervene early. I have to say there's been a lot of enthusiasm for that study. It is recruiting at five times faster than we ever imagined. We're exceeding our recruiting timelines enormously. People are signing up left and right for the Alzheimer's vaccine.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Then I'm over time a little bit, but I do have to ask you a question, almost obligatory, and you guys are doing a great job looking like -- you're looking at us. I know you can't see us.

I'm practically lying on the floor because the next question is about obesity. And it's specifically relevant to the fact that I think you guys have said you will not go into obesity. June, what's the day, 13. Can you reiterate if that continues to be the case and how you're feeling about it? She is pointing to you, John. Go first.

John Reed - *Johnson & Johnson - Executive Vice President - Innovative Medicine, Research and Development*

No, I think it's not as if we aren't -- we would never be interested in obesity, but we're not going to go on obesity without -- unless we have a mechanism that's differentiated, that gives us an opportunity to be first or best-in-class and really do something that's unique and value add for patients. We don't (technical difficulty) and we went through that soul searching exercise. We understand the markets are big, et cetera. But if all we're doing is following the footsteps of others, we figure there are probably more important places we can invest our R&D dollars.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

Yeah. Chris, our pipeline, we have so many things coming through right now that are so exciting that we really need to invest in. It isn't the time for following others. We like to always be first in class or truly, truly best in class.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

Okay. Now, that makes sense.

Jennifer Taubert - *Johnson & Johnson - Executive Vice President, Worldwide Chairman, Innovative Medicine*

So we think we've got that in other areas. Can I jump in with another sort of half of a commercial, because you mentioned some of the biggest disconnects? And I think one of the biggest disconnects that we see is actually for bladder cancer for us and our TARIS device.

And I mentioned, John and I were in Boston earlier this week, and we had a really great update from our team. There's over 600,000 patients a year entering in with early-stage bladder cancer. We believe with what we've got with our TARIS device and in combination with gemcitabine. We're also developing it in combination with BALVERSA.

We think this very, very easy-to-administer product that is showing unprecedented levels of success so far. It's really going to be a game changer in an area of really high unmet need, where there has not been meaningful advances in a very, very long time. So we think that there's a very, very meaningful difference there in terms of how we're seeing and valuing that asset and that platform.

Chris Shibutani - *Goldman Sachs & Co. LLC - Analyst*

No, absolutely. And I think if there is a therapeutic that is perhaps pathognomonic for J&J, combining therapeutic with devices, it's going to be TARIS. Jennifer, John, really appreciate being good sports here and the effort. We certainly would have wished to see you in person. We'll count on that next year, though. So thank you very much for joining us.