JOHNSON & JOHNSON
Form DEF 14A
March 13, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for the Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under § 240.14a-12

JOHNSON & JOHNSON

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Notice of Annual Meeting and Proxy Statement

March 13, 2013

The Annual Meeting of Shareholders of Johnson & Johnson will be held on Thursday, April 25, 2013 at 10:00 a.m. at the Hyatt Regency Hotel, Two Albany Street, New Brunswick, New Jersey, to:

1. Elect as Directors the nominees named in the Proxy Statement;

2. Conduct an advisory vote to approve named executive officer compensation;

3. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2013; and

4. Transact such other business, including action on three shareholder proposals, as may properly come before the meeting, and any adjournment or postponement.

Shareholders as of the record date of February 26, 2013 are cordially invited to attend the meeting. **If you plan to attend the meeting, please request an admission ticket in advance. Please note our admission ticket procedures detailed on page 4 of the Proxy Statement.**

If you are unable to attend the meeting, you will be able to view and listen to the meeting via the Internet. We will broadcast the meeting as a live webcast through our website. The webcast will remain available for replay for three months following the meeting. Visit our Investor Relations website at *www.investor.jnj.com* and click on Webcasts & Presentations for details.

By order of the Board of Directors,

Douglas K. Chia

Secretary

Scan this QR code to view digital versions of our Proxy Statement and 2012 Annual Report.

You can vote in one of four ways:

Visit the website listed on your proxy card to vote **VIA THE INTERNET**

Call the telephone number on your proxy card to vote **BY TELEPHONE**

Sign, date and return your proxy card in the enclosed envelope to vote **BY MAIL**

Attend the meeting to vote **IN PERSON**

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on April 25, 2013: The Proxy Statement and Annual Report to Shareholders are available at ***www.investor.jnj.com/annual-reports.cfm*.**

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Johnson & Johnson

2013 Proxy Statement Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. You should read the entire Proxy Statement carefully before voting.

GENERAL INFORMATION

(see pages 2-5)

Meeting: Annual Meeting of Shareholders

Date: Thursday, April 25, 2013

Time: 10:00 a.m., Eastern

Location: Hyatt Regency Hotel, Two Albany Street,

New Brunswick, New Jersey

Record Date: February 26, 2013

Ticket Requests: *AnnualMeeting@its.jnj.com*

Stock Symbol: JNJ

Exchange: NYSE

Common Stock Outstanding: 2-8 billion shares

Registrar & Transfer Agent: Computershare

State of Incorporation: New Jersey

Year of Incorporation: 1887

Public Company Since: 1944

Corporate Headquarters: One Johnson & Johnson Plaza,

New Brunswick, New Jersey 08933

Corporate Website: *www.jnj.com*

Investor Relations Website: *www.investor.jnj.com*

Annual Report: *www.investor.jnj.com/annual-reports.cfm*

EXECUTIVE COMPENSATION

(see pages 29-65)

CEO: Alex Gorsky (age 52; CEO since April 2012)

CEO 2012 Total Direct Compensation:

Base Salary: $1.1 million

Annual Performance Bonus: $1.5 million

Long-Term Incentives: $8.9 million

Compensation Highlights:

- Director meetings with institutional investors
- Reduction of planned bonuses for executive officers
- Elimination of above median targeting for executive officers
- Elimination of tax gross-ups for executive officers

CEO Employment Agreement: No

Change-In-Control Agreement: No

Stock Ownership Guidelines: Yes

Recoupment Policy: Yes

Hedging Policy: Yes

CORPORATE GOVERNANCE

(see pages 6-28)

Director Nominees: 12

Mary Sue Coleman (Independent)

James G. Cullen (Independent)

Ian E. L. Davis (Independent)

Alex Gorsky (Management)(Chairman)

Michael M. E. Johns (Independent)

Susan L. Lindquist (Independent)

Anne M. Mulcahy (Independent)(Lead)

Leo F. Mullin (Independent)

William D. Perez (Independent)

Charles Prince (Independent)

A. Eugene Washington (Independent)

Ronald A. Williams (Independent)

Director Term: One year

Director Election Standard: Majority of votes cast

Board Meetings in 2012: 9

Standing Board Committees (Meetings in 2012):

Audit (4), Compensation & Benefits (8), Nominating & Corporate Governance (4), Regulatory, Compliance & Government Affairs (3), Science, Technology & Sustainability (4), Finance (0)

Supermajority Voting Requirements: No

Shareholder Rights Plan: No

Corporate Governance Materials:

*www.investor.jnj.com/governance/*materials.cfm

Board Communication:

www.investor.jnj.com/governance/communication.cfm

OTHER ITEMS TO BE VOTED ON

(see pages 66-76)

Advisory Vote to Approve Named Executive

Officer Compensation

Ratification of Appointment of Independent

Registered Public Accounting Firm

(PricewaterhouseCoopers LLP)

Shareholder Proposals on:

Executives to Retain Significant Stock

Political Contributions and Corporate Values

Independent Board Chairman

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General Information

This Proxy Statement is furnished in connection with the solicitation of proxies by our Board of Directors for the Annual Meeting of Shareholders. This Proxy Statement and accompanying proxy are being mailed to our shareholders on or about March 13, 2013, concurrently with the mailing of our 2012 Annual Report to Shareholders.

Shareholders Entitled to Vote

Shareholders of record of our Common Stock at the close of business on February 26, 2013 are entitled to notice of and to vote at the Annual Meeting of Shareholders and at any and all adjournments or postponements of the meeting. Each share entitles its owner to one vote. The holders of a majority of the shares entitled to vote at the meeting must be present in person or represented by proxy in order to constitute a quorum for all matters to come before the meeting. On February 26, 2013, there were 2,797,036,100 shares outstanding.

Each matter to be submitted to the shareholders, including the election of Directors, requires the affirmative vote of a majority of the votes cast at the meeting. For purposes of determining the number of votes cast with respect to a particular matter, only those cast For or Against are included. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the meeting.

How to Vote

Shareholders of record (that is, shareholders who hold their shares in their own name) can vote any one of four ways:

Via the Internet: Go to the website listed on your proxy card to vote via the Internet. You will need to follow the instructions on your proxy card and the website. If you vote via the Internet, you may incur telephone and Internet access charges.

By Telephone: Call the telephone number on your proxy card to vote by telephone. You will need to follow the instructions on your proxy card and the voice prompts.

By Mail: Sign, date and return your proxy card in the enclosed postage-paid envelope. If you sign and return your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors.

In Person: Attend the Annual Meeting, or send a personal representative with an appropriate proxy, to vote by ballot.

If you vote via the Internet or by telephone, your electronic vote authorizes the named proxies in the same manner as if you signed, dated and returned your proxy card. **If you vote via the Internet or by telephone, do not return your proxy card.**

If your shares are held in street name (that is, in the name of a bank, broker or other holder of record), you will receive instructions from the holder of record that you must follow in order for your shares to be voted. Internet and/or telephone voting also will be offered to shareholders owning shares through most banks and brokers. If you wish to vote in person at the meeting, you must obtain a legal proxy from the bank, broker or other holder of record that holds your shares.

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Revoking Your Proxy or Changing Your Vote

You may change your vote at any time before the proxy is exercised. For shareholders of record, if you voted by mail, you may revoke your proxy at any time before it is voted by executing and delivering a timely and valid later-dated proxy, by voting by ballot at the meeting or by giving written notice to the Secretary. If you voted via the Internet or by telephone you may also change your vote with a timely and valid later Internet or telephone vote, as the case may be, or by voting by ballot at the meeting. Attendance at the meeting will not have the effect of revoking a proxy unless (1) you give proper written notice of revocation to the Secretary before the proxy is exercised or (2) you vote by ballot at the meeting.

If your shares are held in street name, you must follow the specific voting directions provided to you by your bank, broker or other holder of record to change or revoke any instructions you have already provided. Alternatively, obtain a proxy from your bank, broker or other holder of record and bring it with you to hand in with a ballot in order to be able to vote your shares at the meeting.

Effect of Not Casting Your Vote

If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of Directors (Item 1). In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of Directors, your bank or broker was allowed to vote those shares on your behalf in the election of Directors, as they felt appropriate. Recent changes in regulation took away the ability of your bank or broker to vote your uninstructed shares in the election of Directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of Directors, no votes will be cast on your behalf. Your bank or broker will, however, have discretion to vote any uninstructed shares on the ratification of the appointment of our independent registered public accounting firm (Item 3). They will not have discretion to vote uninstructed shares on the advisory vote to approve named executive officer compensation (Item 2), or the shareholder proposals (Items 4, 5 and 6). If you are a shareholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the Annual Meeting.

Proxy Solicitation

In addition to the solicitation of proxies by mail, several regular employees of Johnson & Johnson may solicit proxies in person or by telephone. We have also retained the firm of Morrow & Co., LLC to aid in the solicitation of brokers, banks and institutional and other shareholders for a fee of approximately $20,000, plus reimbursement of expenses. We will bear all costs of the solicitation of proxies. On the accompanying proxy, a shareholder may substitute the name of another person in place of those persons presently named as proxies. In order to vote, a substitute must present adequate identification to the Secretary before the voting occurs.

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Electronic Access to Proxy Materials and Annual Report

This Proxy Statement and our 2012 Annual Report are available on our website at *www.investor.jnj.com/annual-reports.cfm*. Instead of receiving paper copies of next year s Proxy Statement and Annual Report by mail, you can elect to receive an e-mail message that will provide a link to those documents on the Internet. By opting to access your proxy materials via the Internet, you will:

Scan this QR code to

see how you can

register to access future proxy materials via the Internet.

- gain faster access to your proxy materials;
- save us the cost of producing and mailing documents to you;
- reduce the amount of mail you receive; and
- help preserve environmental resources.

Johnson & Johnson shareholders who have enrolled in the electronic access service previously will receive their materials online this year.

Shareholders of record may enroll in the electronic proxy and Annual Report access service for future Annual Meetings of Shareholders by registering online at *www.computershare-na.com/green.* If you vote via the Internet, simply follow the prompts that will link you to that website. Street name shareholders who wish to enroll for electronic access may register for online delivery of materials by going to *http://enroll.icsdelivery.com/jnj*.

Admission Ticket Procedures

If you plan to attend the meeting in person, please request an admission ticket in advance as follows:

- If you are a registered shareholder, there is a box on the proxy card that you should mark to request an admission ticket.
- If you are a registered shareholder and vote via the Internet or by telephone, there will be applicable instructions to follow when voting to indicate if you would like to receive an admission ticket.

If your shares are held in the name of a bank, broker or other holder of record and you plan to attend, you must send a written request for an admission ticket by regular mail to the Office of the Corporate Secretary, Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933 or by e-mail to *AnnualMeeting@its.jnj.com*. You must include evidence of your stock ownership as of the record date of February 26, 2013, which you can obtain from the bank, broker or other holder of record.

Reduce Duplicate Mailings

We are required to provide an Annual Report to all shareholders who receive this Proxy Statement. If you are a shareholder of record and have more than one account in your name, or at the same address as other shareholders of record, you may authorize us to discontinue duplicate mailings of future Annual Reports (commonly referred to as householding). To do so, mark the designated box on each proxy card for which you wish to discontinue receiving an Annual Report. If you are voting via the Internet or by telephone, you can either follow the prompts when you vote or give instructions to discontinue duplicate mailings of future Annual Reports. Street name shareholders who wish to discontinue receiving duplicate mailings of future Annual Reports should review the information provided in the proxy materials mailed to them by their bank or broker. If, now or in the future, you wish to receive a separate copy of the Annual Report, please notify us by calling (800) 950-5089 or sending a written request to the Secretary at the address noted above, and we will promptly deliver a separate copy.

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Johnson & Johnson Employee Savings Plans

If you are an employee of a Johnson & Johnson company and hold shares in one of our employee savings plans, you will receive one proxy card that covers those shares held for you in your savings plan, as well as any other shares registered in your own name (but not shares held in street name). If you vote via the Internet, by telephone or by mail, as described above, by 5:00 p.m. (Eastern) on April 23, 2013, the Trustee of your savings plan will vote your shares as you have directed (your voting instructions will be kept confidential). It is important that you direct the Trustee how to vote your shares. In accordance with the terms of the Johnson & Johnson Savings Plan and the Johnson & Johnson Puerto Rico Retirement Savings Plan, if you hold shares in either plan and do not vote, the plan Trustee will vote your shares in direct proportion to the shares held in that plan for which votes will be cast. If you hold shares in any other Johnson & Johnson employee savings plan, including the Johnson & Johnson Savings Plan for Union Represented Employees, and do not vote, the plan Trustee will not vote your shares. Participants in the Johnson & Johnson employee savings plans may attend the Annual Meeting. However, shares held in those plans can only be voted as described in this paragraph, and cannot be voted at the meeting.

Advance Notice of Shareholder Proposals and Other Items of Business

To be included in the Proxy Statement and proxy card for the 2014 Annual Meeting of Shareholders, a shareholder proposal must be received at our principal office on or before November 13, 2013 and must comply with Rule 14a-8 under the U.S. Securities and Exchange Act of 1934, as amended.

In addition, under the terms of our By-Laws, a shareholder who intends to present an item of business at the 2014 Annual Meeting of Shareholders (other than a proposal submitted for inclusion in our proxy materials) must provide us with written notice of such business, including the information specified in the By-Laws, which must be received on or before November 13, 2013.

Proposals and other items of business should be directed to the attention of the Secretary at our principal office, One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933.

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Corporate Governance

Director Independence. The Board of Directors has determined that the following Directors, comprising all of the Non-Employee Directors, are independent under the listing standards of the New York Stock Exchange (NYSE) and our Standards of Independence: Dr. Coleman, Mr. Cullen, Mr. Davis, Dr. Johns, Dr. Lindquist, Ms. Mulcahy, Mr. Mullin, Mr. Perez, Mr. Prince, Dr. Satcher, Dr. Washington and Mr. Williams. In order to assist the Board in making this determination, the Board has adopted ***Standards of Independence*** as part of our Principles of Corporate Governance, which can be found on our website at *www.investor.jnj.com/governance/policies.cfm*. These Standards identify, among other things, material business, charitable and other relationships that could interfere with a Director s ability to exercise independent judgment.

As highly accomplished individuals in their respective industries, fields and communities, the Non-Employee Directors are affiliated with numerous corporations, educational institutions, hospitals and charities, as well as civic organizations and professional associations, many of which have business, charitable or other relationships with the company. The Board considered each of these relationships in light of the Standards of Independence and determined that none of these relationships conflict with the interests of the company or would impair the relevant Non-Employee Director s independence or judgment. The following table describes the relationships that were considered in making this determination. The nature of the transactions, relationships and arrangements summarized in the table below, and the role of each of the Directors at their respective organizations, were such that none of the Non-Employee Directors had any direct business relationships with the company in 2012 or received any direct personal benefit from any of these transactions, relationships or arrangements.

Director	Organization	Type of Organization	Relationship to Organization	Type of Transaction, Relationship or Arrangement	2012 Aggregate Magnitude
M. S. Coleman	University of Michigan	Educational Institution	Executive officer	Sales of health care products and services; educational and research grants and fellowships; conference exhibit fees	<1%
M. M. E. Johns	Emory University	Educational Institution	Employee	Sales of health care products and services; royalty payments; educational and research grants	<1%
S. L. Lindquist	Massachusetts Institute of Technology	Educational Institution	Employee	Research program and other research related payments	<1%
	Whitehead Institute for Biomedical Research	Research Institute	Employee	Research grants	<1%; <$1 million
A. M. Mulcahy	Save the Children	Charitable Organization	Trustee	Contributions	<1%; <$1 million
W. D. Perez	Cornell University	Educational Institution	Trustee	Tuition; grants and fellowships	<1%; <$1 million
D. Satcher[(1)]	CDC Foundation	Non-Profit Organization	Trustee	Grants and membership dues	<1%; <$1 million
	Morehouse School of Medicine	Educational Institution	Employee	Grants and meeting fees	<1%; <$1 million
A. E. Washington	UCLA Health System	Health Care Institution	Executive Officer	Sales of health care products and services; rebates	<1%
R. A. Williams	Save the Children	Charitable Organization	Trustee	Contributions	<1%; <$1 million

(1) Not standing for re-election in 2013.

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All of the transactions, relationships and arrangements of the type listed above were entered into, and payments were made or received, by us in the ordinary course of business and on competitive terms. Aggregate payments to each of the relevant organizations did not exceed the greater of $1 million or 1% of the company s or that organization s consolidated gross revenues for 2010, 2011 or 2012. The company s transactions with, or discretionary charitable contributions to, each of the relevant organizations (not including gifts made under our matching gifts program) did not exceed the greater of $1 million or 1% of the company s or that organization s consolidated gross revenues for 2010, 2011 or 2012.

In the event of Board-level discussions pertaining to a potential transaction, relationship or arrangement involving an organization with which a Director is affiliated, that Director would be expected to recuse himself or herself from the deliberation and decision-making process. In addition, none of the Non-Employee Directors have the authority to review, approve or deny any grant to, or research contract with, an organization.

Board Meetings. During 2012, the Board of Directors held seven regularly-scheduled and two special meetings. Each Director attended at least 75% of the total regularly-scheduled and special meetings of the Board of Directors and the committees on which he or she served (held during the period that he or she served). A discussion of the role of the Board of Directors in our strategic planning process can be found on our website at *www.investor.jnj.com/governance/strategic-planning.cfm*.

Annual Meeting Attendance. It has been our longstanding practice for all Directors to attend the Annual Meeting of Shareholders. All 13 Directors who were elected to the Board at the 2012 Annual Meeting were in attendance.

Board Leadership Structure. Alex Gorsky, our current Chief Executive Officer (CEO), also serves as the ***Chairman*** of our Board of Directors. Our independent Directors determined that for effective board governance it is important to have an independent ***Lead Director*** and have selected Anne M. Mulcahy to serve as the designated Lead Director for 2013.

Mr. Gorsky became our CEO and a member of our Board of Directors on April 26, 2012, the date of our 2012 Annual Meeting of Shareholders. At the same time, our Chairman/CEO, William C. Weldon, stepped down from the CEO role. Mr. Weldon continued to serve as the Executive Chairman of our Board until December 28, 2012, at which point Mr. Gorsky became Chairman. During this eight-month transitional period, Mr. Weldon worked closely with Mr. Gorsky to ensure a seamless transition of leadership, transferring all day-to-day management and operational responsibilities to Mr. Gorsky. The Board saw Mr. Weldon s contributions during this eight-month transitional period as critical to the success of the company s leadership transition.

Our Directors believe that each of the possible leadership structures for a board has its particular pros and cons, which must be considered in the context of the specific circumstances, culture and challenges facing a company, and that such consideration falls squarely on the shoulders of a company s board that has a diversity of views and experiences. As discussed in Item 1: Election of Directors on pages 14 to 21 of this Proxy Statement, our Directors come from a variety of organizational backgrounds with direct experience with a wide range of leadership and management structures. The makeup of our Board puts it in a very strong position to evaluate the pros and cons of the various types of board leadership structures and to ultimately decide which one will work in the best interests of our stakeholders, as they are defined in Our Credo.

Our Board believes that it is in the best interests of the company to have Mr. Gorsky serve as both Chairman and CEO. During the transitional period when Mr. Weldon served as Executive Chairman and Mr. Gorsky served as CEO, the Board gave thoughtful and rigorous consideration to its governance structure and ultimately determined that combining the Chairman and CEO positions under the strong leadership of Mr. Gorsky will benefit all our stakeholders. Recombining the roles of Chairman and CEO in Mr. Gorsky creates clear and unambiguous authority, which is essential to effective management. The Board and management can respond more effectively to a clearer line of authority. By designating the new CEO as its Chairman, the Board also sends an important signal to employees and shareholders about who is accountable. Further, given he is closer to the company s businesses than any other Board member and has the benefit of over 20

The Board gave thoughtful and rigorous consideration to its governance structure and ultimately determined that combining the Chairman and CEO positions under the strong leadership of

Mr. Gorsky will benefit all our stakeholders.

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years of operational and leadership experience within the Johnson & Johnson Family of Companies, Mr. Gorsky is best-positioned to set the Board s agenda and provide leadership. Mr. Gorsky s career experience also gives him unquestioned industry knowledge, which the Board believes is critical for the chairman of the board of a company that operates in a highly-regulated industry such as health care. The combined Chairman/CEO model is a leadership model that has served our shareholders well for many generations, through numerous economic cycles and through a succession of effective leaders, and the Board believes this will continue under Mr. Gorsky.

While deciding to recombine the Chairman and CEO roles under Mr. Gorsky, the Board also recognized the importance for a board to have in place, and build upon, a strong counterbalancing structure to ensure that it functions in an appropriately independent manner. Thus, at the same time that it decided to designate Mr. Gorsky as its Chairman, the Board took steps to enhance its governance structure. Specifically, the Board changed the title of the Presiding Director position, originally created in 2002, to Lead Director, and expanded the duties and responsibilities of the position. The following table describes the duties and responsibilities of our independent Lead Director.

Duties and Responsibilities of the Independent Lead Director

Board Agendas and Schedules	Approves information sent to the Board and determines timeliness of information flow from management. Periodically provides feedback on quality and quantity of information flow from management. Participates in setting, and ultimately approves, the agenda for each Board meeting. Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items. With the Chair/CEO, determines who attends Board meetings, including management and outside advisors.
Committee Agendas and Schedules	Reviews in advance the schedule of committee meetings. Monitors flow of information from Committee Chairs to the full Board.
Board Executive Sessions	Has the authority to call meetings and Executive Sessions of the Independent Directors. Presides at all meetings of the Board at which the Chair/CEO is not present, including Executive Sessions of the Independent Directors.
Communicating with Management	After each Executive Session of the Independent Directors, communicates with the Chair/CEO to provide feedback and also to effectuate the decisions and recommendations of the Independent Directors. Acts as liaison between the Independent Directors and the Chair/CEO and management on a regular basis and when special circumstances exist or communication out of the ordinary course is necessary.
Communicating with Stakeholders	As necessary, meets with major shareholders or other external parties, after discussions with the Chair/CEO.

	Is regularly apprised of inquiries from shareholders and involved in correspondence responding to these inquiries. Under the Board s guidelines for handling shareholder and employee communications to the Board, is advised promptly of any communications directed to the Board or any member of the Board that allege misconduct on the part of company management, or raise legal, ethical or compliance concerns about company policies or practices.
Chair and CEO Performance Evaluations	Leads the annual performance evaluation of the Chair/CEO, distinguishing as necessary between performance as Chair and performance as CEO.
Board Performance Evaluation	Leads the annual performance evaluation of the Board.
New Board Member Recruiting	Interviews Board candidates, as appropriate.
CEO Succession	Leads the CEO succession process.
Crisis Management	Plays an increased role in crisis management oversight, as appropriate.
Limits on Leadership Positions of Other Boards	May only serve as chair, lead or presiding director, or similar role, or as CEO or similar role at another public company if approved by the full Board upon recommendation from the Nominating & Corporate Governance Committee.

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The Chairman of the Board will continue to be designated annually by the Board, and the independent Lead Director of the Board will continue to be designated annually by the independent members of the Board. Our Board, through its Nominating & Corporate Governance Committee, will continue to periodically review its leadership structure in a serious and open-minded fashion to ensure it is still appropriate for the company.

Standing Board Committees. The Board of Directors has a standing Audit Committee, Compensation & Benefits Committee, Nominating & Corporate Governance Committee, Regulatory, Compliance & Government Affairs Committee and Science, Technology & Sustainability Committee, each composed entirely of Non-Employee Directors determined to be independent under the listing standards of the NYSE and our Standards of Independence. Under their written charters adopted by the Board, each of these committees is authorized and assured of appropriate funding to retain and consult with external advisors, consultants and counsel. In addition, the Board has a standing Finance Committee, composed of the Chairman of the Board and the Lead Director.

The following table shows the Directors who are currently members or chairmen of each of the standing Board Committees and the number of meetings each committee held in 2012.

Board Committee Membership

(1) Designated as an audit committee financial expert for purposes of Section 407 of the Sarbanes-Oxley Act.

(2) Does not include teleconferences held prior to each release of quarterly earnings (four in total) and teleconferences held prior to the filing of each Quarterly Report on Form 10-Q (three in total).

(3) The Regulatory, Compliance & Government Affairs Committee superseded the Public Policy Advisory Committee in April 2012.

(4) Not standing for re-election in 2013.

(5) Served as Chairman of Science, Technology & Sustainability Committee in 2012.

The ***Audit Committee*** represents and assists the Board by providing oversight of financial management, the internal auditors and the independent auditor and providing that management is maintaining an adequate system of internal control such that there is reasonable assurance that assets are safeguarded and that financial reports are properly prepared; that there is consistent application of generally accepted accounting principles; and that there is compliance with management s financial reporting policies and procedures. In performing these functions, the Audit Committee meets periodically with the independent auditor, management, and internal auditors (including in private sessions) to review their work and confirm that they are properly discharging their respective responsibilities. In addition, the Audit Committee appoints the independent auditor. A copy of the charter of the Audit Committee is available on our website at *www.investor.jnj.com/governance/committee.cfm*. For more information on Audit Committee activities in 2012, see the Audit Committee Report on page 67.

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Any employee or other person who wishes to contact the Audit Committee to report fiscal improprieties or complaints about internal accounting control or other accounting or auditing matters can do so by writing to them c/o Johnson & Johnson, One Johnson & Johnson Plaza, Room WH 2136, New Brunswick, NJ 08933 or by using the online submission form at *www.investor.jnj.com/governance/communication.cfm*. Such reports may be made anonymously.

The Board has designated Mr. Cullen, the Chairman of the Audit Committee and an independent Director, as an audit committee financial expert under the rules and regulations of the U.S. Securities and Exchange Commission (SEC) after determining that he meets the requirements for such designation. This determination was based on Mr. Cullen s experience while President and Chief Executive Officer of Bell Atlantic Enterprises, New Jersey Bell and President and Chief Operating Officer of Bell Atlantic Corporation, where he actively supervised persons performing the functions of principal financial officer, principal accounting officer and controller.

The primary function of the ***Compensation & Benefits Committee*** is to discharge the Board s duties and responsibilities relating to compensation of our Non-Employee Directors and executive officers, and oversee the design and management of the various pension, long-term incentive, savings, health and welfare plans that cover our employees.

The Compensation & Benefits Committee s duties and responsibilities under its charter with respect to the compensation of our Directors and executive officers include:

- recommending to the Board the Chairman/CEO s compensation based on the independent Directors annual evaluation of his or her performance;
- reviewing and approving compensation decisions recommended by the Chairman/CEO for the other executive officers, including setting base salaries, annual performance bonuses, long-term incentive awards, severance benefits and perquisites;
- setting our compensation philosophy and composition of the group of peer companies used for comparison of executive compensation;
- approving the establishment of competitive targets versus the group of peer companies used for comparison of executive compensation and all equity-based plans requiring shareholder approval;
- reviewing the eligibility criteria and award guidelines for the corporate-wide compensation programs in which the executive officers participate;
- reviewing the philosophy and policies of the non-Board Management Compensation Committee (MCC) with respect to management compensation, perquisites and other compensation policies for non-executive employees; and
- reviewing, and recommending for approval by the Board, the compensation for the Non-Employee Directors.

The Compensation & Benefits Committee has retained an independent compensation consultant from Frederic W. Cook & Co., Inc. for matters related to executive officer and Director compensation. Frederic W. Cook & Co., Inc. does not provide any other services to the company. The compensation consultant reports directly to the Committee. For further discussion of the role of the Compensation & Benefits Committee in the executive compensation decision-making process, and for a description of the nature and scope of the consultant s assignment, see Compensation Discussion and Analysis Governance of Executive Compensation on pages 48 and 49 of this Proxy Statement.

The Compensation & Benefits Committee also reviews the compensation philosophy and policies of the MCC, a non-Board committee composed of Mr. Gorsky (Chairman/CEO), Mr. Dominic J. Caruso (Chief Financial Officer) and Dr. Peter M. Fasolo (Vice President, Global Human Resources), which, under delegation from the Compensation & Benefits Committee, determines management compensation and establishes perquisites and other compensation policies for employees (except for our executive officers). The Compensation & Benefits

Committee is also responsible for the oversight of our annual performance bonus and long-term incentive plans and is the approving authority for management recommendations with respect to performance bonuses and long-term incentive awards under those plans. A copy of the charter of the Compensation & Benefits Committee can be found on our website at *www.investor.jnj.com/governance/committee.cfm*.

The ***Nominating & Corporate Governance Committee*** is responsible for overseeing matters of corporate governance, including the evaluation of the performance and practices of the Board of Directors. The Nominating & Corporate Governance Committee also oversees the process for performance evaluations of the committees of the Board. It is also within the charter of the Nominating & Corporate Governance Committee to review our executive succession plans, review and recommend director orientation and continuing orientation programs for Board members, and consider questions of possible conflicts of interest, as such questions arise. In addition, the Nominating & Corporate Governance Committee reviews possible candidates for the Board, as discussed on page 14 of this Proxy Statement, and recommends the nominees for Directors to the Board for approval. A copy of the charter of the Nominating & Corporate Governance Committee can be found on our website at *www.investor.jnj.com/governance/committee.cfm.*

The ***Regulatory, Compliance & Government Affairs Committee*** assists the Board by providing oversight of regulatory, compliance, quality and governmental matters that may impact the company. The Regulatory, Compliance & Government Affairs Committee oversees the company s major compliance programs with respect to regulatory requirements; oversees compliance with any ongoing Corporate Integrity Agreements or any similar significant undertakings by the company with a government agency; reviews the organization, implementation and effectiveness of the company s compliance and quality programs; oversees the company s Policy on Business Conduct and Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers; reviews the company s governmental affairs strategies and priorities; and reviews the policies, practices and priorities for the company s political expenditure and lobbying activities. A copy of the charter of the Regulatory, Compliance & Government Affairs Committee can be found on our website at *www.investor.jnj.com/governance/committee.cfm.*

The ***Science, Technology & Sustainability Committee*** assists the Board of Directors in the general oversight of the significant scientific and technological aspects of the company s businesses and the company s sustainability activities. The Science, Technology & Sustainability Committee monitors and reviews the overall strategy, direction and effectiveness of the company s research and development; serves as a resource and provides input, as needed, regarding the scientific and technological aspects of product safety matters; reviews the company s policies, programs and practices on environment, health, safety and sustainability; assists the Board in identifying and comprehending significant emerging science and technology policy and public health issues and trends that may impact the company s overall business strategy; and assists the Board in its oversight of the company s major acquisitions and business development activities as they relate to the acquisition or development of new science or technology. A copy of the charter of the Science, Technology & Sustainability Committee can be found on our website at *www.investor.jnj.com/governance/committee.cfm.*

The ***Finance Committee*** is composed of the Chairman and Lead Director of the Board. The Committee exercises the authority of the Board during the intervals between Board meetings, as permitted by law. The Finance Committee generally does not hold formal meetings and instead acts from time-to-time between Board meetings by unanimous written consent in lieu of a meeting, as needed. Any such action is taken pursuant to specific advance delegation by the Board or is later ratified by the Board.

Executive Sessions. During 2012, each of the Audit, Compensation & Benefits, Nominating & Corporate Governance, Regulatory, Compliance & Government Affairs, and Science, Technology & Sustainability Committees met in Executive Sessions without members of management present. The independent Directors met nine times during 2012 in Executive Sessions, at every Board meeting, without the Chairman/CEO or any other member of management present, at which the Presiding Director acted as Chairman.

Board Oversight of Risk Management. The Board believes that overseeing how management manages the various risks we face is one of its most important responsibilities to our stakeholders. Our enterprise risk management framework reflects a collaborative process, whereby our Board of Directors, management and other personnel apply a common risk management approach to strategy setting and other decisions across the enterprise that is designed to identify potential events that may affect the entity and manage the associated risks and opportunities.

The Board believes that, in light of the interrelated nature of the risks we face, oversight of risk management is ultimately the responsibility of the full Board. In carrying out this critical responsibility, the Board meets at regular intervals with key members of management with primary responsibility for risk management in their respective areas of responsibility. The subject matter of these meetings can generally be grouped into the following categories and risk areas:

Strategy: Business Vitality; Strategic Planning; Talent Management; Reputation; Sustainability; Diversity

Reporting: Financial Results; Finance/Accounting; Internal Audit; Independent Audit; Tax; Treasury

Compliance: Law/Legal Proceedings; Legislative/Regulatory Environment; Health Care Compliance; Foreign Corrupt Practices Act; Environment, Health & Safety; Privacy; Quality; Product Safety/Scientific Issues

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- ***Operations:*** Supply Chain (including Manufacturing/Business Continuity Planning); Security (including security of products, sites, personnel, and information); Research & Development

The Board also receives regular reports on aspects of our risk management from senior representatives of our independent auditor. In addition, the Audit Committee meets in private sessions with the Chief Financial Officer; General Counsel; Vice President of Internal Audit; and representatives of our independent auditor at the conclusion of every regularly-scheduled meeting, where aspects of risk management are discussed. The Regulatory, Compliance & Government Affairs Committee meets in private sessions with the General Counsel; Chief Compliance Officer; Chief Quality Officer; and Vice President of Internal Audit, where aspects of risk management are discussed.

Risk Related to Executive Compensation. The following characteristics of our executive compensation program work to reduce the possibility of our executive officers, either individually or as a group, making excessively-risky business decisions that could maximize short-term results at the expense of long-term value:

- ***Balanced Mix of Pay Components:*** The target compensation mix is not overly weighted toward annual incentive awards and represents a balance of cash and long-term equity-based compensation vesting over three years. See Setting Compensation Targets on page 47 of this Proxy Statement.

- ***Balanced Approach to Performance-Based Awards:***

  - Performance targets are tied to multiple financial metrics, including operational sales growth, free cash flow, adjusted earnings per share growth, and long-term total shareholder return.
  - Performance-based awards are based on the achievement of strategic and leadership objectives in addition to financial metrics.

  See Long-Term Incentives on pages 42 and 43 of this Proxy Statement.

- ***Performance Period and Vesting Schedules:*** The performance period and vesting schedules for long-term incentives overlap, and therefore, reduce the motivation to maximize performance in any one period. Performance Share Units, Restricted Share Units, and Stock Options vest three years from the grant date.

- ***Capped Incentive Awards:*** Salary increases, annual performance bonuses, and long-term incentive awards are capped at 200% of target. See Range of Awards on page 48 of this Proxy Statement.

- ***Stock Ownership Guidelines:*** The guidelines require our CEO to directly or indirectly own equity in our company of six times salary, and our other Executive Committee members to own equity of three times salary, and to retain this level of equity at all times while serving as an Executive Committee member. See Stock Ownership Guidelines for Named Executive Officers on pages 50 and 51 of this Proxy Statement.

- ***Executive Compensation Recoupment Policy:*** The policy gives our Board the authority to recoup executive officers past compensation in the event of a material restatement of our financial results. This will be expanded to cover events involving material violations of company policy. See Executive Compensation Recoupment Policy on page 51 of this Proxy Statement.

- ***No Change-in-Control Arrangements:*** None of our executive officers have in place any change-in-control arrangements that would result in guaranteed payouts. See No Change-in-Control Arrangements and Agreements on page 50 of this Proxy Statement.

Communication with the Board. Shareholders, employees and others may contact the Board or any of our Directors (including the Lead Director) by writing to them c/o Johnson & Johnson, One Johnson & Johnson Plaza, Room WH 2136, New Brunswick, NJ 08933. Shareholders, employees and others may also contact the Board or any of the Non-Employee Directors by using the online submission form on our website at *www.investor.jnj.com/governance/communication.cfm*. General comments to the company (including complaints or questions about a product) should be sent by accessing *https://secure-www.jnj.com/wps/wcm/jsp/contactus.jsp*. Our process for handling communications to the Board or the individual Directors has been approved by the independent Directors and can be found at *www.investor.jnj.com/governance/communication.cfm.*

Corporate Governance Materials. Shareholders can see our Restated Certificate of Incorporation; By-Laws; Principles of Corporate Governance; Charters of the Audit Committee, Compensation & Benefits Committee, Nominating & Corporate Governance Committee, Regulatory, Compliance & Government Affairs Committee and Science, Technology & Sustainability Committee; Policy on Business Conduct for employees; Code of Business

Conduct & Ethics for Members of the Board of Directors and Executive Officers; and other corporate governance materials on our website at *www.investor.jnj.com/governance/materials.cfm*. Copies of these documents, as well as additional copies of this Proxy Statement, are available to shareholders, without charge, upon request to the Secretary at our principal address.

Majority Vote Standard in Uncontested Director Elections. Our By-Laws require that, in uncontested elections (those where the number of nominees does not exceed the number of Directors to be elected), Director nominees receive the affirmative vote of a majority of the votes cast in order to be elected to our Board of Directors. The majority standard applies only to uncontested Director elections. The proxy card for uncontested elections, including the election of Directors at the 2013 Annual Meeting, will allow shareholders to vote For or Against each nominee and also will allow shareholders to Abstain from voting on any nominee. In accordance with New Jersey law, abstentions will have no effect in determining whether the required majority vote has been obtained.

Under our By-Laws and in accordance with New Jersey law, a Director s term extends until his or her successor is duly elected and qualified, or until he or she resigns or is removed from office with cause by a majority vote of shareholders entitled to vote. Thus, an incumbent Director who fails to receive the required vote for re-election at our Annual Meeting of Shareholders would continue serving as a Director (sometimes referred to as a holdover director), generally until the next meeting of shareholders. In order to address the situation where an incumbent Director receives more votes Against his or her re-election than votes For his or her re-election in an uncontested election, the Board has adopted a Director Resignation Policy for Incumbent Directors in Uncontested Elections, which would require that Director to promptly tender an offer of his or her resignation following certification of the shareholder vote. The Nominating & Corporate Governance Committee and the Board would then consider and take appropriate action on such offer of resignation in accordance with the Policy.

Contested Director elections (those where the number of Director nominees exceeds the number of Directors to be elected) would be governed by the plurality standard under New Jersey law. The proxy card for contested elections would allow shareholders to vote For each nominee or Withhold from voting on any nominee, as is typically the practice under the plurality standard. The Director Resignation Policy for Incumbent Directors in Uncontested Elections would not apply to contested elections.

Our By-Laws and Principles of Corporate Governance, including the Director Resignation Policy for Incumbent Directors in Uncontested Elections, can be found on our website at *www.investor.jnj.com/governance/materials.cfm.*

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Item 1: Election of Directors

Director Nomination Process. The Nominating & Corporate Governance Committee of the Board of Directors reviews possible candidates for the Board and recommends the nominees for Directors to the Board for approval. The Board has adopted ***General Criteria for Nomination to the Board of Directors***, which, as part of the Principles of Corporate Governance, are posted on our website at *www.investor.jnj.com/governance/policies.cfm*. These criteria describe specific traits, abilities and experience that the Nominating & Corporate Governance Committee and the Board look for in determining candidates for election to the Board, including:

- the highest ethical character and shared values with Our Credo;
- reputation consistent with our image and reputation;
- accomplishment within candidate s field, with superior credentials and recognition;
- active and former chief executive officers of public companies and leaders of major complex organizations, including scientific, government, educational and other non-profit institutions;
- widely recognized leaders in the fields of medicine or biological sciences, including those who have received the most prestigious awards and honors in their fields;
- relevant expertise and experience and the ability to offer advice and guidance to the CEO based on that expertise and experience;
- independence, without the appearance of any conflict in serving as a Director, and ability to represent all shareholders;
- ability to exercise sound business judgment; and
- diversity reflecting gender, ethnic background and professional experience.

The Nominating & Corporate Governance Committee annually considers the size, composition and needs of the Board in light of these criteria and accordingly considers and recommends candidates for membership on the Board.

The Nominating & Corporate Governance Committee considers suggestions from many sources, including shareholders, regarding possible candidates for Directors. Such suggestions, together with appropriate biographical information, should be submitted to the Secretary at our principal office at One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933. Possible candidates suggested by shareholders are evaluated by the Nominating & Corporate Governance Committee in the same manner as other possible candidates.

Nominees. There are 12 nominees for election as Directors of the company to hold office until the next Annual Meeting and until their successors have been duly elected and qualified.

If the enclosed proxy is properly executed and received in time for the meeting, it is the intention of the persons named in the proxy to vote the shares represented thereby For or Against the persons nominated for election as Directors, or Abstain from voting, as instructed. See Corporate Governance Majority Vote Standard in Uncontested Director Elections on page 13 of this Proxy Statement. If any nominee should refuse or be unable to serve, an event which is not anticipated, the proxy will be voted for such person as shall be designated by the Board of Directors to replace such nominee or, in lieu thereof, the Board of Directors may reduce the number of Directors.

Except for A. Eugene Washington, who was appointed to the Board in November 2012, all of the nominees were elected to the Board at the last Annual Meeting. All of the nominees are currently serving as Directors of the company. Dr. Washington was initially identified as a potential nominee by members of the Science, Technology & Sustainability Committee and recommended for nomination by the Nominating & Corporate Governance Committee.

In keeping with the Board s policy on retirement of Directors, Dr. David Satcher, elected to the Board in 2002, will not stand for re-election. Mr. William C. Weldon, former Chairman of the Board of Directors, Chief Executive Officer, and Chairman of the Executive Committee, appointed to the Board in 2001, retired from the Board as of December 28, 2012. The Board thanks Dr. Satcher and Mr. Weldon for their service.

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Below are summaries of the background, business experience and description of the principal occupation of each of the nominees.

MARY SUE COLEMAN, Ph.D., President, University of Michigan

Director since: 2003

Independent

Having served as President of two of the nation s largest and most prestigious public universities and having a long and decorated career in the sciences, Dr. Coleman brings to our Board a unique point of view regarding organizational management and academic research vital to a company competing in science-based industries.

Dr. Coleman, 69, joined the Board of Directors in 2003 and is a member of the Audit Committee and the Science, Technology & Sustainability Committee. She has served as President of the University of Michigan since August 2002, after having served as President of the University of Iowa from 1995 to July 2002. In addition to her current position as President, Dr. Coleman is a Professor of Biological Chemistry in the University of Michigan Medical School and a Professor of Chemistry in the University of Michigan College of Literature, Science and the Arts. Prior to 1995, Dr. Coleman served as Provost and Vice President for Academic Affairs at the University of New Mexico, Vice Chancellor for Graduate Studies & Research and Associate Provost and Dean of Research at the University of North Carolina at Chapel Hill, and a member of the biochemistry faculty and an administrator at the Cancer Center of the University of Kentucky in Lexington. Elected to the National Academy of Sciences Institute of Medicine in 1997, Dr. Coleman is a Fellow of the American Academy of Arts and Sciences and the American Association for the Advancement of Science. Dr. Coleman is a Trustee of the Gerald R. Ford Foundation.

Other Public Company Board Service: Meredith Corporation (1997 to present)

JAMES G. CULLEN, Retired President and Chief Operating Officer, Bell Atlantic Corporation

Director since: 1995

Independent

With years of demonstrated managerial ability as CEO and COO of a large telecommunications company, and as the current independent, non-executive Chairman of the Board of Directors of Agilent Technologies, Inc. and NeuStar, Inc., Mr. Cullen brings to our Board a wealth of knowledge of organizational and operational management, as well as board leadership experience, essential to a large public company.

Mr. Cullen, 70, joined the Board of Directors in 1995 and is the Chairman of the Audit Committee and a member of the Nominating & Corporate Governance Committee. Mr. Cullen served as the Presiding Director of the Board from 2003 to 2012. Mr. Cullen retired as President and Chief Operating Officer of Bell Atlantic Corporation (communications) in 2000. He had assumed those positions in 1998, after having been Vice Chairman since 1995 and, prior to that, President since 1993. He was President and Chief Executive Officer of Bell Atlantic-New Jersey, Inc. from 1989 to 1993. Mr. Cullen is a Director of Eisenhower Medical Center.

Other Public Company Board Service: Agilent Technologies, Inc. (2000 to present; Non-Executive Chairman since 2005), NeuStar, Inc. (2005 to present; Non-Executive Chairman since 2010), Prudential Financial, Inc. (2001 to present; Lead Director since 2011)

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IAN E. L. DAVIS, Senior Advisor, Apax Partners; Former Chairman and Worldwide Managing Director, McKinsey & Company

Director since: 2010

Independent

Having served as Chairman and Worldwide Managing Director of one of the world s leading management consulting firms, and as a consultant to a range of global organizations across the public, private and not-for-profit sectors, Mr. Davis brings considerable global experience, management insight and business knowledge to our Board.

Mr. Davis, 62, joined the Board of Directors in 2010 and is a member of the Audit Committee and the Science, Technology & Sustainability Committee. Mr. Davis is currently a Senior Advisor at Apax Partners, a private equity advisory firm. Mr. Davis retired from McKinsey & Company (management consulting) in 2010 as a Senior Partner, having served as Chairman and Worldwide Managing Director from 2003 until 2009. In his more than 30 years at McKinsey, he served as a consultant to a range of global organizations across the public, private and not-for-profit sectors. Prior to becoming Chairman and Worldwide Managing Director, he was Managing Partner of McKinsey s practice in the United Kingdom and Ireland. His experience includes oversight for McKinsey clients and services in Asia, Europe, the Middle East and Africa, as well as expertise in the consumer products and retail industries. Mr. Davis is a Director of Teach for All, a global network of independent social enterprises working to expand educational opportunities in their nations; a non-executive Director of global energy group, BP plc.; a non-executive member of the UK s Cabinet Office Board; and a non-executive Director of Majid Al Futtaim Holding LLC.

Other Public Company Board Service: BP plc (2010 to present)

ALEX GORSKY, Chairman, Board of Directors, Chief Executive Officer, Chairman, Executive Committee, Johnson & Johnson

Director since: 2012

Management

Having started his career at Johnson & Johnson in 1988 and having been promoted to positions of increasing responsibility across business segments, culminating in his appointment to CEO and election to the Board of Directors in 2012, Mr. Gorsky brings a full range of strategic management expertise, a broad understanding of the issues facing a multinational business in the healthcare industry and an in-depth knowledge of the company s business, history and culture to the Board and the Chairman position.

Mr. Gorsky, 52, assumed his current position as Chairman, Board of Directors, in December 2012. He was named Chief Executive Officer, Chairman of the Executive Committee and joined the Board of Directors in April 2012. Mr. Gorsky began his Johnson & Johnson career as a sales representative with Janssen Pharmaceutica Inc. in 1988. Over the next 15 years, he advanced through positions of increasing responsibility in sales, marketing, and management. In 2001, Mr. Gorsky was appointed President of Janssen Pharmaceutical Inc., and in 2003 he was named Company Group Chairman of the Johnson & Johnson pharmaceuticals business in Europe, the Middle East and Africa. Mr. Gorsky left Johnson & Johnson in 2004 to join the Novartis Pharmaceuticals Corporation, where he served as head of the company s pharmaceuticals business in North America. Mr. Gorsky returned to Johnson & Johnson in 2008 as Company Group Chairman for Ethicon. In early 2009, he was appointed Worldwide Chairman of the Surgical Care Group and member of the Executive Committee. In September 2009, he was appointed

Worldwide Chairman of the Medical Devices and Diagnostics Group. Mr. Gorsky became Vice Chairman of the Executive Committee in January 2011. Mr. Gorsky also serves on the board of the Travis Manion Foundation.

Other Public Company Board Service: None.

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	MICHAEL M. E. JOHNS, M.D., Professor, Emory School of Medicine and Rollins School of Public Health; Chancellor and Executive Vice President of Health Affairs Emeritus, Emory University
Director since: 2005	*Having served in numerous senior leadership positions at some of the nation s most prestigious academic institutions, hospitals and health care systems, Dr. Johns provides to our Board a valuable combination of experience at the highest levels of both patient care and medical research, as well as organizational management skills and public health policy expertise, making him an integral board member of a company in the health care industry.*
Independent	
	Dr. Johns, 71, joined the Board of Directors in 2005 and is a member of the Compensation & Benefits Committee and the Science, Technology & Sustainability Committee. Dr. Johns is a Professor in the Emory School of Medicine and the Rollins School of Public Health. He served as Chancellor of Emory University from 2007 to 2012, and as Executive Vice President for Health Affairs and Chief Executive Officer of the Robert W. Woodruff Health Sciences Center of Emory University from 1996 to 2007. As the Executive Vice President for Health Affairs, he oversaw Emory University s widespread academic and clinical programs in health sciences and led strategic planning initiatives for both patient care and research. In addition, from 1996 to 2007, he served as the Chairman of the Board of Emory Healthcare, the largest health care system in Georgia. From 1990 to 1996, Dr. Johns served as Dean of the Johns Hopkins School of Medicine and Vice President of the Medical Faculty at Johns Hopkins University. Dr. Johns is Past Chair of the Council of Teaching Hospitals, a fellow of the American Association for the Advancement of Science and a member of the Institute of Medicine. He is a member of the editorial board of the Journal of the American Medical Association (JAMA) and chairs the Publication Committee of the journal Academic Medicine.
	Other Public Company Board Service: AMN Healthcare Services, Inc. (2008 to present), Genuine Parts Company (2000 to present)

	SUSAN L. LINDQUIST, Ph.D., Member and Former Director, Whitehead Institute for Biomedical Research; Professor of Biology, Massachusetts Institute of Technology
Director since: 2004	*With her long and decorated career in scientific research and her global reputation as a pioneer in biomedical innovation, Dr. Lindquist brings to our Board an incomparable perspective on the intersection of academic and commercial medical research critical to a company in the health care industry.*
Independent	
	Dr. Lindquist, 63, joined the Board of Directors in 2004 and is Chairman of the Science, Technology & Sustainability Committee and a member of the Regulatory, Compliance & Government Affairs Committee. She is a member of the Whitehead Institute, a non-profit, independent research and educational institution, a Professor of Biology at the Massachusetts Institute of Technology and an Investigator of the Howard Hughes Medical Institute. Dr. Lindquist served as Director of the Whitehead Institute from 2001 to 2004. Previously she was affiliated with the University of Chicago where she was the Albert D. Lasker Professor of Medical Sciences in the Department of Molecular Genetics and Cell Biology. Dr. Lindquist was elected to the American Academy of Arts and Sciences in 1996, the National Academy of Sciences in 1997, the American Philosophical Society in 2003 and the Institute of Medicine in 2006. She received the Novartis/Drew Award for Biomedical Research in 2000, the Dickson Prize in Medicine in 2002, the Sigma

Xi William Procter Prize for Academic Achievement in 2006, the Nevada Silver Medal for Scientific Achievement in 2007, the Genetics Society of America Medal and the Centennial Medal of the Harvard University Graduate School of Arts and Sciences in 2008. In 2010, she received the Mendel Medal from the Genetics Society (UK), The Delbrück Medal from Bayer Schering, and the National Medal of Science (USA). In 2012, Dr. Lindquist received the Wilson Medal in Cell Biology and in 2013 the Dart Prize in Biotechnology. She has served on the Scientific Advisory boards of many independent research institutes, associations and foundations, including: The Genetics Society of America, the Hereditary Disease Foundation, the Massachusetts General Hospital and the Institute für Molekulare Biotechnology GmbH. Dr. Lindquist is also a Co-Founder of FoldRx Pharmaceuticals, Inc., a subsidiary of Pfizer Inc.

Other Public Company Board Service: None

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ANNE M. MULCAHY, Former Chairman and Chief Executive Officer, Xerox Corporation

Director since: 2009

Having served as Chairman and CEO of a large, global manufacturing and services company with one of the world s most recognized brands and track record for innovation, Ms. Mulcahy presents to our Board valuable insight into organizational and operational management issues crucial to a large public company, as well as a strong reputation for leadership in business innovation and talent development.

Independent

Lead Director

Ms. Mulcahy, 60, joined the Board of Directors in 2009 and became the Lead Director of the Board in December 2012. Ms. Mulcahy is a member of the Audit Committee, the Nominating & Corporate Governance Committee, and the Finance Committee. Ms. Mulcahy was both Chairman and Chief Executive Officer of Xerox Corporation (business equipment and services) until July 2009, when she retired as CEO after eight years in the position. Prior to serving as CEO, Ms. Mulcahy was President and Chief Operating Officer of Xerox. She has also served as President of Xerox s General Markets Operations, which created and sold products for reseller, dealer and retail channels. During a career at Xerox that began in 1976, Ms. Mulcahy also served as Vice President for Human Resources with responsibility for compensation, benefits, human resource strategy, labor relations, management development and employee training; and Vice President and Staff Officer for Customer Operations, covering South America and Central America, Europe, Asia and Africa. Ms. Mulcahy has been a U.S. Board Chair of Save the Children since March 2010.

Other Public Company Board Service: Target Corporation (1997 to present), The Washington Post Company (2008 to present)

Recent Past Public Company Board Service: Citigroup Inc. (2004 to 2009), Xerox Corporation (2000 to 2010; Executive Chairman 2009 to 2010)

LEO F. MULLIN, Retired Chairman and Chief Executive Officer, Delta Air Lines, Inc.

Director since: 1999

Mr. Mullin s depth and breadth of exposure to complex issues from having served as Chairman and CEO of one of the nation s largest airlines, and his long and distinguished career in the banking industry, make him a skilled advisor who provides critical insight into organizational and operational management, global business and financial matters to our Board.

Independent

Mr. Mullin, 70, joined the Board of Directors in 1999 and is a member of the Audit Committee and Chairman of the Regulatory, Compliance & Government Affairs Committee. Mr. Mullin currently serves as a Senior Advisor, on a part-time basis, to Goldman Sachs Capital Partners, a private equity fund group. Mr. Mullin retired as Chief Executive Officer of Delta Air Lines, Inc. (transportation) in December 2003 and Chairman in April 2004, after having served as Chief Executive Officer of Delta since 1997 and Chairman since 1999. Mr. Mullin was Vice Chairman of Unicom Corporation and its principal subsidiary, Commonwealth Edison Company, from 1995 to 1997. He was an executive of First Chicago Corporation from 1981 to 1995, serving as that company s President and Chief Operating Officer from 1993 to 1995, and as Chairman and Chief Executive Officer of American National Bank, a subsidiary of First Chicago

Corporation, from 1991 to 1993. Mr. Mullin was Board Chairman of the Juvenile Diabetes Research Foundation (JDRF) from 2008 to 2010, and served as interim Chief Executive Officer of JDRF from July through December 2008.

Other Public Company Board Service: ACE Limited (2007 to present), Education Management Corporation (2009 to present)

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WILLIAM D. PEREZ, Senior Advisor, Greenhill & Co., Inc.; Retired President and Chief Executive Officer, Wm. Wrigley Jr. Company

Director since: 2007

Independent

With his experience as CEO of several large, consumer-focused companies across a wide variety of industries, Mr. Perez contributes to our Board significant organizational and operational management skills, combined with a wealth of experience in global, consumer-oriented businesses vital to a large public company in the consumer products space.

Mr. Perez, 65, joined the Board of Directors in 2007 and is Chairman of the Nominating & Corporate Governance Committee and a member of the Compensation & Benefits Committee. Mr. Perez is currently a Senior Advisor at Greenhill & Co., Inc., (investment banking). Mr. Perez served as President and Chief Executive Officer for the Wm. Wrigley Jr. Company (confectionary and chewing gum) from 2006 to 2008. Before joining Wrigley, Mr. Perez served as President and Chief Executive Officer of Nike, Inc. Previously, he spent 34 years with S.C. Johnson & Son, Inc., including eight years as its President and Chief Executive Officer. Mr. Perez is a Trustee for Cornell University and Northwestern Memorial Hospital.

Other Public Company Board Service: Whirlpool Corporation (2009 to present)

Recent Past Public Company Board Service: Campbell Soup Company (2009 to 2012), Wm. Wrigley Jr. Company (2006 to 2008)

CHARLES PRINCE, Retired Chairman and Chief Executive Officer, Citigroup Inc.

Director since: 2006

Independent

Having served as Chairman and CEO of the nation s largest and most diversified financial institution, Mr. Prince brings to our Board a strong mix of organizational and operational management skills combined with well-developed legal, global business and financial acumen critical to a large public company.

Mr. Prince, 63, joined the Board of Directors in 2006 and is Chairman of the Compensation & Benefits Committee and a member of the Nominating & Corporate Governance Committee. Mr. Prince served as Chief Executive Officer of Citigroup Inc. (financial services) from 2003 to 2007 and as Chairman from 2006 to 2007. Previously he served as Chairman and Chief Executive Officer of Citigroup s Global Corporate and Investment Bank from 2002 to 2003 and Chief Operating Officer from 2001 to 2002. Mr. Prince began his career as an attorney at U.S. Steel Corporation in 1975. Mr. Prince is a member of the Council on Foreign Relations and The Council of Chief Executives.

Other Public Company Board Service: Xerox Corporation (2008 to present)

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A. EUGENE WASHINGTON, M.D., M.Sc., Vice Chancellor of Health Sciences, Dean of the David Geffen School of Medicine at the University of California, Los Angeles (UCLA); Chief Executive Officer of the UCLA Health System

Director since: 2012

Independent

Dr. Washington brings to the Board his distinct expertise born of significant achievements as a senior executive in academia, an accomplished clinical investigator, an innovator in health care, and a leader in shaping national health policy. With his unique combination of knowledge, skills and experience in organizational management, medical research, patient care, and public health policy, Dr. Washington provides an invaluable perspective for a company in the health care industry.

Dr. Washington, 62, joined the Board of Directors in November 2012 and is a member of the Science, Technology & Sustainability Committee and the Regulatory, Compliance & Government Affairs Committee. Dr. Washington is currently Vice Chancellor of Health Sciences, Dean of the David Geffen School of Medicine at UCLA; Chief Executive Officer of the UCLA Health System; and Distinguished Professor of Gynecology and Health Policy at UCLA. Prior to UCLA, he served as Executive Vice Chancellor and Provost at the University of California, San Francisco (UCSF) from 2004 to 2010. Dr. Washington co-founded UCSF s Medical Effectiveness Research Center for Diverse Populations in 1993 and served as the director until 2005. He was Chair of the Department of Obstetrics, Gynecology, and Reproductive Sciences at UCSF from 1996 to 2004. Dr. Washington also co-founded the UCSF-Stanford Evidence-based Practice Center and served as its first director from 1997 to 2002. Prior to UCSF, Dr. Washington worked at the Centers for Disease Control and Prevention. Dr. Washington was elected to the National Academy of Sciences Institute of Medicine in 1997, where he served on its governing Council. He also served as Chair of the Board of Directors of the California HealthCare Foundation and as a member of the Scientific Management Review Board for the National Institutes of Health. Dr. Washington is currently Chair of the Board of Governors of the Patient-Centered Outcomes Research Institute and a Vice Chairman of the Board of Directors of The California Wellness Foundation.

Other Public Company Board Service: None

RONALD A. WILLIAMS, Former Chairman and Chief Executive Officer, Aetna Inc.

Director since: 2011

Independent

With his long and distinguished career in the health care industry, from his experience leading one of Fortune s Most Admired health care companies to his career-long role as an advocate for meaningful health care reform, Mr. Williams provides our Board with an exceptional combination of operational management expertise and insight into both public health care policy and the health care industry critical to a large public company in the health care industry.

Mr. Williams, 63, joined the Board of Directors in June 2011 and is a member of the Compensation & Benefits Committee and the Regulatory, Compliance & Government Affairs Committee. Mr. Williams served as Chairman and Chief Executive Officer of Aetna Inc. (managed care and health insurance) from 2006 to 2010, and as Chairman from 2010 until his retirement in April 2011. He currently serves on President Obama s Management Advisory Board, which is helping to bring the best of business practices to the management and operation of federal government. He is also an advisor to the private equity firm, Clayton, Dubilier & Rice, LLC, and serves as Chairman of the board of Emergency Medical Services

Corporation, a leading provider of facility-based physician services and medical transportation services in the U.S. In addition, Mr. Williams lends his time and expertise to a number of organizations, such as the International Federation of Health Plans. He also serves on the boards of the Peterson Institute for International Economics and Save the Children and on the Advisory Board of the Peterson Center on Healthcare. Previously, Mr. Williams served as Chairman of the Council for Affordable Quality Healthcare from 2007 to 2010 and Vice Chairman of The Business Council from 2008 to 2010.

Other Public Company Board Service: The Boeing Company (2010 to present); American Express Company (2007 to present)

Recent Past Public Company Board Service: Aetna Inc. (2006 to 2011; Executive Chairman 2010 to 2011)

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Other Information. SEC regulations require us to describe certain legal proceedings, including bankruptcy and insolvency filings, involving nominees for the Board of Directors or companies of which a nominee was an executive officer. Mr. Mullin retired as Chief Executive Officer of Delta Air Lines, Inc. in December 2003 and Chairman in April 2004. In September 2005, Delta Air Lines voluntarily filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. The Nominating & Corporate Governance Committee of the Board of Directors does not believe that this proceeding is material to an evaluation of Mr. Mullin s ability to serve as a Director.

The Board of Directors recommends a vote FOR election of each of the above-named nominees.

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Director Compensation 2012

The following table provides information concerning the compensation of our Non-Employee Directors for 2012. Messrs. Gorsky and Weldon were employees of the company and therefore received no additional compensation for their service as a Director. For a complete understanding of the table, please read the footnotes and the narrative disclosures that follow the table.

A Name	B Fees Earned or Paid in Cash ($)	C Stock Awards ($)	D All Other Compensation($)	E Total ($)
M. S. Coleman	$110,000	$144,913	$20,000	$274,913
J. G. Cullen	165,000	144,913	0	309,913
I. E. L. Davis	110,000	144,913	0	254,913
M. M. E. Johns	110,000	144,913	20,000	274,913
S. L. Lindquist	110,000	144,913	4,000	258,913
A. M. Mulcahy	110,000	144,913	0	254,913
L. F. Mullin	130,000	144,913	16,666	291,579
W. D. Perez	130,000	144,913	20,000	294,913
C. Prince	130,000	144,913	20,000	294,913
D. Satcher[(1)(2)]	130,000	144,913	10,000	284,913
A. E. Washington[(3)]	9,167	0	0	9,167
R. A. Williams	110,000	144,913	0	254,913

(1) Not standing for re-election in 2013.

(2) Served as Chairman of Science, Technology & Sustainability Committee in 2012.

(3) Joined the Board on November 29, 2012. Cash fees are pro-rated for one-month of service.

Fees Earned or Paid in Cash (Column B)

Board Retainer. Each Non-Employee Director received an annual cash retainer of $110,000 for his or her service as a member of our Board of Directors, except as noted above in the table.

Committee Chair Retainer. The Chairman of the Audit Committee received an annual cash retainer of $25,000 and the Chairs for all other Board committees received an annual cash retainer of $20,000.

Presiding Director Retainer. In 2012, Mr. Cullen served as the Presiding Director and was paid an additional annual cash retainer of $30,000.

Stock Awards (Column C)

All figures in Column C represent the grant date fair value, computed in accordance with U.S. Generally Accepted Accounting Principles (U.S. GAAP).

Restricted Shares. Pursuant to the terms of the 2005 Long-Term Incentive Plan, each Non-Employee Director received a grant of restricted Common Stock having a value of $100,000 on the grant date. Accordingly, each Non-Employee Director was granted 1,543 shares of restricted Common Stock on February 13, 2012, except for Dr. Washington, who joined the Board in November 2012. The restricted shares become freely transferable on the third anniversary of the grant date.

Deferred Share Units. Pursuant to the terms of the Deferred Fee Plan for Non-Employee Directors, each Non-Employee Director received a grant of deferred share units having a value of $45,000 on the grant date. Accordingly, each Non-Employee Director was granted 694 deferred share units on February 13, 2012, except for Dr. Washington who joined the Board in November 2012. Deferred share units are settled in cash upon termination of his or her directorship.

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Stock Options. We ceased granting stock options to Non-Employee Directors after February 2004. The aggregate number of stock options outstanding for each Non-Employee Director is indicated in the table below. The compensation costs for all of these options were recognized by the company for financial reporting purposes prior to fiscal 2006.

Name	Options (#)
L. F. Mullin	7,600
D. Satcher	7,600

Stock Ownership Guidelines. In September 2012, the company s stock ownership guidelines were revised to increase the amount of company stock a Non-Employee Director is required to hold while serving as a Director of the company. Under the new guidelines, Non-Employee Directors must own company stock equal to five times the annual Board retainer. Stock ownership for the purpose of these guidelines includes shares directly owned by the Director, restricted shares and deferred share units, but does not include shares underlying vested or unvested stock options. Non-Employee Directors are required to achieve the ownership threshold within five years after first becoming a Director. Our policy prohibits Non-Employee Directors from transacting in derivative instruments linked to the performance of our securities. As of March 1, 2013, all of our Non-Employee Directors, except for Mr. Davis, Dr. Washington and Mr. Williams, who each joined the Board within the past three years, had met the stock ownership threshold.

All Other Compensation (Column D)

Charitable Matching Contributions. All amounts in Column D reflect contributions made under our charitable matching gift program. Non-Employee Directors are eligible to participate in our charitable matching gift program on the same basis as employees, pursuant to which we will contribute, on a two-to-one basis, up to $20,000 per year per person to certain charitable institutions.

Deferred Fee Plan for Non-Employee Directors

Voluntary Deferrals into Stock Units. Under the Deferred Fee Plan for Non-Employee Directors, a Non-Employee Director may elect to defer payment of all or a portion of his or her cash retainers until termination of his or her directorship. Deferred fees earn additional amounts based on a hypothetical investment in our Common Stock. As a Non-Employee Director who has served on the Board since prior to January 1, 1996, Mr. Cullen may elect to invest deferred fees into Certificates of Long-term Compensation under the Certificates of Long-term Compensation Plan up to the time of termination of his directorship. Currently, Mr. Cullen has not elected this option. All stock units held in each Non-Employee Director s Deferred Fee Account accrue dividend equivalents in the same amount and at the same time as dividends on our Common Stock. In 2012, Drs. Johns, Lindquist and Washington elected to defer all of their 2012 cash retainers.

Deferred Compensation Balances. At December 31, 2012, the aggregate number of stock units (including dividend equivalents) held in each Non-Employee Director s Deferred Fee Account was as follows:

Name	Stock Units (#)
M. S. Coleman	16,658
J. G. Cullen	33,704
I. E. L. Davis	719
M. M. E. Johns	15,598
S. L. Lindquist	16,362
A. M. Mulcahy	719
L. F. Mullin	11,346
W. D. Perez	5,903
C. Prince	6,285
D. Satcher[1]	7,588
A. E. Washington	131
R. A. Williams	719

(1) Not standing for re-election in 2013.

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Additional Arrangements

We pay for or provide (or reimburse Directors for out-of-pocket costs incurred for) transportation, hotel, food and other incidental expenses related to attending Board and committee meetings or participating in director education programs and other director orientation or educational meetings.

2013 Non-Employee Director Compensation

On September 10, 2012, the Board approved the following 2013 compensation for Non-Employee Directors:

- Annual Cash Retainer of $110,000

- Grant of Deferred Share Units valued at $145,000

In addition, the Lead Director will receive an annual cash retainer of $30,000, the Chairman of the Audit Committee will receive an annual cash retainer of $25,000, and the Chairs of all other Board committees will receive an annual cash retainer of $20,000. The annual restricted stock award was eliminated.

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Stock Ownership and Section 16 Compliance

The following table sets forth information regarding beneficial ownership of our Common Stock for each Director; our Chief Executive Officer, former Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers named in the tables in the section Executive Compensation on pages 52 to 65 of this Proxy Statement (each a named executive officer); and by all Directors and executive officers as a group. Each of the individuals/groups listed below is the owner of less than 1% of our outstanding shares. Because they serve as co-trustees of two trusts which hold stock for the benefit of others, Messrs. Gorsky and Weldon are deemed to control an additional 6,038,903 shares of our stock in which they have no economic interest. In addition to such shares, the Directors and executive officers as a group own/control a total of 728,416 shares. In the aggregate, these 6,767,319 shares represent less than 1% of the shares outstanding. All stock ownership is as of February 26, 2013 (except shares held in our Savings Plans, which are included as of January 31, 2013).

Name	Number of Common Shares[(1)] (#)	Deferred Share Units[(2)] (#)	Common Shares Underlying Options or Stock Units[(3)] (#)	Total Number of Shares Beneficially Owned
Dominic J. Caruso	53,774	12,081	434,654	500,509
Mary Sue Coleman	14,352	18,584	0	32,936
James G. Cullen	8,710	35,630	0	44,340
Ian E. L. Davis	4,193	2,645	0	6,838
Peter M. Fasolo	1,975	0	0	1,975
Alex Gorsky	70,860	0	119,770	190,630
Michael M. E. Johns	14,857	17,524	0	32,381
Susan L. Lindquist	15,136	18,288	0	33,424
Anne M. Mulcahy	5,789	2,645	0	8,434
Leo F. Mullin	24,352	13,272	7,600	45,224
William D. Perez	26,122	7,829	0	33,951
Sandra E. Peterson[(4)]	0	0	0	0
Charles Prince	21,445	8,211	0	29,656
David Satcher[(5)]	15,393	9,514	7,600	32,507
Paulus Stoffels[(6)]	8,954	0	96,798	105,752
A. Eugene Washington	0	2,057	0	2,057
William C. Weldon[(7)]	386,591	0	3,052,363	3,438,954
Ronald A. Williams	3,650	2,645	0	6,295
All Directors and executive officers as a group (19)	728,416	150,925	3,814,646	4,693,987

(1) The shares described as owned are shares of our Common Stock directly or indirectly owned by each listed person, including shares held in 401(k) and Employee Stock Ownership Plan, and by members of his or her household and are held individually, jointly or pursuant to a trust arrangement. The Directors and executive officers disclaim beneficial ownership of an aggregate of 33,382 of these shares, including 800 shares listed as owned by Mr. Prince, and 32,582 shares listed as owned by Mr. Weldon.

(2) Includes deferred share units credited to Non-Employee Directors under our Deferred Fee Plan for Non-Employee Directors and deferred share units credited to the executive officers under our Executive Income Deferral Plan.

(3) Includes shares under options exercisable on February 26, 2013, options that became exercisable within 60 days thereafter and restricted share units that vest within 60 days thereafter.

(4) Became a member of the Executive Committee in December 2012.

(5) Not standing for re-election in 2013.

(6) Became a member of the Executive Committee in October 2012.

(7) Retired from the Board as of December 28, 2012.

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As of March 1, 2013, the following are the only persons known to us to be the beneficial owner of more than five percent of any class of our voting securities:

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership (#)	Percent of Class
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	Common Stock	151,495,914 shares[(1)]	5.47%[(1)]
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	Common Stock	151,722,340 shares[(2)]	5.5%[(2)]

(1) Based solely on an Amendment to Schedule 13G filed with the SEC on February 11, 2013, BlackRock, Inc. (BlackRock) reported aggregate beneficial ownership of approximately 5.47%, or 151,495,914 shares, of our Common Stock as of December 31, 2012. BlackRock reported that it possessed sole voting and dispositive power of 151,495,914 shares. BlackRock also reported that it did not possess shared voting or dispositive power over any shares beneficially owned.

(2) Based solely on a Schedule 13G filed with the SEC on February 11, 2013, State Street Corporation, acting in various fiduciary capacities (State Street), reported aggregate beneficial ownership of approximately 5.5%, or 151,722,340 shares, of our Common Stock as of December 31, 2012. State Street reported that it possessed sole voting power of 0 shares, shared voting power of 151,722,340 shares, and shared dispositive power of 151,722,340 shares. State Street also reported that it did not possess sole dispositive power over any shares beneficially owned.

As a result of being a beneficial owner of more than 5% of our stock, BlackRock is currently considered a related person under our Policy on Transactions with Related Persons. Certain of our U.S. and international employee savings and retirement plans have retained BlackRock and its affiliates to provide investment management services. In connection with these services, we paid BlackRock approximately $1.7 million in fees during fiscal year 2012.

Similarly, State Street is also currently considered a related person under our Policy on Transactions with Related Persons as a result of being a beneficial owner of more than 5% of our stock. Certain of our U.S. and international employee savings and retirement plans and other affiliates have retained State Street and its affiliates to provide certain banking services, including trustee, custodial, investment management, administrative, and ancillary investment services. In connection with these services, we paid State Street approximately $9.5 million in fees during fiscal year 2012.

Section 16(a) Beneficial Ownership Reporting Compliance

Based on our review of Forms 3, 4 and 5 and amendments thereto in our possession and written representations furnished to us, we believe that during 2012 all reports for our executive officers and Directors that were required to be filed under Section 16 of the Securities Exchange Act of 1934 were filed on a timely basis, except for two reports to disclose one transaction each by Dr. Washington and Dr. Coleman that were not filed on a timely basis. The reports were subsequently filed.

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Transactions with Related Persons

For the period beginning January 1, 2012 and ending March 1, 2013, there were no transactions, or currently proposed transactions, in which the company was or is to be a participant and the amount involved exceeds $120,000, and in which any related person had or will have a direct or indirect material interest, except as reported on page 26 and the following:

Mr. Michael Ullmann is Vice President, General Counsel of the company. Mr. Ullmann s brother, Mr. Robert Ullmann, is a partner in the law firm Nutter, McClennen & Fish LLP (Nutter McClennen). The company has engaged Nutter McClennen from time to time since 1974 in the ordinary course of its business and on an arm s length basis. The relationship between the company and Nutter McClennen began before Mr. Michael Ullmann was employed by the company and before Mr. Robert Ullmann was employed by Nutter McClennen. In 2012, the company paid approximately $10.1 million to Nutter McClennen for legal services, of which less than 0.5% was billed by Mr. Robert Ullmann. Mr. Michael Ullmann has formally recused himself from any involvement with respect to the company s retention of, or payments to, Nutter McClennen.

A sister-in-law of Dr. Paulus Stoffels, Chief Scientific Officer and Worldwide Chairman, Pharmaceuticals, is a Senior Manager at Janssen Pharmaceutica NV, a wholly-owned subsidiary of the company, and earned 87,483 in base salary and annual performance bonus in 2012, and during 2012, was granted a long-term incentive award of 223 restricted share units at fair value of $58.68 per share. She also participates in the general welfare and benefit plans of Janssen Pharmaceutica NV. Her compensation was established in accordance with Janssen Pharmaceutica NV s employment and compensation practices applicable to employees with equivalent qualifications and responsibilities and holding similar positions. Dr. Stoffels does not have a material interest in his sister-in-law s employment, nor does he share a household with her.

These transactions were ratified by the Nominating & Corporate Governance Committee in compliance with our Policy on Transactions with Related Persons described below.

Policies and Procedures. Our written Policy on Transactions with Related Persons requires the approval or ratification by the Nominating & Corporate Governance Committee for any transaction or series of transactions exceeding $120,000 in which the company is a participant and any related person has a material interest (other than solely as a result of being a director or trustee or less than 10% owner of another entity). Related persons would include our Directors and executive officers and their immediate family members and persons sharing their households. It would also include persons controlling more than 5% of our outstanding Common Stock.

Under our Principles of Corporate Governance and Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers, all of our Directors and executive officers have a duty to report to the Chairman, Vice Chairman or the Lead Director potential conflicts of interest, including transactions with related persons. Management also has established procedures for monitoring transactions that could be subject to approval or ratification under the Policy on Transactions with Related Persons.

Once a related person transaction has been identified, the Nominating & Corporate Governance Committee will review all of the relevant facts and circumstances and approve or disapprove of the entry into the transaction. The Committee will take into account, among other factors, whether the transaction is on terms no more favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person s interest in the transaction.

If advance Committee approval of a transaction is not feasible, the transaction will be considered for ratification at the Committee s next regularly scheduled meeting. If a transaction relates to a member of the Committee, that member will not participate in the Committee s deliberations. In addition, the Committee Chairman (or, if the transaction relates to the Committee Chairman, the Lead Director) may pre-approve or ratify any related person transactions involving up to $1 million.

The following types of transactions have been deemed by the Committee to be pre-approved or ratified, even if the aggregate amount involved will exceed $120,000:

compensation paid by the company for service as a Director or executive officer of the company;

transactions with other companies where the related person s only relationship is as a non-executive employee; less than 10% equity owner; or limited partner, and the transaction does not exceed the greater of $1 million or 2% of that company s annual revenues;

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contributions by the company to charitable organizations where the related person is an employee and the transaction does not exceed the lesser of $500,000 or 2% of the charitable organization s annual receipts;

transactions where the related person s only interest is as a holder of company stock and all holders receive proportional benefits, such as the payment of regular quarterly dividends;

transactions involving competitive bids;

transactions where the rates or charges are regulated by law or government authority; and

transactions involving bank depositary, transfer agent, registrar, trustee, or party performing similar banking services.

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Compensation Committee Report

The Compensation & Benefits Committee of the Board of Directors has reviewed and discussed the section of this Proxy Statement entitled Compensation Discussion and Analysis with management. Based on this review and discussion, the Committee has recommended to the Board that the section entitled Compensation Discussion and Analysis, as it appears on pages 30 through 51, be included in this Proxy Statement and incorporated by reference into the company s Annual Report on Form 10-K for the fiscal year ended December 30, 2012.

Mr. Charles Prince, Chairman

Dr. Michael M. E. Johns

Mr. William D. Perez

Mr. Ronald A. Williams

Compensation Discussion and Analysis

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Executive Summary

KEY COMPENSATION HIGHLIGHTS

Provided appropriate compensation for a new CEO

Reduced planned annual performance bonuses for all named executive officers by 10%

Eliminated above median targeting for our executive officers

Eliminated all non-relocation related tax reimbursements for our executive officers

Implemented a new long-term incentive program and granted performance share units with payouts contingent on the achievement of specific financial goals

Revised stock ownership guidelines to increase the amount of company stock our CEO must own to six times base pay and to add share retention requirements

Adopted principles for a compensation recoupment policy in the event of material violations of company policy

SHAREHOLDER OUTREACH AND COMPENSATION PROGRAM CHANGES

In 2012, we held an annual advisory vote to approve named executive officer compensation, commonly known as Say on Pay . Approximately 57% of the votes cast voted in favor of our executive compensation program as disclosed in our 2012 Proxy Statement. While representing majority support for the named executive officer compensation, these results were below what we deem satisfactory.

Following our 2012 Say on Pay result, our Compensation & Benefits Committee Chair and Presiding Director, along with senior members of management, met with a diverse mix of our institutional investors and with leading proxy advisory services to discuss our executive compensation program in an effort to better understand the underlying reasons for our Say on Pay results. The feedback from our outreach in 2012 showed that shareholders and other key stakeholders appreciated the changes to the long-term incentive program that we made. They also understood that it would take several years to see the impact of those changes reflected in our Summary Compensation Table since legacy cash-based awards will continue to vest for several years while awards are being made under the new program. We received some criticism on our past philosophy of targeting total direct compensation above median for our named executive officers. While most praised the direction in which our executive compensation program was heading, there was, nonetheless, a sense among many stakeholders that their 2012 Say on Pay vote expressed their judgment on a retrospective basis on the company s 2011 named executive officer compensation as disclosed in the

Summary Compensation Table, as opposed to expressing judgment on a prospective basis on changes we made to our compensation program design.

In response to key stakeholder feedback in 2012, we made two important changes to our executive compensation program:

We no longer target total direct compensation for our executive officers between the 50th and 75th percentile of our Executive Peer Group. The Committee will continue to review market data to understand how our target pay levels compare to benchmark positions, but we will not target total direct compensation to a specific percentile of the Executive Peer Group. In deciding on compensation for individual named executive officers, the Committee will consider the individual s performance and alignment with our Credo values, our internal bonus and long-term incentives as a percent of salary, the individual s roles and responsibilities, and his or her experience in those roles.

We eliminated all tax reimbursements for our executive officers that are not provided pursuant to our standard relocation practices.

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Our outreach efforts in 2012 described above followed our significant multi-pronged effort in 2011 to gather feedback from key stakeholders regarding our executive compensation programs. This included:

- Discussions with individual and institutional shareholders, including representatives of mutual funds, investment managers, non-U.S. investors, socially responsible investment funds, public pension funds and labor union pension funds;
- Review of written correspondence submitted by individual and institutional shareholders to the Board and management;
- Analysis of market practices at peer companies;
- Advice from the Committee s independent compensation consultant; and
- Discussions with proxy advisory services and corporate governance research firms.

In January 2012, based on stakeholder feedback in 2011, we redesigned our long-term incentive program to enhance our pay-for-performance alignment. We discontinued the use of legacy cash-based long-term incentives and introduced performance share units with payouts contingent on the achievement of sales, earnings per share, and total shareholder return goals.
Long-term incentives continue to make up the largest portion of the compensation of named executive officers. Our new long-term incentive program for our named executive officers includes a mix of: performance share units (PSUs); stock options; and restricted share units (RSUs). The number of shares actually earned at the end of the three-year period will vary from 0% to 200% of the target number of PSUs granted based on the company s performance against three equally-weighted goals that directly align with, or help drive, long-term total shareholder return: sales, earnings per share (EPS), and relative total shareholder return (TSR).

We use the following performance measures to drive alignment of pay and long-term total shareholder return:

Sales: One-third (1/3) of the PSUs are tied to the achievement of three, 1-year sales goals. We are using three, 1-year goals because of the difficulty in setting meaningful long-term sales goals. We believe that it is important to include a sales goal to motivate delivering higher EPS through top-line growth.

Earnings Per Share: One-third (1/3) of the PSUs are tied to the achievement of 3-year adjusted operational EPS goals. We view adjusted operational EPS growth as a key long-term driver of TSR.

Total Shareholder Return: One-third (1/3) of the PSUs are tied to the achievement of 3-year TSR goals relative to our Competitor Composite Peer Group. If we outperform our Competitor Composite Peer Group and our TSR is negative, the PSUs tied to TSR goals would be capped at 100% of target.

Stock Price Appreciation: Our stock options only have value to recipients if the stock price appreciates.

Stock Price: The underlying value of each PSU and RSU rises and falls in value with the share price.

We believe that our new long-term incentive program implemented in 2012, the reexamination of our philosophy on pay positioning and the elimination of tax gross ups have addressed many of our key stakeholders concerns. When casting your 2013 Say on Pay vote,

we encourage you to consider the compensation of our new Chairman/CEO, the design of our new long-term incentive program with its pay-for-performance alignment and the direct engagement with our shareholders.

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2012 COMPANY PERFORMANCE

In 2012, when evaluating the company s performance against the goals set for determining compensation, the company s performance was mixed. We met or exceeded many of our goals for 2012, but did not meet, or only partially met, some of our other goals. Among our successes for the year were:

- **We exceeded our adjusted operational earnings per share growth objective.**
- **We met our free cash flow objective.**
- **We were a leader in the number of medicines approved,** which establishes a strong foundation for continued growth.
- **We acquired, and are successfully integrating, Synthes, Inc.,** creating the world s largest and most comprehensive orthopaedics business.
- **We met our overall talent objectives.**

Disappointments included:

- Our total sales on an operational basis grew 6.1%, but when excluding Synthes, growth was 3.0% which fell short of the goal we set for ourselves of 4.0% 5.0% growth.
- We had expected to return Consumer products to shelves at a faster rate than we did.
- Our reputational standings, while improving in places, are not at the level to which we aspire.

Financial Objective	Goal	2012 Results
2012 Operational Sales Growth[1]	4.0% 5.0%	**3.0%**
2012 Free Cash Flow[2]	$12.0 13.0B	**$12.5B**
2012 Total Adjusted Operational EPS Growth[3]	3.5% 5.5%	**6.0%**

(1) Operational Sales Growth is the sales increase due to volume and price, excluding the effect of currency translation. As set forth on page 3 of our Annual Report on Form 10-K for the fiscal year ended December 30, 2012 (2012 Form 10-K), our 2012 Operational Sales Growth was 6.1% and the Operational Sales Growth attributable to the acquisition of Synthes, Inc., net of the related divestiture, was 3.1%. For compensation purposes, we excluded the net impact of the Operational Sales Growth due to the Synthes, Inc. acquisition (6.1% - 3.1% = 3.0%).

(2) As set forth on page 24 of our 2012 Form 10-K, net cash from operating activities was $15.4 billion and additions to property, plant and equipment were $2.9 billion. For compensation purposes, Free Cash Flow is the net cash from operating activities less additions to property, plant and equipment ($15.4 billion - $2.9 billion = $12.5 billion).

(3) Adjusted EPS excludes special items as set forth in Exhibit 99.2O to the company s Current Report on Form 8-K dated January 22, 2013. For compensation purposes, Adjusted Operational EPS Growth also excludes the effect of currency translation. Adjusted EPS and Adjusted Operational EPS are non-GAAP financial measures. The following is a reconciliation of Adjusted EPS and Adjusted Operational EPS to Diluted EPS (the most directly comparable GAAP measure):

	2012 Actual $ per share	% Change vs. Prior Year*
Diluted EPS	$ 3.86	
Special Items	1.24	
Adjusted EPS	5.10	2.0%
Currency Translation	0.22	
Adjusted Operational EPS	5.32	6.4%
Less Net Synthes Impact (see footnote (1) above)	0.02	0.4%
Total Adjusted Operational EPS	$ 5.30	6.0%

* Prior year Adjusted EPS = $5.00

Overall, the Committee believed that 2012 was a year (1) in which we made good progress in many areas, (2) where the foundation for long-term growth was firmly reinforced, and (3) where performance could have been better in certain areas. Please refer to the 2012 Company Performance section on page 36 for more details.

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CEO PAY

Alex Gorsky assumed the role of Chief Executive Officer on April 26, 2012 and the additional role of Chairman of the Board of Directors on December 28, 2012. Mr. Gorsky is the company s 7th Chairman/CEO since Johnson & Johnson became a publicly-traded company in 1944. His transition was the result of a robust succession planning process carried out by our Board of Directors. With Mr. Gorsky becoming our Chairman/CEO, we have continued our practice of developing and promoting leaders from within our company.

Performance:

The Board based its assessment of Mr. Gorsky primarily on the evaluation of company performance as summarized under 2012 Company Performance pages 33 and 36. In a year with challenging macro-economic pressures, Mr. Gorsky s transition to the role of Chairman/CEO went smoothly. He generally met expectations of the Board, however, as noted above, the company s performance was mixed in 2012 and it was the primary driver of Mr. Gorsky s assessment.

Compensation Decisions:

The Committee decided to pay Mr. Gorsky s 2012 salary and bonus on a *pro rata* basis because of the CEO transition in 2012. Through April 26, 2012, Mr. Gorsky s salary rate was commensurate with his role as Vice Chairman of the Executive Committee. Effective April 26, 2012, in connection with his being named CEO, Mr. Gorsky s salary rate was increased to $1,200,000.

The Committee also determined Mr. Gorsky s annual performance bonus on a *pro rata* basis. As shown in the table below, for the portion of the year before he became the CEO (*i.e.*, before April 26, 2012), it was based on his lower salary rate and target bonus as a percent of salary and, for the latter portion of the year when he served as CEO, it was based on his higher salary rate and target bonus as a percent of salary. As a result of this proration, his annual performance bonus is lower than it would have been had he been the CEO for the entire year.

To hold Mr. Gorsky accountable for the company s 2012 performance, the Board reduced his planned bonus for 2012 by 10%, resulting in an annual performance bonus at 90% of the targeted amount. In addition, the Board awarded Mr. Gorsky a long-term incentive grant at 100% of the targeted amount.

Position	Estimated Base Salary Earned[(1)] ($)	Target Bonus (%)	Planned Bonus (% of Salary)	Planned Bonus ($)	Bonus Reduction (%)	Final Bonus ($)
Vice Chairman, Executive Committee	$ 277,000	125%	125%	$ 346,200	-10%	$ 311,580
CEO	821,500	160	160	1,314,500	-10	1,183,050
Total						$ 1,494,630

(1) The estimated salary earned used to determine the bonus was based on the salary rate in effect for each portion of the year. It differs from the total salary paid amount shown in the Summary Compensation Table on page 52 due to pay periods straddling different fiscal years.

Based on his appointment to the additional role of Chairman of the Board on December 28, 2012 and the relative position of his salary to the market data, the Board increased Mr. Gorsky s base salary to $1,500,000. Please see 2013 Award Values for Individual Pay Components and 2013 Salary Increases on page 40 for details on the awards, total direct compensation, and base salary increase.

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KEY FEATURES OF OUR 2013 EXECUTIVE COMPENSATION PROGRAM

The Committee believes that the executive compensation program includes key features that align the interests of the named executive officers and Johnson & Johnson s long-term strategic direction with shareholders and does not include features that could misalign their interests.

What We Do

Align CEO Pay with Company Performance:
Our CEO s actual pay is aligned with actual total shareholder returns.

Use Long-Term Incentives to Link the Majority of Named Executive Officer Pay to Company Performance:
Over two-thirds of pay for our named executive officers is long-term incentives linked to growing sales, EPS, TSR, and our stock price.

Balance Short-Term and Long-Term Incentives:
The incentive programs provide an appropriate balance of annual and long-term incentives and include multiple measures of performance.

Cap Incentive Awards:
Awards under both our annual and long-term incentive plans are capped at 200% of target.

Mitigate Excessive Risk-taking Behaviors by Named Executive Officers:
Our executive compensation program includes features that reduce the possibility of our named executive officers, either individually or as a group, making excessively risky business decisions that could maximize short-term results at the expense of long-term value.

Require Named Executive Officers to Maintain Stock Ownership:
Our CEO must own 6x salary and our other named executive officers must own 3x salary worth of our company stock within 5 years of first becoming executive officers.

Authorize the Board to Recoup Executive Compensation:
The Board has the authority to recoup compensation that resulted from a material misstatement of financial results. In addition, after constructive engagement with key institutional investors, the Committee adopted principles for a recoupment policy in the event of material violations of company policy.

What We Don t Do

No Above Median Targeting of Executive Compensation:
We no longer target total direct compensation of our executive officers between the 50th and 75th percentile of our Executive Peer Group.

No Dividend Equivalents on Unvested Long-Term Incentives:
Since 2010, we do not pay dividend equivalents on unvested awards and do not pay any dividend equivalents under our new long-term incentive program.

No Change-in-Control Benefits:
No named executive officer is covered by a change-in-control or golden parachute agreement and there are no change-in-control provisions in any of our compensation plans.

No Option Repricing without Shareholder Approval

No Hedging of Company Stock:
Our named executive officers are prohibited from hedging their company stock.

No Tax Gross Ups:
We will no longer provide tax reimbursements unless they are provided pursuant to our standard relocation practices.

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2013 Compensation Decisions for 2012 Performance

2012 COMPANY PERFORMANCE

In 2012, when evaluating the company s performance against the goals set for determining compensation, the company s performance was mixed. We met or exceeded many of our goals for 2012, but did not meet, or only partially met, some of our goals.

Among our successes for the year were:

We grew adjusted operational earnings per share (excluding special items) 6.0% on an operational basis, which exceeded our goal of 3.5% 5.5% growth.

We generated free cash flow of $12.5 billion, which met our goal of $12.0 $13.0 billion.

We met our robust product pipeline objectives.

We are creating value through innovation. In 2012, we were a leader in the number of medicines approved, which establishes a strong foundation for continued growth. Global launches, and industry-leading numbers of regulatory submissions and approvals, have made our Janssen business one of the fastest growing pharmaceutical businesses and a launch leader in Europe, the U.S. and Japan. The EVARREST Fibrin Patch, which resulted from collaboration of our scientists in our Medical Devices & Diagnostics and Pharmaceutical businesses, and was recently approved to stop serious bleeding, is an example of how we are leveraging the capabilities, collaborations and convergent opportunities of our company s diverse health care portfolio.

We acquired and are successfully integrating Synthes, Inc., creating the world s largest and most comprehensive orthopedics business, now known as the DePuy Synthes Companies of Johnson & Johnson.

We met our overall talent objectives.

We made good progress on strengthening our talent pipeline and retaining critical talent. Employee engagement scores improved, and our employee engagement levels were in the top 10 percent of companies with which we re typically compared.

We met our healthcare environment objectives.

We worked with governments and partners on priority issues such as healthcare and regulatory reform, access to healthcare, physician training, wellness and prevention, and public health education programs.

We met our social responsibility and good citizenship objectives.

We enhanced our company s role as a socially responsible global leader in improving healthcare, achieving recognition by the United Nations Foundation for our private sector contribution to global health.

Disappointments included:

Our total sales on an operational basis grew 6.1%, but when the effect of the Synthes merger is excluded, it grew 3.0%, which fell short of the goal we set for ourselves of 4.0% 5.0% growth.

Our sales growth was principally a result of the Synthes acquisition and strong performance in our Pharmaceutical business, where we delivered strong growth from in-line and launch products and important regulatory approvals in both developed and emerging markets. The Consumer and Medical Devices & Diagnostics businesses had modest growth as they continued to experience challenges, including the global healthcare economy.

We had expected to return Consumer products to shelves at a faster rate than we did.

Across our businesses, we made strides generally in improving the consistency of product supply. While we made progress on our goal of restoring our Consumer business to growth, starting by restoring a reliable supply of a number of our McNeil over-the-counter products to the market, we had expected to return product to shelves at a faster rate.

Our reputational standings, while improving in places, are not at the level to which we aspire.

We worked to address several reputational challenges and continue to strive toward regaining the reputational standings that we expect of ourselves and our customers and shareholders expect of us.

We partially met our innovative products and global presence objectives.

Please refer to the 2012 Company Performance table on page 33 for additional details, including a reconciliation of certain non-GAAP financial measures.

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2012 BONUS REDUCTION FOR NAMED EXECUTIVE OFFICERS

To recognize the mix of short-term successes and disappointments, the Committee determined it was appropriate to reduce the planned annual performance bonuses for all named executive officers by 10%. The Committee exercised its discretion in this regard taking into consideration areas where the company fell short of its goals and holding the named executive officers accountable for the overall results of the company. In exercising its discretion, the Committee reviewed the company s performance against the goals we had set at the beginning of the year and discussed the 2012 results in detail with management. In addition, the independent members of the Board were interviewed individually on a confidential basis for their assessment of the company s performance. These assessments were provided, on a not-for-individual-attribution basis, to the Committee to assist the Committee in exercising its judgment on the company s performance for 2012. The Board agreed with the Committee s exercise of discretion and the 10% reduction to the named executive officers bonuses.

OTHER NAMED EXECUTIVE OFFICER PAY

Dominic J. Caruso: Vice President, Finance; Chief Financial Officer

Performance:

Mr. Caruso contributed to the company s performance as a member of the Executive Committee. (See 2012 Company Performance on pages 33 and 36 for the Committee s evaluation of the company s performance for 2012). In addition to his contribution to our company s overall performance, Mr. Caruso drove strong financial forecasting, financial metrics and cash flow management, which enabled the organization to continue to deliver strong adjusted earnings growth while maintaining an AAA credit rating in the context of a challenging economic environment. He continued to build strong relationships and external partnerships with the financial community, enabled revenue enhancing improvements through supplier innovation, and generated significant savings through best in class procurement practices, while delivering strong leadership on engagement, talent development and diversity within the Finance function.

Compensation Decisions:

The Committee reduced all of the named executive officers planned bonuses, including Mr. Caruso s, by 10% to hold them accountable for the company s 2012 performance. Based on the assessment of his performance for 2012, the Committee awarded Mr. Caruso a salary increase at 100% of the target amount (2.9% of salary), an annual performance bonus at 90% of target, and long-term incentives at 100% of target. The Committee also provided a 3.4% market adjustment to Mr. Caruso s salary based on the relative position of his salary to the market data. Please see 2013 Award Values for Individual Pay Components and 2013 Salary Increases on page 40 for details on the awards, total direct compensation, and the salary increase.

Paulus Stoffels: Chief Scientific Officer; Worldwide Chairman, Pharmaceuticals

Dr. Stoffels became our Chief Scientific Officer and a member of the Executive Committee on October 1, 2012.

Performance:

Dr. Stoffels contributed to the company s performance as a member of the Executive Committee. (See 2012 Company Performance on pages 33 and 36 for the Committee s evaluation of the company s performance for 2012). In addition to his contribution to our company s overall performance, the Pharmaceutical Research & Development organization delivered several new and innovative medicines and line extensions fueling the growth of the Pharmaceutical business; progressed its new drug and vaccine pipeline significantly; acquired four new drugs through licensing & acquisition; and established over 50 collaboration agreements with biotech companies and academic research centers. Under Dr. Stoffels leadership, the Pharmaceutical R&D organization redefined its long-term strategy focusing on differentiated medicines and solutions addressing important medical needs, and built a culture of scientific excellence and quality. He enabled growth through, among other actions, the creation of the Johnson & Johnson Innovation Centers to access the best science and technology for the company as the basis for new product development and value creation for the company.

Compensation Decisions:

The Committee reduced all of the named executive officers planned bonuses, including Dr. Stoffels , by 10% to hold them accountable for the company s 2012 performance. Based on the assessment of his performance for 2012, the Committee awarded Dr. Stoffels a salary increase at 123% of the target amount (3.6% of salary), an annual performance bonus at 108% of target, and long-term incentives at 114% of target. Please see 2013 Award Values for Individual Pay Components and 2013 Salary Increases on page 40 for details on the awards, total direct compensation, and the salary increase.

Sandra E. Peterson: Group Worldwide Chair

Ms. Peterson joined our company on December 1, 2012 as Group Worldwide Chair and a member of the Executive Committee. Pursuant to her employment agreement, Ms. Peterson s base salary is $800,000. Ms. Peterson received a sign-on cash bonus and RSU award that were intended to make her whole for the amounts she forfeited from her prior employer due to joining the company. The sign-on cash bonus in the amount of $2,200,000 is payable in 2 installments. The first installment of $300,000 was paid shortly after her start date. A second installment of $1,900,000 will be paid after April 1, 2013 but on or before May 1, 2013. On December 17, 2012, Ms. Peterson received an RSU award of 65,066 shares with a fair value of approximately $4,300,000. One-third of the RSUs vests on each of the first, second and third anniversary of the grant date.

Performance:

Due to the short time Ms. Peterson served as Group Worldwide Chair, Ms. Peterson s 2012 performance was not assessed.

Compensation Decisions:

Ms. Peterson did not receive a salary increase or an annual performance bonus. The Committee awarded Ms. Peterson a long-term incentive grant at 26% of target (due to the short time Ms. Peterson served in 2012). Please see 2013 Award Values for Individual Pay Components and 2013 Salary Increases on page 40 for details.

Peter M. Fasolo: Vice President, Global Human Resources

Performance:

Dr. Fasolo contributed to the company s performance as a member of the Executive Committee. (See 2012 Company Performance on pages 33 and 36 for the Committee s evaluation of the company s performance for 2012). In addition to his contribution to our company s overall performance, Dr. Fasolo played a key role in the transition of the CEO, as well as other aspects of the company s talent agenda, including a focus on emerging market talent strategies. Under his stewardship, our company continues to keep employee healthcare spending below industry trends and strengthen employee health with targeted interventions for high risk employees supported with wellness and prevention programs at all major locations. Dr. Fasolo successfully led the organization towards engagement scores with all benchmarks exceeding external norms. He also continued to strengthen the focus on diversity and inclusion across Johnson & Johnson, and increased efficiency through the enhancement of the payroll and HR administration processes across the company.

Compensation Decisions:

The Committee reduced all of the named executive officers planned bonuses, including Dr. Fasolo s, by 10% to hold them accountable for the company s 2012 performance. Based on the assessment of his performance for 2012, the Committee awarded Dr. Fasolo a salary increase at 124% of the target amount (3.6% of salary), an annual performance bonus at 113% of target, and long-term incentives at 130% of target. The Committee also provided a 1% market adjustment to Dr. Fasolo s salary based on the relative position of his salary to the market data. Please see 2013 Award Values for Individual Pay Components and 2013 Salary Increases on page 40 for details on the awards, total direct compensation, and the salary increase.

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William C. Weldon: Former CEO and Chairman of the Board of Directors

During 2012, Mr. Weldon served as Chairman/CEO through April 26th and Chairman of the Board through December 28th. Since then, Mr. Weldon has been serving as a special advisor to the Chairman/CEO. After a distinguished career with Johnson & Johnson spanning over 41 years, Mr. Weldon has announced he will retire on March 29, 2013.

Performance:

The Board based its assessment of Mr. Weldon s performance in the first four months of 2012 primarily on the evaluation of company performance as summarized under 2012 Company Performance on pages 33 and 36. For the last eight months of 2012, the Board based its assessment of his performance as Chairman of the Board. The Board determined that Mr. Weldon strongly contributed to the successful CEO transition and performed his duties as Chairman in an exemplary manner.

Compensation Decisions:

The Committee decided to pay Mr. Weldon s 2012 salary and bonus on a *pro rata* basis because of the CEO transition in 2012. Through April 26, 2012, Mr. Weldon s salary rate was commensurate with his role as CEO and Chairman. Effective April 26, 2012, in connection with his stepping down as CEO and continuing to serve the company as Chairman of the Board, Mr. Weldon s salary rate was reduced by 49%.

The Committee also determined Mr. Weldon s annual performance bonus on a *pro rata* basis. As shown in the table below, for the portion of the year before April 26, 2012, it was based on his salary rate and target bonus as a percent of salary for his role as Chairman/CEO and, for the latter portion of the year when he served as Chairman of the Board, it was based on his lower salary rate and the Committee s discretion.

The Committee reduced all of the named executive officers planned bonuses, including Mr. Weldon s, by 10% to hold them accountable for the company s 2012 performance. The annual bonus paid to Mr. Weldon for 2012 performance was 39% less than the prior year s bonus. Due to his planned retirement, the Board did not award him a salary increase or long-term incentives. Please see 2013 Award Values for Individual Pay Components on page 40 for details on the awards and total direct compensation.

	Estimated Base Salary Earned[1]	Target Bonus	Planned Bonus ($)		Bonus Reduction	Final Bonus
Position	**($)**	**(%)**	**(% of Salary)**	**($)**	**(%)**	**($)**
Chairman/CEO	$ 622,200	160%	160%	$ 995,500	-10%	$ 895,950
Chairman	684,600	Discretionary	160	1,095,400	-10	985,860
Total						$ 1,881,810

(1) The estimated salary earned used to determine the bonus was based on the salary rate in effect for each portion of the year. It differs from the total salary paid amount shown in the Summary Compensation Table on page 52 due to pay periods straddling different fiscal years.

The company has not, and will not, enter into any retirement, golden handcuffs or golden parachute agreement with Mr. Weldon when he retires from the company on March 29, 2013. As has been customary for retiring CEOs and other executive officers of the company, Mr. Weldon will continue to have access to standard office resources, including basic office space, telephone, fax, e-mail and administrative support, at company headquarters after his retirement date. No other benefit or perquisite will be granted to Mr. Weldon upon his retirement.

2013 COMPENSATION VALUES FOR 2012 PERFORMANCE

How Compensation Decisions are Reported

Each year, based on the performance assessments of the named executive officers, the Committee determines the salary rate for the upcoming year, the annual performance bonus earned for the prior year s performance, and long-term incentive awards that are granted in the first quarter of the year for each named executive officer. Decisions regarding these elements are discussed above and the amounts for 2012 are summarized in the 2013

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Award Values for Individual Pay Components table and 2013 Salary Increases table below. The Committee believes that these tables best summarize the actions taken on the named executive officers compensation for the 2012 performance year. By contrast, most of the amounts required by the rules of the SEC to be reported in the table captioned Summary Compensation Table on page 52 are the result of compensation decisions from prior years, earnings from prior long-term incentive awards, or participation in long-standing programs.

2013 Award Values for Individual Pay Components

The following table shows the annual performance bonus and long-term incentive grants approved in January 2013 for performance in 2012 for each named executive officer.

		Cash Compensation		Long-Term Incentive Compensation						
Name	Approval/ Award Date	Salary ($)[2]	Annual Performance Bonus ($)[3]	PSUs Granted (#)[4]	PSUs Granted ($)	Options Granted (#)[5]	Options Granted ($)	RSUs Granted (#)[6]	RSUs Granted ($)	Total Direct Compen-sation ($)
A. Gorsky	1/16/2013	$ 1,087,188	$ 1,494,630	67,933	$ 4,450,019	547,692	$ 2,669,999	27,173	$ 1,779,995	$ 11,481,831
D. Caruso	1/16/2013	796,385	900,000	29,005	1,900,002	233,846	1,139,999	11,602	760,001	5,496,387
P. Stoffels	1/16/2013	825,385	999,000	28,242	1,850,020	227,692	1,109,999	11,297	740,021	5,524,425
S. Peterson[1]	1/16/2013	46,154	0	7,633	500,007	61,538	299,998	3,053	199,990	1,046,149
P. Fasolo	1/16/2013	534,769	607,500	18,777	1,230,006	151,385	738,002	7,511	492,016	3,602,293
W. Weldon	1/16/2013	1,320,578	1,881,810	0	0	0	0	0	0	3,202,388

(1) Ms. Peterson joined our company on December 1, 2012.

(2) The amounts reported represent base salaries paid to each of the named executive officers for the 2012 fiscal year.

(3) The annual performance bonuses paid to named executive officers in 2013 were paid in cash.

(4) The estimated grant date fair value used to determine the number of PSUs granted was $65.506. The estimated grant date fair value per PSU was assumed to be equal to the estimated grant date fair value per RSU for the purpose of determining the number of PSUs.

(5) The grant date fair value used to determine the number of options granted was $4.875. The option exercise price was $72.54. The Black-Scholes option valuation model was used to calculate the grant date fair value with the following assumptions: volatility of 14.04% based on a blended rate of four-year daily historical average volatility rate and a five-week average implied volatility rate based on at-the-money traded Johnson & Johnson stock options with a life of two years; dividend yield of 3.40%; risk-free interest rate of 1.01% based on a U.S. Treasury rate of six years; and a six-year option life.

(6) The grant date fair value used to determine the number of RSUs granted was $65.506. The grant date fair value for the RSU awards as calculated under U.S. GAAP was based on the average of the high and low prices of our Common Stock on the NYSE on the grant date ($72.54) and discounted by an expected dividend yield of 3.40% due to the lack of dividends paid on the RSUs prior to vesting.

2013 Salary Increases

The following table shows the increase in the annual base salary rate approved on January 16, 2013 for each named executive officer. The annual base salary rates are all effective as of February 18, 2013. The 2012 salary increase (merit) budget in the U.S. was 2.9% and the range based on individual performance was 0% to 5.8%.

Name

	2012 Annual Base Salary Rate ($)	Salary Increase (%)	2013 Annual Base Salary Rate ($)
A. Gorsky[(1)]	$ 1,200,000	25.0%	$ 1,500,000
D. Caruso[(2)]	800,000	6.3	850,000
P. Stoffels	925,000	3.6	958,000
S. Peterson[(3)]	800,000	0.0	800,000
P. Fasolo[(4)]	540,000	4.6	565,000
W. Weldon	1,000,000	0.0	1,000,000

(1) Mr. Gorsky s increase in salary reflects a combined promotional increase and market adjustment.

(2) Mr. Caruso s increase in salary reflects a combined merit increase (2.9%) and market adjustment (3.4%).

(3) Ms. Peterson joined our company on December 1, 2012.

(4) Dr. Fasolo s increase in salary reflects a combined merit increase (3.6%) and market adjustment (1.0%).

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Executive Compensation Philosophy

GUIDING PRINCIPLES

We design our executive compensation programs to achieve our goals of attracting, developing and retaining global business leaders who can drive financial and strategic growth objectives and build long-term shareholder value. We use the following guiding principles to design our compensation programs:

Competitiveness: We compare our practices against appropriate peer companies so we can continue to attract, retain and motivate high-performing executives in an environment where companies are increasingly competing for high-caliber talent.

Pay for Performance: Base salary increases, annual bonuses and grants of long-term incentives are tied to performance, including the performance of the individual named executive officer and his or her specific business unit or function as well as the overall performance of our company.

Accountability for Short- and Long-Term Performance: We structure performance-based compensation to reward an appropriate balance of short- and long-term financial and strategic business results, with an emphasis on managing the business for long-term results.

Alignment to Shareholders Interests: We structure performance-based compensation to align the interests of our named executive officers with the long-term interests of our shareholders.

IMPORTANCE OF CREDO VALUES IN ASSESSING PERFORMANCE

For 70 years, the Johnson & Johnson Credo has guided us in fulfilling our responsibilities to our customers, employees, communities, and shareholders. In assessing our named executive officers contributions to Johnson & Johnson s performance, the Committee not only looks to results-oriented measures of performance, but also considers how those results were achieved whether the decisions and actions leading to the results were consistent with the values embodied in Our Credo and the long-term impact of a named executive officer s decisions. Credo-based behavior is not something that can be precisely measured; thus, there is no formula for how Credo-based behavior can, or will, impact an executive s compensation. The Committee and the Chairman/CEO use their judgment and experience to evaluate whether an executive s actions were aligned with Our Credo values.

Components of Executive Compensation

BASE SALARY

We provide competitive base salaries to our named executive officers in recognition of their job responsibilities. In addition to competitive data, we consider individual work experience, leadership, time in position, knowledge, and internal parity among those performing like jobs when setting salary levels. Annual salary increases are predominantly driven by individual performance in the prior performance year and market adjustments based on the relative position of the individual s salary to market data.

ANNUAL PERFORMANCE BONUS

We establish competitive annual performance bonus opportunities as a percent of salary for our named executive officers that:

motivate attainment of short-term goals;

link annual cash compensation to achievement of the annual priorities and key objectives of the business, which includes business unit/function and overall company performance; and

reward individual performance and contribution.

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Our named executive officers participate in the Executive Incentive Plan (EIP). Under the EIP, payments of annual performance bonuses to named executive officers are prohibited unless Consolidated Earnings, as shown on the audited consolidated statement of income of our company, are positive. Individual bonuses cannot exceed 0.08% of Consolidated Net Earnings for the Chairman/CEO and any Vice Chairman and 0.04% of Consolidated Net Earnings for the other named executive officers. It is important to note that, while the EIP is designed so that the annual performance bonuses for our named executive officers are fully tax deductible under Section 162(m) of the Internal Revenue Code of 1986, as amended, the bonus amounts actually paid to them are based on consideration of both company and individual performance as discussed on pages 33 to 34 and 36 to 39.

LONG-TERM INCENTIVES

We establish competitive long-term incentive opportunities as a percent of salary for our named executive officers that:

- motivate achievement of long-term operational goals and increased total shareholder return;
- align the interests of participants with shareholders;
- vary in the size of award, based primarily on individual performance; and
- vary in the ultimate actual value of the awards based on: (1) the degree to which long-term operational goals are attained and (2) the company s actual total shareholder return.

We provide long-term incentives to our named executive officers using three types of equity awards to provide an appropriate balance of incentives tied to internal measures of performance (sales and earnings per share) and external measures of success (share price appreciation and equity value). The forms of equity awards and their weightings for our named executive officers are as follows:

We granted our named executive officers the following long-term incentives for their 2012 performance:

- **Performance Share Units,** which are paid in shares of our Common Stock after the end of a three-year performance period. Performance share units receive no dividend equivalents and are earned based on performance against the following metrics:
  - Sales: 1-year Operational Sales for each year of the performance period
  - Earnings Per Share: 3-year Cumulative Adjusted Operational EPS
  - Relative Total Shareholder Return: 3-year Compound Annual Growth Rate versus the Competitive Composite Peer Group

Stock Options, with an exercise price equal to the fair market value of our Common Stock on the grant date and which vest 100% on the third anniversary of the grant date and expire 10 years from the grant date.

Restricted Share Units, which receive no dividend equivalents and are paid in shares of Common Stock on the third anniversary of the grant date.

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2012 Operational Sales Performance versus PSU Goals

In 2012, we completed the first year of the PSU performance period for our 2012-2014 awards. One-third (1/3) of our PSUs are based on performance against 1-year operational sales goals for each year of the performance period. One-ninth (1/9) of the 2012-2014 PSUs are based on performance versus the 2012 operational sales goals since sales has an overall weighting of one-third (1/3) and each 1-year operational sales goal represents one-third (1/3) of the performance period.

Based on 2012 performance, 86.0% of the one-ninth (1/9) of the 2012-2014 PSUs that are tied to the operational sales results were achieved as follows:

	Fiscal Year 2012 Operational Sales Goals	
Level	**Operational Sales ($ Millions)**	**PSUs Earned[1] (% of target)**
Maximum	$ 71,336	200%
Target	67,939	100
Threshold	64,542	