

Our Responsibility

2010 SUSTAINABILITY REPORT
SUMMARY



Company Profile

For 125 years Johnson & Johnson has been caring for people's health and well-being. We celebrate another milestone this year in the completion of our Healthy Planet 2010 goals and the launch of our first comprehensive set of sustainability goals, Healthy Future 2015.

We have also redefined our responsibility reporting with the launch of a new policy and performance website, www.jnj.com/responsibility. We continue to base our reporting on the Global Reporting Initiative's 2006 Sustainability Reporting Guidelines (G3). A recently concluded materiality assessment also informs our efforts.

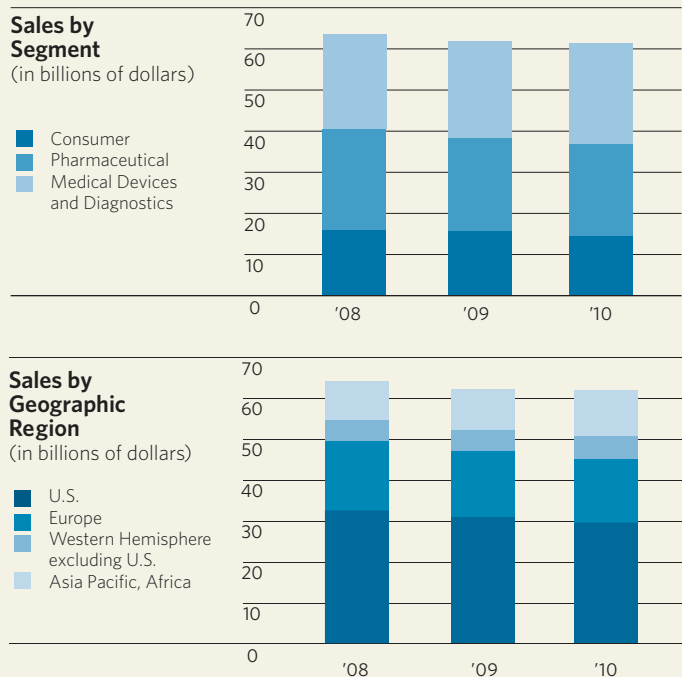
This Executive Summary presents our 2010 successes and challenges against the triple bottom line of caring for people, planet and our business. It also includes a snapshot of our performance against our 2010 goals, a description of our Healthy Future 2015 goals and a brief story about visits our Chairman,

William C. Weldon, made to Johnson & Johnson Supply Chain facilities in 2010 to place additional focus on the importance of product quality.

Our Credo sets forth our responsibilities and underscores the importance of working with partners to make the world a better place.

We were founded in 1886 in New Brunswick, New Jersey; incorporated on November 10, 1887; and family-owned until listed on the NYSE in 1944 under the symbol JNJ.

We invite your comments on our responsibility activities and our reporting through e-mail at responsibility@its.jnj.com.



Sales in Europe experienced a decline of 2.7% including operational growth of 0.5% and a negative impact from currency of 3.2%. Sales in the Western Hemisphere (excluding the U.S.) achieved growth of 7.6% including an operational decline of 0.5% and an increase of 8.1% related to the positive impact of currency. Sales in the Asia-Pacific, Africa region achieved growth of 11.7%, including operational growth of 5.5% and an increase of 6.2% related to the positive impact of currency.

In 2010, 2009 and 2008, the Company did not have a customer that represented 10% or more of total consolidated revenues. 2009 results benefited from the inclusion of a 53rd week. (See Note 1 to the Consolidated Financial Statements for Annual Closing Date details in our 2010 Annual Report.) The Company estimated that the fiscal year 2009 growth rate was enhanced by approximately 0.5% due to the 53rd week.

| ECONOMIC VALUE RETAINED (in millions of dollars) | | |
|---|----------|---|
| COMPONENT | FY 2010 | SOURCE |
| Direct economic value generated | | |
| a) Revenues | \$61,587 | 2010 Annual Report: Total Sales |
| Economic value distributed | | |
| b) Operating costs | \$27,586 | 2010 Annual Report: Summary of Ops (Cost of Mat. & Serv.) |
| c) Employee wages and benefits | \$13,934 | 2010 Annual Report: Summary of Ops (Employment Costs) |
| d) Payments to providers of capital | \$6,259 | 2010 Annual Report: Cash Flow Statement (Div payments) + Summary of Ops (Int Exp) |
| e) Payments to governments | \$5,070 | 2010 Annual Report: Summary of Ops (Total Tax Expense) |
| f) Community investments | \$603 | 2010 Contributions Report, pp 2-3 |
| Total economic value distributed | \$53,452 | |
| Economic value retained Calculated as economic value generated less economic value distributed | \$8,135 | |

ON THE COVER Sara Snow, an Indianapolis-based TV host and green-living expert, continues to be environmentally conscious with her choices for her child, like using JOHNSON'S® NATURAL® baby products. The product line was recognized with an EARTHWARDS™ designation and has forged a partnership with the National Wildlife Federation. Learn more at www.johnsonsbaby.com.

Successes and Challenges

2010 Successes

People

- Continued research and development to bring forward new treatments for HIV and tuberculosis (TB), both of which disproportionately affect women and children in the developing world.
 - Progressed development of TMC207 to phase 2b. TMC207 is a novel compound with a new mechanism of action that has the potential to become the first new TB drug in more than 40 years. We are planning to file with the U.S. Food and Drug Administration in early 2012.
 - Announced new licensing agreements with three generic manufacturers in India and South Africa to manufacture, market and distribute our investigational non-nucleoside reverse transcriptase inhibitor, rilipirivine hydrochloride (TMC278), pending its approval for use with other antiretroviral agents in the treatment of treatment-naïve HIV-1-infected adults. We have chosen to collaborate with multiple manufacturers to ensure the widespread and sustainable access to TMC278 in areas of high HIV burden and to support generic competition.
- Embarked on a five-year commitment to the United Nations to help achieve two of the Millennium Development Goals, focused on reducing mortality in women and children by 2015. Our commitment aims to help as many as 120 million women and children each year through initiatives providing mobile health information for expectant mothers, safe motherhood initiatives, and the donation of medicine and support to reduce intestinal worms in children. Examples include:
 - Accelerated reach of text4baby, a free mobile health information service for expectant and new mothers in the United States. In March 2011, the program also launched in Russia.
 - Expanded our donation of mebendazole to supply 200 million doses per year for treatment of intestinal worms in children—a four-fold increase from our current support, with an objective to distribute mebendazole in 30 to 40

countries by 2015 through Children Without Worms, a partnership between Johnson & Johnson and The Task Force for Global Health.

- Contributed \$603.3 million in cash and products toward over 700 philanthropic programs in more than 50 countries, impacting tens of millions of lives worldwide.
- Provided consumers with safe driving tips and guidance by placing our Safe Fleet program, originally developed for Johnson & Johnson employees, on the web at www.e-safetyforall.com.
- Responded to major natural disasters in Haiti, China, Chile and Pakistan with donations of funds and relief packages that included Johnson & Johnson products. Our affiliates provided relief assistance, while employees worldwide provided in-kind and cash donations, which were matched through our U.S. Matching Gifts Program.
- In February 2011, completed our tender offer for Crucell N.V., which develops vaccines against infectious diseases worldwide. Crucell will operate as the center for vaccines within the Pharmaceuticals group.
- Clarified our human rights commitment through a new human rights policy statement.

Planet

- Met or exceeded nearly all our Healthy Planet 2010 goals, which concluded at the end of 2010, and continued to make progress on our Healthy People 2012 goals. Most notably, we:
 - Reduced absolute water use by 9.5 percent from 2005–2010, to approximately 11.3 million cubic meters in 2010.
 - Exceeded our goal to reduce absolute CO₂ emissions by 7 percent from 1990–2010, realizing an absolute reduction in emissions of 23 percent during this period.
 - Exceeded our goal to reduce absolute hazardous and non-hazardous waste off-site disposal by 10 percent from 2005–2010, realizing a 12 percent reduction in non-hazardous waste and a 25 percent reduction in hazardous waste.
- Achieved EARTHWARDS™ recognition for 17 products made by Johnson & Johnson

operating companies; EARTHWARDS™ is an internal process to help our companies improve the environmental footprint of our products.

- Tripled our onsite solar energy capacity to 13 megawatts and continued to be one of the largest users of solar in the United States.
- Entered into a global contract with the world's largest electronics manufacturer to recycle electronic products.
- Implemented a policy statement clarifying the Company's approach to protecting biodiversity.

Business

- Continued launching many new products and growing our market leadership in some of the fastest growing segments of health care. These include:
 - Consumer products that address emerging health care needs, such as JOHNSON'S® NATURAL® baby products and LISTERINE® ZERO™ mouthwash.
 - In our Medical Devices and Diagnostics segment, we launched more than 50 new products. For example, a new ENSEAL® tissue-sealing device for large vessel sealing in open surgery was introduced in the U.S., strengthening our energy surgical instrument portfolio.
 - In Pharmaceuticals, we saw growth of key innovations approved in 2009: NUCYNTA®* (tapentadol) for pain, STELARA® (ustekinumab) and SIMPONI® (golimumab) in immunology, and INVEGA® SUSTENNA® (paliperidone palmitate) for schizophrenia.
- Worldwide sales were \$61.6 billion, a decrease of 1.3 percent operationally (the 2009 results also included a 53rd accounting week). Adjusted earnings were \$13.3 billion, an increase of 2.9 percent despite a sales decline. Earnings per share increased to \$4.76, an increase of 2.8 percent.
- Maintained our financial discipline and strength in a tough global economy. We generated strong free cash flow and maintained our AAA credit rating. And we executed a \$1.1 billion debt offering at the

* NUCYNTA® is licensed from Grünenthal GmbH.

lowest interest rate for long-term corporate debt in history.

- Invested nearly \$7 billion in research and development to advance our newest technologies and pipeline compounds.
- Collaborated and partnered with other companies and academic institutions pursuing exciting discoveries that we can enhance with our global development capabilities; for example, in November 2010 we announced a research collaboration between Tsinghua University in China and Janssen Pharmaceutica, N.V. The five-year strategic partnership aims to accelerate discovery research and foster new therapeutic approaches for infectious diseases.
- Announced organizational changes designed to further long-term succession plans and assure that talented and experienced leaders are at all levels of the organization. Joining an expanded Office of the Chairman are Alex Gorsky, previously Worldwide Chairman, Medical Devices and Diagnostics, and Sheri McCoy, previously Worldwide Chairman, Pharmaceuticals.
- Completed our first materiality assessment to enable development of a focused responsibility report addressing our most material issues.
- Completed development of the Healthy Future 2015 Goals, which for the first time expand our corporate goals beyond environmental matters to address some of the broader social, economic and governance performance areas applicable to Johnson & Johnson.
- Coordinated sustainability practices and efforts across our businesses in areas such as product stewardship, packaging, human rights, biodiversity, health education and occupational safety via our enterprise Sustainability Working Group and our business group Sustainability Councils.
- Engaged our strategic suppliers through the Procurement Sustainability Initiative, begun in 2009 to leverage the purchasing power of Johnson & Johnson and drive sustainable business practices.
- Since establishing the Johnson & Johnson

Standards for Responsible External Manufacturing in 2006, 98 percent of our external manufacturers have been assessed against and are in conformance with our standards.

- Initiated voluntary disclosure of payments to physicians by our U.S. Pharmaceutical companies. Our Medical Devices and Diagnostics companies are beginning disclosure in 2011.

2010 Challenges

People

- Experienced slight upward trends in some employee health and wellness indicators. Although our illness and injury rates tend to be among the lowest of our peer companies, we are committed to do more to improve.
- Strived to ensure our average price increases across the full range of our health care products are within the U.S. Consumer Price Index. Economic and business variables continue to exert pressure on pricing of our products, which may limit affordable access to them.
- Continued work to strengthen data collection systems to enable enterprise-wide reporting on issues of interest to our stakeholders.

Planet

- Experienced a significant increase in the number of environmental non-compliances while realizing a decrease in the number of accidental environmental releases. The non-compliances were all minor, and most were related to waste management or air and wastewater permit infractions. Attention has been refocused on compliance; additional training is being provided, and efforts are being made to reinforce our management and assessment processes to proactively self-identify and correct issues before they can become non-compliances.
- Finding ways to further reduce fleet vehicle emissions remains a challenge beyond our efforts to replace less fuel-efficient vehicles, establish efficiency standards, and add hybrids and alternative-fuel vehicles as part of our Healthy Planet 2010 goals.

- Some non-governmental organization stakeholders continued to raise concerns about select ingredients in some consumer products.

Business

- Voluntarily closed the McNeil Consumer Healthcare Division of McNeil-PPC, Inc. manufacturing facility in Fort Washington, Pa.; received warning letters at the Las Piedras, Puerto Rico, McNeil Consumer Healthcare plant; and finalized terms of a Consent Decree with the U.S. Food and Drug Administration for manufacturing facilities in Las Piedras, Fort Washington, and Lancaster, Pa. (See feature story for details.)
- Began the process of expanding our Standards for Responsible External Manufacturing to include the entire Johnson & Johnson supply chain, which will extend applicability of these standards from fewer than 1,000 suppliers to more than 50,000.
- Faced continued global macroeconomic pressures, such as declines in health care utilization, pricing pressures, increased consumer sensitivity to spending, increasing utilization of generics, government health care reforms, high unemployment and a gradual economic recovery.



WILLIAM C. WELDON

Chairman, Board of Directors, and Chief Executive Officer

Chairman Sets the Way Forward

There are many important roles within Johnson & Johnson, but none are more important than what you do,” said William C. Weldon, Chairman and Chief Executive Officer, Johnson & Johnson, to supply chain employees during visits in 2010 to multiple manufacturing facilities. “Effective operations, supply chain, distribution, logistics, quality and compliance are essential to our company’s success.”

Recalls during the past year at McNeil Consumer Healthcare Division of McNeil PPC, Inc. (McNeil) brought considerable attention to the Company’s operations, quality and compliance. In the second half of the year, Weldon and members of the Johnson & Johnson Supply Chain Leadership Team visited manufacturing facilities throughout North

America, Europe, Latin America and Asia. During the visits, Weldon talked openly with employees about the critical importance of operations, quality and compliance.

“We strive to achieve high quality every day,” said Weldon. “If problems occur, the important thing is that we accept responsibility, address the issues and get products back to the people who rely on them. People need our products; there is no doubt about that.”

The Company is making good progress against a 2010 commitment to restore McNeil Consumer Healthcare to the levels of quality and compliance that people expect of all Johnson & Johnson companies, an important part of Our Credo responsibilities. A Comprehensive Action Plan on quality improvement for the McNeil business was submitted to the U.S. Food

and Drug Administration in July, and McNeil is working under a Consent Decree governing three U.S. manufacturing facilities.

“We’ve made steady progress on our commitments under the Comprehensive Action Plan,” says Kathy Wengel, Chief Quality Officer, Johnson & Johnson. “And we believe the terms of the Consent Decree recognize this progress.”

Across McNeil, significant organizational changes have been made in operations and quality, aimed at returning the highest-quality products to the market. McNeil has appointed a new vice president of quality assurance and a new vice president of operations, as well as a new plant manager and new head of quality for the Fort Washington, Pa., and Las Piedras, Puerto Rico, facilities.

The McNeil Business Recovery team is now validating and transferring product production volumes to internal Johnson & Johnson affiliates and external manufacturing sites with the necessary capabilities and infrastructure. For example, production of liquid medications is being transferred to three Johnson & Johnson affiliates.

In addition to reviewing remediation and recovery efforts at McNeil, Weldon talked with employees and urged them to bring problems to light and to share best practices. He called on employees to help others feel free to raise questions and concerns. “If we don’t know something is wrong, we can’t do anything about it,” he said. He noted an expanded effort to enhance sharing and learning across the supply chain.

In 2010, Johnson & Johnson announced it would develop a single quality framework for the Family of Companies, inclusive of common quality standards for all major product types (for example, devices, drugs, combination products and so forth), which will be implemented beginning in 2011.

Healthy Planet 2010

TRANSPARENCY

Goal: 100 percent of manufacturing and research and development facilities will provide facility- or company-specific environmental sustainability information to the public.

Actual: 98 percent of facilities submitted information by year-end 2010 for posting on jnj.com.

ENERGY USE

Carbon Dioxide Reduction

Goal: Absolute reduction in CO₂ emissions of 7 percent from 1990–2010.

Actual: Achieved. Over 23 percent absolute reduction realized from 1990–2010.

Goal: Reduce fleet total CO₂ emissions per kilometer driven by 30 percent from our 2003 baseline.

Actual: Achieved fleet CO₂ emissions of 210.4 grams per kilometer, a 16 percent reduction from our 2003 baseline.

WATER USE

Goal: Absolute reduction of 10 percent compared to our 2005 baseline.

Actual: 9.5 percent decrease realized from 2005–2010.

WASTE REDUCTION

Goal: Absolute reduction of hazardous and non-hazardous waste of 10 percent from 2005–2010.

Actual: Achieved. 25 percent decrease in hazardous waste and 12 percent reduction in non-hazardous waste realized from 2005–2010.

PAPER AND PACKAGING

Goal: Eliminate PVC in primary, secondary and tertiary packaging in the Consumer sector.* Eliminate PVC in secondary and tertiary packaging in Medical Devices and Diagnostics (MD&D) and Pharmaceutical sectors.

Actual: Since 2005, we have achieved significant PVC packaging reductions:

MD&D: 100 percent reduction in secondary and tertiary PVC packaging.

Pharmaceuticals: 78 percent reduction in secondary and tertiary PVC packaging.

Consumer Products: 87 percent reduction in primary, secondary and tertiary PVC packaging during the goal period; 99.6 percent of all consumer packaging is now PVC-free.*

Goal: 90 percent of office paper and 75 percent of paper-based packaging will contain more than 30 percent post-consumer recycled (PCR) content or fiber from certified forests by 2010.

Actual: Achieved. 97 percent of packaging and 92 percent of office paper contain more than 30 percent PCR content or fiber from certified forests.

PRODUCT STEWARDSHIP

Goal: All operating companies to have a plan to improve the environmental profiles of their products and processes and eliminate high-priority materials.

Actual: Achieved. 100 percent of operating companies have a plan.

*Does not include the Consumer sector's over-the-counter drug products in blister packages.

Goal: Implement an electronics take-back program in all regions to ensure that 100 percent of electronic-based waste products can be taken back for remanufacturing or reuse.

Actual: 61 percent of our businesses (calculated on a regional basis) have implemented take-back programs.

ENVIRONMENTAL LITERACY

Goal: Increase employee awareness and understanding of global environmental issues. 100 percent of facilities have a five-year literacy plan and implement one environmental education campaign each year from 2006–2010.

Actual: Achieved. 100 percent of facilities have a five-year literacy plan; 100 percent of facilities deployed a literacy campaign in 2010.

BIODIVERSITY

Goal: Enhance biodiversity conservation in areas over which we have control or influence. 100 percent of our facilities or companies have a biodiversity conservation plan.

Actual: Achieved. A biodiversity conservation plan has been in place at 100 percent of our facilities or companies since 2008.

COMPLIANCE

Goal: Zero accidental environmental releases; zero environmental violations.

Actual: Not achieved. We had 10 accidental environmental releases and 57 environmental violations. We are experiencing an upward trend in the number of non-compliances. While all non-compliances were minor, and most were related to waste management or air and wastewater permit infractions, we have refocused our attention on compliance via additional training and reinforcement of our management and assessment processes.

EXTERNAL MANUFACTURING

Goal: 100 percent of external manufacturers in conformance with Johnson & Johnson Standards for Responsible External Manufacturing.

Actual: Since establishing our standards in 2006, 98 percent of our external manufacturers have been assessed against and are in conformance with our standards.

| Healthy People 2012 Goals | Year End 2010 Results |
|--|---|
| 1. Create, Promote and Sustain an Organizational Culture of Health | |
| 75% of sites/companies worldwide will have fully implemented nine health services offerings | 88% of U.S. companies (outside the U.S. this is 34%) |
| 2. Reduce Population Health Risk Factors | |
| > 67% of employees who participate in the voluntary health screening are in the "low risk" health category | 87% of U.S. employees (outside the U.S. this is 65%) |
| 3. Promote a Consistent Approach to the Deployment of Occupational Health Services and Standards | |
| Greater than 88% of periodic medical surveillance will be completed on time | All sites with planned periodic medical surveillance exams had completed >92% on time |

Healthy Future 2015

In 2009, we began to look back at our progress under our Healthy Planet and Healthy People goals while considering what our next set of five-year goals should include. We undertook a number of steps to ensure that the strategic priorities and goals we establish are the right ones for our businesses to achieve the greatest impact.

What emerged is Healthy Future, an expansive idea that stands for our company's enduring commitment to improving people's health, contributing to the sustainability of our planet, and ensuring the longevity and vitality of our business.

Healthy Future 2015 presents our five-year goals for corporate citizenship and sustainability commitments across seven key strategic priorities.

Advancing global health through research and development for neglected diseases and affordable access to medicines by working to identify new ways to address these issues, and by partnering with like-minded organizations to help expand our impact on global health.

Advancing community wellness by launching health initiatives to help people gain access to timely, easy-to-understand health-related information.

Enhancing outcome measurement in philanthropy by working with our philanthropic partners to improve program measurements.

Fostering the most engaged, health-conscious and safe employees in the world by improving upon our global culture of health and safety in our workplace, and by striving to make Johnson & Johnson a place where our employees are proud and excited to work.

Building on our legacy in safeguarding the planet by reducing the environmental impacts of our operations and our products.

Partnering with suppliers that embrace sustainability and demonstrate a similar commitment to ours through their practices and goal-setting and the positive impacts they seek to achieve.

Committing to enhanced transparency and accessing the power of external collaboration by collaborating with partners and providing transparency on our products and business practices.

Honor our responsibility to communities by advancing community wellness

Whether caring for one's own health or caring for others, we understand how important it is to have access to timely, easy-to-understand health-related information. To address this, Johnson & Johnson has launched a number of health education initiatives in recent years, including text4baby.

GOAL

- Implement health education initiatives that increase public understanding of basic health indicators and how to effectively access health resources

MEASUREMENT/TARGET

- 100 community health education initiatives launched across 25 countries
- Number of people reached by these initiatives



Healthy Pregnancy Resource

Alessandra, 2, is the joy of Megan Johnson's life. But so far, Megan's second pregnancy seems much more difficult than her first, which is why this mom from Middletown, Conn., is using text4baby, a free health information service. Through text4baby, expectant and new mothers receive informational text messages that are synchronized with their due dates. Topics range from the prevention of birth defects to good nutrition and safe sleep. Messages also help participants connect to health care services and resources in their communities.

"Messages and reminders from text4baby help put me at ease," Megan says. "Being

relaxed is better for me and my baby."

This project is made possible through a public-private partnership that includes government, corporations, academic institutions, professional associations and nonprofit organizations. Johnson & Johnson is the founding sponsor of text4baby and in 2010 expanded its sponsorship with a multimillion-dollar, multi-year commitment.

The initiative reached 142,000 subscribers with 9 million texts in 2010, and the increase in support will significantly accelerate text4baby's reach in the United States. In March 2011, the program launched in Russia.

Foster the most engaged, health-conscious and safe employees in the world

We value our employees and care about their health and well-being. Offering wellness programs to our employees—as we have since 1978 with *Live for Life*, and through many subsequent efforts—has helped create and sustain a global culture of health and safety in our workplace. Healthy Future 2015 builds on our previous goals and reaffirms our commitment to foster the most engaged, health-conscious and safe employees in the world.

GOAL

- Foster an extraordinary workplace environment
- Achieve benchmark safety and health performance

MEASUREMENT/TARGET

- 90th percentile employee engagement compared to external measures
- 90 percent of employees have access to “culture of health”¹ programs
- 80 percent of employees have completed a health risk assessment and know their key health indicators
- 80 percent of measured employee population health risks are characterized as “low risk”
- 15 percent improvement in employee, contractor and fleet safety performance²

1. As measured by site implementation of 12 programs (tobacco-free, HIV policy, health profile, employee assistance, exercise, medical surveillance, health promotion, stress management, cancer awareness, healthy eating, return-to-work and travel health)

2. Equivalent to employee Lost Workday Case Rate (LWDC)—0.09, contractor LWDC—0.10, Auto Crashes Per Million Miles (CPMM)—4.70



Wellness at Work

Jessica Empestan has struggled with her weight for much of her life and has a family history of obesity and the associated complications. A wellness and prevention program offered to Johnson & Johnson employees has helped her lose weight, get fit, and be more productive and engaged, both professionally and personally.

Jessica, a senior counsel in regulatory law at Johnson & Johnson, participated in a Corporate Athlete Course® at the Human Performance Institute™ in Orlando, Fla., where she learned tools and tactics to help her take control of her health. “If I don’t take control

of my health, I’m going to lose my control over everything else—I’m not going to be the best daughter or wife I can be, and certainly not the best attorney I can be,” says Jessica.

For decades, Johnson & Johnson has encouraged and enabled employees to stay healthy through programs, services and tools. The two-and-a-half-day Corporate Athlete Course® is one of several wellness and prevention programs available to employees today. Last year, the National Business Group on Health recognized Johnson & Johnson as the 2010 Best Employer for Healthy Lifestyles.

Advance global health through research and development for neglected diseases and affordable access to our medicines

For 125 years, Johnson & Johnson has been innovating and developing products to meet some of the world's most critical health problems. Our commitment to advance global health through our businesses means working with partners—such as the TB Alliance, The Bill & Melinda Gates Foundation and the International Partnership for Microbicides—to address neglected diseases and advance access to our medicines.

GOAL

- Build research partnerships to develop treatments for neglected diseases of the developing world
- Provide affordable access to HIV and tuberculosis treatments in least-developed and middle-income countries
- Pioneer business models that improve affordability of our medicines in middle-income countries
- Donate our treatment for intestinal worms in countries of prevalence

MEASUREMENT/TARGET

- One research partnership and three licensing agreements finalized to address diseases of the developing world
- Ninety least-developed and middle-income countries have our HIV therapies registered and available at special-effort pricing
- All our products that address diseases of the developing world achieve WHO prequalification
- Make 200 million doses of mebendazole, our treatment for intestinal worms, available each year to infected children in more than 30 countries
- Register a new triple combination therapy for HIV and finalize a generic licensing agreement



Global Alliance for TB Drug Development

Researchers Anil Koul, Koen Andries and Nacer Lounis (from left) at Tibotec Pharmaceuticals* in Belgium helped discover and now work to develop TMC 207, a novel compound with a new mechanism of action that has the potential to become the first new tuberculosis (TB) drug in more than 40 years.

In 2009, Tibotec and the Global Alliance for TB Drug Development (TB Alliance), a not-for-profit product development partnership, announced a landmark collaboration to develop TMC 207 in response to the urgent

need to accelerate the discovery and development of new drugs to treat TB. The collaboration maximizes the expertise and resources of the public and private sectors, with the intent to improve the treatment of one of the world's oldest and most deadly diseases.

Among infectious disease, TB is the second most common cause of adult deaths worldwide. Multi-drug-resistant tuberculosis (MDR-TB), characterized by resistance to at least two of the most powerful medicines in today's standard four-drug regimen for drug-susceptible TB, poses a growing public health threat.

* Tibotec Pharmaceuticals is a subsidiary of Johnson & Johnson.

Honor our responsibility to communities by enhancing outcome measurement in philanthropy

Significant philanthropic giving is one way we express our caring at Johnson & Johnson. Our giving has primarily focused on initiatives that help people live healthy lives. The dedication of our philanthropic partners in administering these programs inspires us every day.

We want to share their achievements and impacts openly. Increasing our partners' capacity to measure health outcomes is a priority of Healthy Future 2015, as is raising the standard of health outcome measurement in philanthropy more broadly.

GOAL

- Raise the standard of outcomes measurement in philanthropy by increasing our philanthropic partners' capacity to measure program health outcomes

MEASUREMENT/TARGET

- Number of major philanthropic programs measuring health outcomes
- Percentage of major philanthropic programs measuring health outcomes



Saving Newborn Lives

When Yu Haixia's son, Song Xiaoyan, was born, he could not breathe on his own until nurses performed life-saving resuscitation. Xiaoyan is among thousands of children given a chance at life through China's Neonatal Resuscitation Program (NRP), a joint effort by Johnson & Johnson, the Chinese Ministry of Health and the American Academy of Pediatrics to address birth asphyxia—when a baby is unable to breathe at birth.

Birth asphyxia is a factor in more than 20 percent of infant deaths in China. It also contributes to cerebral palsy and mental retardation.

The NRP's goal is to ensure that a doctor, nurse or midwife trained and skilled in neonatal resuscitation is present at every hospital delivery. Since its launch in late 2004, the NRP has helped to achieve a 53 percent reduction in infant mortality caused by asphyxia, saving an average of 20,000 infant lives each year.

In 2010, Johnson & Johnson extended its philanthropic commitment to the NRP for five years. The program's successful countrywide-implementation model is now being replicated in other areas of the world.

Build on our legacy in safeguarding the planet

We have long recognized the need to sustain natural resources and care for the planet. In 1987, Johnson & Johnson established our first environmental goal, aimed at reducing toxic emissions. We have since set a series of long-term goals across a range of environmental impacts, measured our progress and met nearly all these goals. With the launch of Healthy Future 2015, we have defined our priorities for the next five years, added goals in new areas and reaffirmed our commitment to safeguard the planet.

GOAL

- Reduce the environmental impacts of our operations
- Increase the sustainable design of our products

MEASUREMENT/TARGET

- 20 percent absolute reduction in facility CO₂ emissions¹
- Increase on-site renewable and clean-technology energy capacity to 50 megawatts
- 20 percent decrease in CO₂ emissions per kilometer driven
- 10 percent absolute reduction in water consumption²
- 10 percent absolute reduction in total waste disposal²
- All new products and packaging are evaluated for sustainability improvements; 60 achieve Earthwards™ designation³

1. 2010–2020 without offsets

2. At manufacturing and R&D locations

3. Achieved with three improvements greater than 10 percent each in materials, packaging, energy, waste, water or social sustainability



Harnessing the Sun's Power

In September 2010, with the flip of a switch, the largest solar panel array in New Jersey became operational on the Titusville, N.J., campus of the Janssen Pharmaceutical Companies of Johnson & Johnson.

The 4.1 megawatt array of 13,496 solar panels, which track the sun from east to west, is estimated to generate enough energy to provide 70 percent of the site's annual electricity needs, or roughly the amount needed to power 600 homes annually.

In addition to the Titusville site,

Johnson & Johnson has solar power systems planned or completed at 20 sites worldwide, which together represent an installed capacity of about 13 megawatts, roughly the amount needed to power nearly 2,000 homes annually.

The U.S. Environmental Protection Agency (EPA) Green Power Partnership lists the company as the nation's seventh-largest purchaser of renewable energy. Johnson & Johnson has received six Green Power Leadership Awards from the EPA and Department of Energy since 2002.

Partner with suppliers that embrace sustainability

Beyond our own operations, our commitment to sustainability extends to our suppliers. We seek suppliers that demonstrate a similar commitment to ours through their practices, goal setting and positive impacts. Healthy Future 2015 defines our sustainability priorities for the next five years, including our desire to partner with like-minded suppliers.

GOAL

- Establish sustainable procurement criteria and processes to catalyze improved supplier performance and diversity
- Reinforce our human rights policies, processes and education with suppliers to ensure these rights are respected in all our engagements

MEASUREMENT/TARGET

- All strategic suppliers have two or more publicly reported sustainability goals¹
- \$1 billion in spend with diverse suppliers² by 2011; increase percent of spend each year thereafter
- All suppliers in high-risk countries confirm awareness of and conformance with the human rights provision of our policies
- All critical employees³ receive human rights training
- All palm oil and palm oil derivatives are sourced from certified sustainable sources

1. Acceptable goal categories: energy, waste, water, safety, wellness, community investment and human rights

2. Minority- and women-owned businesses

3. Procurement and supply chain professionals and others in positions most sensitive to potential human rights infringement



Supplier Sustainability

Specialty Printing in East Windsor, Conn., recycles or reuses 100 percent of the landfillable waste from its production of medical suture folders and lids for Ethicon, Inc. While 25 percent of the waste is suitable for recycling, the remainder is used in a waste-to-energy program and turned into pellets capable of replacing coal as a fuel source.

Such “lean and green” techniques that maximize customer value while minimizing waste are valued when our procurement experts choose suppliers. The Procurement Sustainability Initiative, developed in 2008, helps Johnson & Johnson companies choose suppliers that embrace sustainability.

A Johnson & Johnson supplier since 1999, Specialty Printing was introduced to LEAN, the principles of lean manufacturing, by Ethicon in late 2006 and is now a leader in LEAN among suppliers.

“As part of our LEAN journey with Ethicon, we have identified greener materials and significantly reduced our carbon footprint by cutting electrical, water and natural gas consumption,” says Fran Poirier, Vice President of Operations, Specialty Printing.

Johnson & Johnson offers LEAN training for suppliers that don’t already have its principles integrated into their businesses.

Commit to enhanced transparency and accessing the power of external collaboration

Since our founding in 1886, our company has grown and thrived by connecting in meaningful ways with our stakeholders. Doctors and surgeons frequently collaborate with us on ideas for the development of products they need. These and other stakeholders have trusted us to consider their needs as we sustain the integrity and vitality of our business.

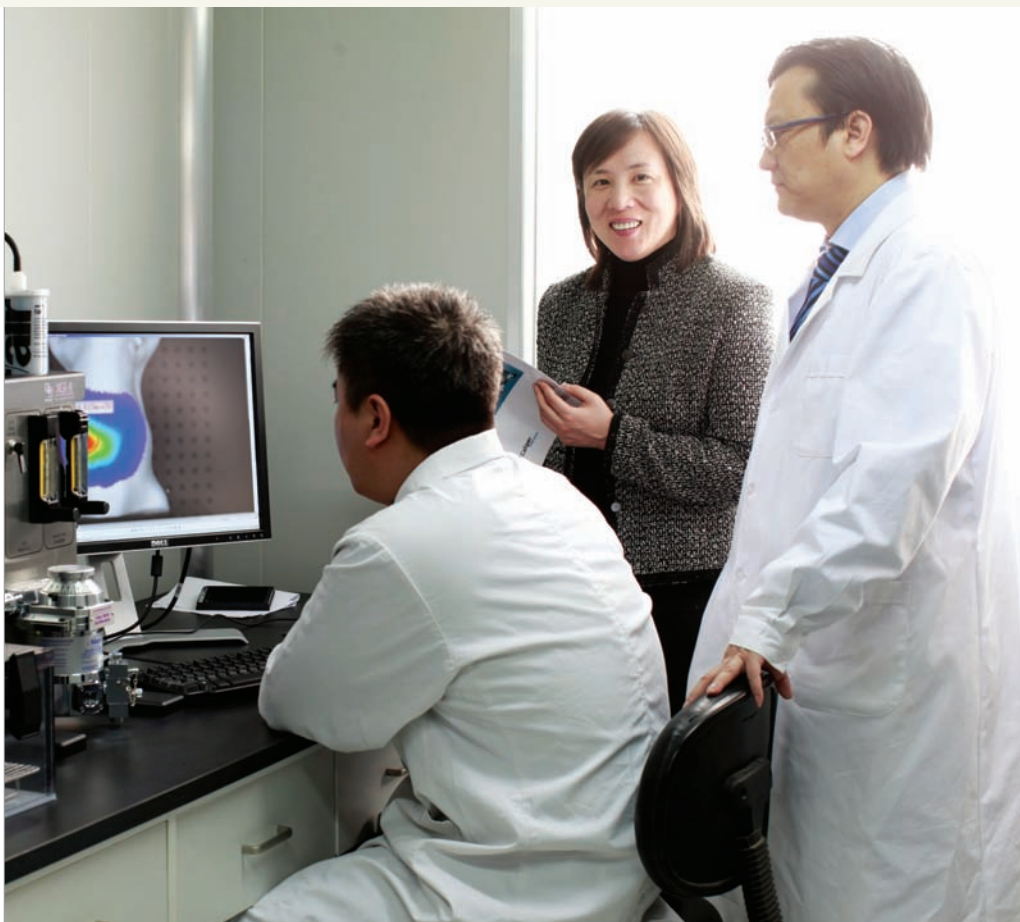
We are committed to upholding the responsibilities expressed in Our Credo, collaborating with partners and providing transparency on our business practices and products. Healthy Future 2015 defines our roadmap for the next five years and clearly reflects this commitment.

GOAL

- Share product sustainability information, enabling people to align their lives with their social and environmental values
- Identify key stakeholders and regularly engage with them on a range of sustainability concerns and opportunities
- Enhance sustainability reporting

MEASUREMENT/TARGET

- All major brand websites share product sustainability information
- Major stakeholder engagements and new collaborations are reported publicly
- JNJ.com/responsibility shares Company policy perspective on major issues
- Economic and sustainability reporting is enhanced online and provided for key markets



Openness Drives Innovation

These scientists are part of a partnership between Johnson & Johnson and Tianjin Medical University Cancer Hospital in China to collect and catalogue tumor specimens from patients. The effort will allow researchers to identify biomarkers that could help personalize medicine and advance cancer treatment.

Personalized medicine, which is customized to individual needs and unique responses to treatments, promises better health care, yet presents a challenge to science and business models. For its benefit to be realized, everyone—scientists, regulators, policymakers and pharmaceutical companies—must embrace a more networked, open innovation approach where pre-competitive information and common platforms are shared.

“By working across companies,

universities and research institutes, we can tap a wider range of expertise, capabilities and resources,” says Paul Stoffels, M.D., Worldwide Chairman, Pharmaceuticals. “Together we can share in both the benefits and costs of innovation, yielding more useful technologies and solutions that will contribute to new advances in health care.”

In addition to such research collaborations, Johnson & Johnson is part of the public-private Biomarker Consortium and has established partnerships with industry groups like the International Serious Adverse Events Consortium (ISAEC), of which Johnson & Johnson is a founding member. The consortium identifies and validates genetic variants useful in predicting the risk of drug-induced serious adverse events, including a bioinformatics project to share information freely among researchers.

2010 DATA SUMMARY TABLE

| HEALTHY PEOPLE | UNIT | 1995-99 AVERAGE | 2007-2008 | 2009 | 2010 |
|---|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Tobacco Use | % of profiled employees | 12 | 4.2 | 3.9 | 3.8 |
| High Blood Pressure (above 140/90) | % of profiled employees | 12 | 6.4 | 6.3 | 6.1 |
| High Cholesterol (above 240 mg/l) | % of profiled employees | 19 | 7.2 | 5.3 | 5.7 |
| Inactivity (below 30 mins/day, 4 days/week) | % of profiled employees | 39 | 31.5 | 20.4 | 20.8 |
| Serious Injury Illness Rate | Incidents per 100 employees | 0.072 | 0.032 | 0.034 | 0.037 |
| Lost Workday Case Rate | Incidents per 100 employees | 0.31 | 0.10 | 0.12 | 0.11 |
| Fleet Car Accidents | Crashes per million miles driven | 8.76 | 5.56 | 5.75 | 5.53 |
| Ergonomic Injuries | % of lost workday cases | 48 | 20 | 32 | 29 |
| Safety Noncompliances | Number of events (new metric in 2008) | – | 14 | 10 | 3 |
| Fines Paid | U.S. dollars (new metric in 2008) | – | 600 | 2,200 | 5,500 |
| HEALTHY PLANET | UNIT | 2007 | 2008 | 2009 | 2010 |
| Accidental Releases | Number of events | 9 | 15 | 16 | 10 |
| Environmental Noncompliances | Number of individual findings | 13 | 20 | 50 | 57 |
| Fines Paid | U.S. dollars | 31,400 | 164,100 | 6,630 | 0 |
| ISO 14001 Certifications (manufacturing and R&D sites) | % facilities with certification | 100 | 100 | 99 | 99 |
| Energy Use | Billion BTU (3,412 BTU/KWH) | 13,131 | 13,361 | 12,821 | 13,001 |
| CO ₂ Net Emissions | Thousand metric tons | 905 | 943 | 875 | 815 |
| Voluntary CO ₂ Offsets, Including RECs | Thousand metric tons | 385 | 364 | 386 | 465 |
| Water Use | Million m ³ | 11.9 | 11.5 | 10.8 | 11.3 |
| Recycled Water Use | Million m ³ (new metric in 2009) | – | – | 0.08 | 0.79 |
| Non-hazardous Waste | Million kg | 54.6 | 52.3 | 42.6 | 55.3 |
| Hazardous Waste | Million kg | 34.0 | 29.3 | 24.6 | 26.6 |
| HEALTHY BUSINESS | UNIT | 2007 | 2008 | 2009 | 2010 |
| Sales | U.S. dollars, millions % change over previous year | 61,095 14.6 | 63,747 4.3 | 61,897 (2.9) | 61,587 (0.5) |
| Net Earnings | U.S. dollars, millions % change over previous year | 10,576 (4.3) | 12,949 22.4 | 12,266 (5.3) | 13,334 8.7 |
| Share Price (end of calendar year) | U.S. dollars | 67.38 | 58.56 | 64.41 | 61.85 |
| Research & Development | U.S. dollars, millions As % of sales | 7,680 12.6 | 7,577 11.9 | 6,986 11.3 | 6,884 11.1 |
| Operating Companies | Number (approximate) | 250 | 250 | 250 | 250 |
| Employees | Number (approximate) | 119,200 | 118,700 | 115,500 | 114,000 |
| Effective Income Tax Rate | % of income | 20.4 | 23.5 | 22.1 | 21.3 |
| Advertising Costs | U.S. dollars, billions As % of sales | 2.7 4.4 | 2.9 4.5 | 2.4 3.9 | 2.5 4.1 |
| Charitable Contributions | Total U.S. dollars, millions As % of pretax income Non-cash | 509.9 3.8 370.3 | 510.3 3.0 365.5 | 588.1 3.7 461.5 | 603.3 3.6 495.3 |

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Johnson & Johnson has a long history of corporate citizenship. Our caring continues to be demonstrated by our efforts to improve human health and wellness, sustain our planet, support our communities, and remain a vibrant and trusted company.

Our Credo

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens — support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.

Johnson & Johnson