JOHNSON & JOHNSON
Form DEF 14A
March 15, 2017

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 ý
Filed by a Party other than the Registrant o
Check the appropriate box:
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o Confidential, for the Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material under § 240.14a-12
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Notice of Annual Meeting and Proxy Statement

March 15, 2017

You are invited to attend the Annual Meeting of Shareholders of Johnson & Johnson to be held at the State Theatre, 15 Livingston Avenue, New Brunswick, New Jersey on Thursday, April 27, 2017 at 10:00 a.m., Eastern Time. Doors will open at 9:15 a.m.

We will broadcast the meeting as a live webcast at www.investor.jnj.com, under “Webcasts & Presentations”. The webcast will remain available for replay for three months following the meeting.

Items of Business:

1. Elect the 10 nominees named in this Proxy Statement to serve as directors for the coming year;
2. Advisory vote on frequency of voting to approve named executive officer compensation;
3. Advisory vote to approve named executive officer compensation;
4. Re-approval of the material terms of performance goals under the 2012 Long-Term Incentive Plan;
5. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2017;
6. Vote on the shareholder proposal contained in this Proxy Statement, if properly presented at the meeting; and
7. Transact such other matters as may properly come before the meeting, and at any adjournment or postponement of the meeting.

You are eligible to vote if you were a shareholder of record at the close of business on February 28, 2017.

Ensure that your shares are represented at the meeting by voting in one of several ways:

Go to the website listed on your proxy card or Notice to vote VIA THE INTERNET

Call the telephone number specified on your proxy card or on the website listed on your Notice to vote BY TELEPHONE

If you received paper copies of your proxy materials, mark, sign, date and return your proxy card in the postage-paid envelope provided to vote BY MAIL

Attend the meeting to vote IN PERSON (see “Annual Meeting Attendance” and “Admission Ticket Procedures” on page 92 of this Proxy Statement)

By order of the Board of Directors,

THOMAS J. SPELLMAN III

Assistant General Counsel and Corporate Secretary

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Important Notice Regarding the Availability of Proxy Materials
for the Shareholder Meeting to be held on April 27, 2017:

The Proxy Statement and Annual Report to Shareholders are available at
www.investor.jnj.com/gov/annualmeetingmaterials.cfm

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A Message from Our Lead Director

Dear Shareholder:

Our Board continues to fulfill its critical mission of providing active engagement and oversight of the company's strategy, capabilities, leadership and risk management, to ensure the company is well-positioned to continue creating value for shareholders in a manner that is consistent with our Credo. And as your representatives, my fellow independent directors and I are committed to, and value, hearing from our shareholders. It is our pleasure to be part of this remarkable company that plays a vital role in the health and wellbeing of a billion people throughout the world, every day.

This past year, I had the opportunity to meet with a number of our shareholders, answer questions about the Board's perspective on corporate governance at Johnson & Johnson and, more importantly, hear direct shareholder feedback about our governance practices and emerging governance issues.

From these discussions I gained a greater understanding of the focus our shareholders maintain on several key areas, including Board composition and refreshment, how we disclose the skills of our Board and why combining the role of Chairman and Chief Executive Officer currently works best for Johnson & Johnson and its shareholders. We approach these topics in several ways:

- Our Board is committed to seeking new Board members who enhance our collective skill set and diversity. From 2009-2015, we brought on a new independent director each year with varying and deep skill sets, as we replaced our retiring directors. We continue to seek other qualified directors. We were deeply saddened at the passing of Dr. Susan Lindquist in October 2016, one of our longest-serving directors.
- This year, we altered the composition of our five key committees, with each committee having at least one new member and three committees, Compensation & Benefits, Regulatory, Compliance & Government Affairs and Science, Technology & Sustainability, each being led by a new director. Each committee continues to be comprised solely of independent directors. You can see more details on our committee composition and changes on pages 23 and 24 of this Proxy Statement.
- In direct response to what we heard during the course of this year's shareholder engagement meetings, this year we are including a chart setting out the key skills of our Board. We are hopeful that this chart will provide shareholders with an easier format to view the collective skills and experience that enable our Board to provide strong governance and oversight to serve our shareholders.
- Some investors suggested in our dialogues that, as a matter of principle, the roles of Chairman and Chief Executive Officer should be separate at all public companies. For the reasons set out in our response to the shareholder proposal on page 88 of this Proxy Statement, the Board continues to have strong conviction that the current structure of combined Chairman and Chief Executive Officer, along with the establishment of a robust Lead Independent Director, works best for Johnson & Johnson and its shareholders at this time. I believe I was able to provide the investors with whom I met a better understanding of my role as Lead Director, how I interact with the Chairman and Chief Executive Officer and other directors, and my ongoing practice of active engagement with shareholders. The Board continues to monitor developments, but believes it is critically important from a governance perspective that it retain appropriate flexibility and sole authority to determine who serves as Chairman of our company at any given point in time.

I encourage you to read more about our Board, robust governance structures and practices, and compensation programs in this Proxy Statement. Please also consider our recommendations to the proposals in this Proxy Statement. We encourage you to vote your shares in line with the Board's recommendations.

We value your engagement and thank you for your continued support and investment in Johnson & Johnson.

Sincerely,

Anne M. Mulcahy

Lead Director

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AUDIT MATTERS

SHAREHOLDER PROPOSAL & OTHER MATTERS

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2017 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.

VOTING OVERVIEW

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1	Election of 10 Director nominees	FOR each nominee	9
	Management Proposals:		
2	Advisory Vote on Frequency of Voting to Approve Named Executive Officer Compensation	EVERY (1) YEAR	35
3	Advisory Vote to Approve Named Executive Officer Compensation (“Say on Pay”)	FOR	36
4	Re-approval of the Material Terms of Performance Goals Under the 2012 Long-Term Incentive Plan	FOR	78
5	Ratification of Appointment of Independent Registered Public Accounting Firm (PricewaterhouseCoopers LLP)	FOR	85
	Shareholder Proposal:		
6	Independent Board Chairman	AGAINST	87

CORPORATE GOVERNANCE HIGHLIGHTS

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l	Active Shareholder Outreach	20
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Majority Voting In Uncontested Director Elections
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- No Supermajority Voting Requirements
- No Shareholder Rights Plan
- Shareholder Right to Call Special Meetings

DIRECTOR NOMINEES (see pages 9 - 14)

Name	Age	Director Since	Primary Occupation
Mary C. Beckerle	I62	2015	Chief Executive Officer and Director, Huntsman Cancer Institute; Distinguished Professor of Biology, College of Science, University of Utah
D. Scott Davis	I65	2014	Former Chairman and Chief Executive Officer, United Parcel Service, Inc.
Ian E. L. Davis	I66	2010	Chairman, Rolls-Royce Holdings plc; Former Chairman and Worldwide Managing Director, McKinsey & Company
Alex Gorsky	56	2012	Chairman, Board of Directors; Chief Executive Officer, Johnson & Johnson
Mark B. McClellan	I53	2013	Director, Duke-Robert J. Margolis, MD, Center for Health Policy
Anne MLD Mulcahy	I64	2009	Former Chairman and Chief Executive Officer, Xerox Corporation
William D. Perez	I69	2007	Retired President and Chief Executive Officer, Wm. Wrigley Jr. Company
Charles Prince	I67	2006	Retired Chairman and Chief Executive Officer, Citigroup Inc.
A. Eugene Washington	I66	2012	Duke University's Chancellor for Health Affairs; President and Chief Executive Officer, Duke University Health System
Ronald A. Williams	I67	2011	Former Chairman and Chief Executive Officer, Aetna Inc.

Chairman of the Board: Lead Director: LD Independent Director: I

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BOARD COMPOSITION AND REFRESHMENT (see page 15):

2016 BOARD COMMITTEE ROTATION (see page 23)

Directors		Audit		Compensation & Benefits		Nominating & Corporate Governance		Regulatory, Compliance & Government Affairs		Science, Technology & Sustainability	
		04/27/16	03/15/17	04/27/16	03/15/17	04/27/16	03/15/17	04/27/16	03/15/17	04/27/16	03/15/17
Mary C. Beckerle	I								l	l	C
Mary Sue Coleman [1]	I	l								l	
D. Scott Davis	I	C	C		l			l			
Ian E. L. Davis	I	l	l						l	l	
Alex Gorsky											
Susan L. Lindquist [2]	I							l		C	
Mark B. McClellan	I							l	l	l	l
Anne M. Mulcahy	ILD	l	l			l	l				
William D. Perez	I		l	l		C	C				
Charles O. Prince	I			C		l	l		C		
A. Eugene Washington	I			l	l					l	l
Ronald A. Williams	I			l	C		l	C			

Chairman of the Board: I Chair: C Member: l Lead Director: LD Independent Director: Marks member position change:

(1) Did not stand for re-election in 2016

(2) Passed away in October 2016

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EXECUTIVE COMPENSATION

2016 COMPANY PERFORMANCE (see pages 39 to 42)

We executed against our near-term priorities in 2016, advanced our long-term strategic growth drivers, and drove our strong results with contributions from all three businesses.

Our strong results in 2016 were driven by our approach to managing for the long term.

Note: Non-GAAP measures; see page 42 for details on non-GAAP performance measures.

2017 CEO COMPENSATION DECISIONS FOR 2016 PERFORMANCE (see page 43)

The Board based its assessment of Mr. Gorsky primarily upon its evaluation of the company's performance. The Board believes the company delivered excellent financial results and strong strategic

WHEN CASTING YOUR 2017 SAY ON PAY VOTE, WE ENCOURAGE YOU TO CONSIDER: (page 36)

- The alignment of the 2016 compensation of our Chairman/CEO and our other named executive officers with our company's 2016 performance
- The pay-for-performance alignment built into the design of our incentive programs
- Our continued evaluation of our executive compensation program
- Our continued direct engagement with our shareholders, resulting this year in increased weighting of performance share units in our 2017 long-term incentive mix to increase the focus on long-term performance

performance in 2016 under Mr. Gorsky's leadership.

2017 CEO Pay Decisions:

- Annual Bonus: 135% of target
- LTI Award: 135% of target
- No Increase in Salary

CEO Total Direct Compensation:

- 2016: $22,228,019
- 2015: $18,141,454

KEY FEATURES OF OUR EXECUTIVE COMPENSATION PROGRAM (see page 51)

What We Do		What We Don't Do	
ü	Align CEO pay with company performance	û	No automatic or guaranteed annual salary increases
ü	Use long-term incentives to link the majority of	û	No guaranteed bonuses or long-term incentive awards

	named executive officer pay to company performance	û	No above-median targeting of executive compensation
ü	Balance short-term and long-term incentives	û	No change-in-control benefits
ü	Cap incentive awards	û	No tax gross ups (unless they are provided pursuant to our standard relocation practices)
ü	Require named executive officers to own significant amounts of company stock	û	No option repricing without shareholder approval
ü	Have a compensation recoupment policy applicable to our named executive officers	û	No hedging of company stock
		û	No long-term incentive backdating
ü	Actively engage with our shareholders	û	No dividend equivalents on unvested long-term incentives
ü	Use an independent compensation consultant reporting directly to the Compensation & Benefits Committee		

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Item 1: Election of Directors

NOMINEES

There are 10 director nominees for election at our 2017 Annual Meeting, to hold office until the next Annual Meeting and until their successors have been duly elected and qualified.

All of the nominees were elected to the Board at the last Annual Meeting and are currently serving as directors. Dr. Susan Lindquist was also elected to the Board at the last Annual Meeting, but passed away on October 28, 2016.

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

MARY C. BECKERLE, Ph.D., Chief Executive Officer and Director, Huntsman Cancer Institute at the University of Utah; Distinguished Professor of Biology, College of Science, University of Utah

With her expertise in scientific research and organizational management in the health care arena, and her active participation in national and international scientific affairs, Dr. Beckerle provides a perspective crucial to a global health care company.

Director since 2015; Independent

Chairman, Science, Technology & Sustainability Committee; Member, Regulatory, Compliance & Government Affairs Committee

Dr. Beckerle, 62, has served as CEO and Director of Huntsman Cancer Institute since 2006 and she was appointed in 2009 to an additional key health sciences leadership role as Associate Vice President for Cancer Affairs at the University of Utah. Dr. Beckerle joined the faculty of the University of Utah in 1986, and is a distinguished professor of biology and oncological sciences, holding the Ralph E. and Willia T. Main Presidential Professorship. Dr. Beckerle has served on the NIH Advisory Committee to the Director, on the Board of Directors of the American Association for Cancer Research, as president of the American Society for Cell Biology, and as the Chair of the American Cancer Society Council for Extramural Grants. She currently serves on a number of scientific advisory boards including, the Medical Advisory Board of the Howard Hughes Medical Institute and the Scientific Advisory Boards of the National Center for Biological Sciences at the Tata Institute of Fundamental Research in India, the Mechanobiology Institute in Singapore, and the Dana Farber/Harvard Cancer Center. Dr. Beckerle held a Guggenheim Fellowship at the Curie Institute in Paris, received the Utah Governor's Medal for Science and Technology in 2001, the Sword of Hope Award from the American Cancer Society in 2004 and is an elected Fellow of the American Academy of Arts and Sciences. Dr. Beckerle was also named a National Association of Corporate Directors (NACD) Governance Fellow in 2012.

Other Public Company Board Service: Huntsman Corporation (2011 to present)

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D. SCOTT DAVIS, Former Chairman and Chief Executive Officer, United Parcel Service, Inc.
Having served as Chairman and CEO of the world's largest publicly-traded logistics company, and given his knowledge and passion for emerging markets and international operations, deep understanding of public policy and global economic indicators, and expertise in management, strategy, finance and operations, Mr. Davis brings to our Board his unique expertise in supply chain logistics at a time of rapid global expansion in the health care industry.
Director since 2014; Independent
Chairman, Audit Committee; Member, Compensation & Benefits Committee

Mr. Davis, 65, served as Chairman and Chief Executive Officer of United Parcel Service, Inc. (UPS) (shipment and logistics) from 2008 to 2014, and as Chairman from 2014 to 2016. Previously, Mr. Davis held various leadership positions with UPS, primarily in the finance and accounting area, including Vice Chairman and Chief Financial Officer. Prior to joining UPS, he was Chief Executive Officer of II Morrow Inc., a developer of general aviation and marine navigation instruments. Mr. Davis is a Certified Public Accountant. He previously served on the Board of the Federal Reserve Bank of Atlanta from 2003 to 2009, serving as Chairman in 2009. Mr. Davis is a trustee of the Annie E. Casey Foundation and a member of The Carter Center Board of Councilors.
Other Public Company Board Service: Honeywell International, Inc. (2005 to present)
Recent Past Public Company Board Service: United Parcel Service, Inc. (2008 to 2016); EndoChoice, Inc. (2014 to 2016)

IAN E. L. DAVIS, Chairman, Rolls-Royce Holdings plc; Former Chairman and Worldwide Managing Director, McKinsey & Company
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.
Director since 2010; Independent
Member, Audit Committee; Member, Regulatory, Compliance & Government Affairs Committee

Mr. Davis, 66, is currently non-executive Chairman, Rolls-Royce Holdings plc. 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 included 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, Inc., a global network of independent social enterprises working to expand educational opportunities in their nations; global energy group, BP plc.; and Majid Al Futtaim Holding LLC; and a Senior Advisor at Apax Partners, a private equity firm.
Other Public Company Board Service: BP plc (2010 to present); Rolls-Royce Holdings plc (2013 to present)

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

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 our 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 health care industry and an in-depth knowledge of the company's business, history and culture to our Board and the Chairman position.

Director since 2012; Management

Chairman, Finance Committee

Mr. Gorsky, 56, was appointed 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 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 pharmaceutical business in Europe, the Middle East and Africa. Mr. Gorsky left Johnson & Johnson in 2004 to join Novartis Pharmaceuticals Corporation, where he served as head of the company's pharmaceutical 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 boards of the Travis Manion Foundation, the Congressional Medal of Honor Foundation and the National Academy Foundation.

Other Public Company Board Service: International Business Machines Corporation (IBM) (2014 to present)

MARK B. McCLELLAN, M.D., Ph.D., Director, Duke-Robert J. Margolis, MD, Center for Health Policy

With his extensive experience in public health policy, including as Commissioner of the U.S. Food and Drug Administration and Administrator for the U.S. Centers for Medicare & Medicaid Services, Dr. McClellan possesses broad knowledge of, and unique insights into, the challenges facing the health care industry, making him a valuable member of the board of a broad-based health care company.

Director since 2013; Independent

Member, Regulatory, Compliance & Government Affairs Committee; Member, Science, Technology & Sustainability Committee

Dr. McClellan, 53, became the inaugural Director of the Duke-Robert J. Margolis, MD, Center for Health Policy in January 2016, and the Margolis Professor of Business, Medicine and Policy at Duke University. He is also a faculty member at Dell Medical School at The University of Texas in Austin. Previously, he served from 2007 to 2015 as a Senior Fellow in Economic Studies, and Director of the Initiatives on Value and Innovation in Health Care at the Brookings Institution. Dr. McClellan served as Administrator of the Centers for Medicare & Medicaid Services for the U.S. Department of Health and Human Services from 2004 to 2006, and as Commissioner of the U.S. Food and Drug Administration from 2002 to 2004. He served as a member of the President's Council of Economic Advisers and senior director for health care policy at the White House from 2001 to 2002, and during President Bill Clinton's administration, held the position of Deputy Assistant Secretary for Economic Policy for the Department of the Treasury. Dr. McClellan previously served as an associate professor of economics and medicine with tenure at Stanford University, where he also directed the Program on Health Outcomes Research. Dr. McClellan is the founding chair and a current board member of the Reagan-Udall Foundation for the Food and Drug Administration, is a member of the National Academy of Medicine and chairs the Academy's Leadership Consortium for Value and Science-Driven Health Care, and co-chairs the guiding committee of the Health Care Payment Learning and Action

Network.
Other Public Company Board Service: None
Recent Past Public Company Board Service: Aviv REIT, Inc. (2013 to 2015)

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ANNE M. MULCAHY, Former Chairman and Chief Executive Officer, Xerox Corporation
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 provides 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.
Lead Director since 2012
Director since 2009; Independent
Member, Audit Committee; Member, Nominating & Corporate Governance Committee; Member, Finance Committee

Ms. Mulcahy, 64, was 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 also served as President of Xerox's General Markets Operations, which created and sold products for reseller, dealer and retail channels. During her 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); Graham Holdings Company (2008 to present); LPL Financial Holdings Inc. (2013 to present)

WILLIAM D. PEREZ, Retired President and Chief Executive Officer, Wm. Wrigley Jr. Company
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.
Director since 2007; Independent
Chairman, Nominating & Corporate Governance Committee; Member, Audit Committee

Mr. Perez, 69, 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)

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CHARLES PRINCE, Retired Chairman and Chief Executive Officer, Citigroup Inc.
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.
Director since 2006; Independent
Chairman, Regulatory, Compliance & Government Affairs Committee; Member, Nominating & Corporate Governance Committee

Mr. Prince, 67, 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)

A. EUGENE WASHINGTON, M.D., M.Sc., Duke University's Chancellor for Health Affairs; President and Chief Executive Officer, Duke University Health System
Dr. Washington brings to our 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.
Director since 2012; Independent
Member, Compensation & Benefits Committee; Member, Science, Technology & Sustainability Committee

Dr. Washington, 66, is currently Duke University's Chancellor for Health Affairs and the President and Chief Executive Officer of the Duke University Health System. Previously he was 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 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 was founding Chair of the Board of Governors of the Patient-Centered Outcomes Research Institute, served as a member of the Scientific Management Review Board for the National Institutes of Health, and also served as Chair of the Board of Directors of both the California HealthCare Foundation and The California Wellness Foundation. Dr. Washington currently serves on the Boards of Directors of the Kaiser Foundation Hospitals and Kaiser Foundation Health Plan, Inc.
Other Public Company Board Service: None

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

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.
Director since 2011; Independent
Chairman, Compensation & Benefits Committee; Member, Nominating & Corporate Governance Committee

Mr. Williams, 67, 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 is also an advisor to the private equity firm, Clayton, Dubilier & Rice, LLC. In addition, Mr. Williams also serves on the boards of MIT Corporation, Peterson Institute for International Economics, the Advisory Board of Peterson Center on Healthcare and is Vice Chairman of the Board of Trustees of The Conference Board. Previously, Mr. Williams served on President Obama's Management Advisory Board from 2011 to January 2017, 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), Envision Healthcare Holdings, Inc. (2011 to present)
The Board of Directors recommends a vote FOR election of each of the above-named nominees.

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BOARD COMPOSITION AND DIRECTOR NOMINATION PROCESS

The Nominating & Corporate Governance Committee of the Board of Directors annually considers the size, composition and needs of the Board, reviews possible candidates for the Board, and recommends the nominees for directors to the Board for approval. The Committee considers and evaluates suggestions from many sources, including shareholders, regarding possible candidates for directors. Such suggestions, together with appropriate biographical information, should be submitted to the Office of the Corporate Secretary at our principal office address.

Below are the General Criteria for Nomination to the Board of Directors, which, as part of the Principles of Corporate Governance, are posted at www.investor.jnj.com/gov.cfm:

- The highest ethical character and shared values with Our Credo
- Reputation, both personal and professional, 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 independence of any particular constituency with the ability to represent all shareholders
- Ability to exercise sound business judgment
- Diversity, reflecting differences in skills, regional and industry experience, background, race, ethnicity, gender and other unique characteristics

Understanding the importance of Board composition and refreshment for effective oversight, the Nominating & Corporate Governance Committee strives to maintain a diverse Board of Directors, with diversity reflecting differences in skills, regional and industry experience, background, race, ethnicity, gender and other unique characteristics. Accordingly, the Board is committed to seeking out highly qualified women and minority candidates as well as candidates with diverse backgrounds, skills and experiences. Below are highlights of the composition of our Director nominees:

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BOARD LEADERSHIP STRUCTURE

- Chairman of the Board and CEO: Alex Gorsky
- Independent Lead Director: Anne M. Mulcahy
- Both positions designated annually by the independent directors
- All 5 main Board Committees composed of independent directors
- Independent directors met in executive session at each of the 9 regular 2016 Board meetings

Our Directors believe that there are positives and negatives related to all possible board leadership structures, 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, holding a diversity of views and experiences. As discussed in "Item 1: Election of Directors" on pages 9 to 14 of this Proxy Statement, our Directors come from a variety of organizational backgrounds with direct experience in a wide range of leadership and management structures. Moreover, our independent Directors appropriately challenge management and demonstrate the free-thinking expected of today's directors. Given this, our Board is in a very strong position to evaluate 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 (on the back cover of this Proxy Statement).

Our Board believes that it remains in our company's best interests for Mr. Gorsky to serve as Chairman of our Board. Having Mr. Gorsky, our company's CEO, serve as Chairman creates clear and unambiguous authority, which is essential to effective management. Further, given that he is closer to our company's businesses than any other Board member and has the benefit of over 20 years of operational and leadership experience within the Johnson & Johnson Family of Companies, Mr. Gorsky is best positioned to provide effective leadership. Mr. Gorsky's career experience gives him unsurpassed 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.

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 remains appropriate for our company. While our Board believes that it continues to be in the company's best interests for Mr. Gorsky to serve as Chairman of our Board, the Board is committed to regularly considering all board leadership structures and assessing the role that independent directors play in the leadership of the board, including at the time of the next leadership succession. Our Board will continue to monitor this topic in light of what it observes in the marketplace, the evolution of viewpoints in the corporate governance community, and, most importantly, what the Board believes is in the best interests of Johnson & Johnson and its stakeholders.

Independent Lead Director

Our Board recognizes the importance of having in place, and building upon, a strong structure to ensure that the Board functions in an appropriately independent manner. At the same time that our Board decided to designate Mr. Gorsky as Chairman in 2012, our independent Directors took steps to enhance our governance structure by converting the Presiding Director role to that of an independent Lead Director and expanding the duties of the independent Lead Director to include all of the duties and responsibilities of the company's former Presiding Director position as well as several additional duties and responsibilities.

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The following table describes the duties and responsibilities of our independent Lead Director, which are also incorporated into our Principles of Corporate Governance, found at www.investor.jnj.com/gov.cfm.

Duties and Responsibilities of the Independent Lead Director

Board Agendas and Schedules	ü Approves information sent to the Board and determines timeliness of information flow from management. ü Periodically provides feedback on quality and quantity of information flow from management. ü Participates in setting, and ultimately approves, the agenda for each Board meeting. ü Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items. ü With the Chair/CEO, determines who attends Board meetings, including management and outside advisors.
Committee Agendas and Schedules	ü Reviews in advance the schedule of committee meetings. ü Monitors flow of information from Committee Chairs to the full Board.
Board Executive Sessions	ü Has the authority to call meetings and Executive Sessions of the Independent Directors. ü Presides at all meetings of the Board at which the Chair/CEO is not present, including Executive Session of the Independent Directors.
Communicating with Management	ü 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. ü 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	ü As necessary, meets with major shareholders or other external parties, after discussions with the Chair/CEO. ü Is regularly apprised of inquiries from shareholders and involved in correspondence responding to these inquiries. ü 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	ü Leads the annual performance evaluation of the Chair/CEO, distinguishing as necessary between performance as Chair and performance as CEO.
Board Performance Evaluation	ü Leads the annual performance evaluation of the Board.
New Board Member Recruiting	ü Interviews Board candidates, as appropriate.
CEO Succession	ü Leads the CEO succession process.
Crisis Management	ü Plays an increased role in crisis management oversight, as appropriate.
Limits on Leadership Positions of Other Boards	ü 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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DIRECTOR INDEPENDENCE

All
Directors are
independent
except for
our CEO

It is our goal that at least two-thirds of our Directors should be "independent," not only as that term may be defined legally or mandated by the New York Stock Exchange (NYSE), but also without the appearance of any conflict in serving as a director. The Board of Directors has determined that all non-employee directors who served during fiscal 2016 are "independent" under the listing standards of the NYSE and our Standards of Independence, including: Dr. Beckerle, Mr. I. E. L. Davis, Mr. D. S. Davis, Dr. McClellan, Ms. Mulcahy, Mr. Perez, Mr. Prince, Dr. Washington and Mr. Williams. Dr. Coleman retired in 2016 and Dr. Lindquist passed away in 2016.

In order to assist the Board in making this determination, the Board adopted Standards of Independence as part of our Principles of Corporate Governance, which can be found at www.investor.jnj.com/gov.cfm. These Standards conform to, or are more exacting than, the NYSE independence standards and 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 NYSE independence standards and our 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 and relationships 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 2016 or received any direct personal benefit from any of these transactions or relationships.

All of the transactions and relationships of the type listed below were entered into, and payments were made or received, by the company or one of its subsidiaries in the ordinary course of business and on competitive terms. In 2014, 2015 and 2016, 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 that organization's consolidated gross revenues, and therefore did not exceed the thresholds in our Standards of Independence.

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Director Independence - Transactions and Relationships

Director	Organization	Type of Organization	Relationship to Organization	Type of Transaction or Relationship	2016 Aggregate Magnitude
M. C. Beckerle	American Association for Cancer Research	Non-profit Organization	Director	Grants and membership dues	<1%; <$1 million
M. C. Beckerle	Huntsman Cancer Institute	Heath Care Institution	Executive Officer	Investigator payments and sales of health care products	<1%; <$1 million
M.C. Beckerle	University of Utah	Educational Institution	Employee	Investigator payments, sales of health care products and grants	<1%
M. B. McClellan	Duke University	Educational Institution	Employee	Payments related to research, sales of health care products and services and grants	<1%
M. B. McClellan	National Alliance for Hispanic Health	Non-profit Organization	Director	Contributions	<$1 million
M. B. McClellan	Reagan-Udall Foundation	Non-profit Foundation for the FDA	Director	Donation - research sponsorship	<$1 million
M. B. McClellan	Research! America	Public Education and Advocacy Organization	Director	Annual dues; contributions	<$1 million
A. M. Mulcahy	Save the Children	Charitable Organization	Trustee	Contributions	<1%
W. D. Perez	Cornell University	Educational Institution	Trustee	Grants and fellowships	<1%; <$1 million
A. E. Washington	Duke University	Educational Institution	Employee	Payments related to research, sales of health care products and services and grants	<1%
A. E. Washington	Duke University Health System	Health Care Institution	Executive Officer	Sales of health care products and services; rebates	<1%
R. A. Williams	The MIT Corporation/Massachusetts Institute of Technology	Educational Institution	Trustee	Event sponsorships	<1%; <$1 million
R. A. Williams	National Academy Foundation	Non-profit Organization	Trustee	Contribution and sponsorship	<$1 million

Note: Any transaction or relationship under $25,000 is not listed above.

In the event of Board-level discussions pertaining to a potential transaction or relationship involving an organization with which a director is affiliated, that director would be expected to recuse him or herself from the deliberation and decision-making process. In addition, none of the non-employee directors has the authority to review, approve or deny any grant to, or research contract with, an organization.

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SHAREHOLDER OUTREACH

We engage with our shareholders throughout the year to seek input on emerging governance issues and to address their questions and concerns regarding our current governance policies and practices. During 2016, our Lead Director, our Chairman and CEO, and the members of senior management had discussions with a diverse mix of our shareholders on a variety of corporate governance issues, including on our board composition and skills, our Board leadership structure, our political activities and expenditures, and our executive compensation program.

As a result of those constructive conversations, we took the following actions:

- Expanded our Proxy Statement disclosures on board composition and skills to include a chart setting out the qualities, attributes, skills and experiences of our Board (see page 15).
- The Nominating & Corporate Governance Committee carefully considered the feedback from certain shareholders on combining the Chairman and CEO roles, but concluded that it continues to be in the company's best interests for Mr. Gorsky to serve as Chairman of the Board. The Board is committed to regularly considering all board leadership structures and assessing the role that independent directors play in the leadership of the board, including at the time of the next leadership succession (see page 16).
- Expanded our website disclosure on political activities and expenditures, including with respect to our membership in U.S. trade associations (see page 23).
- The Compensation & Benefits Committee reviewed the feedback received on our executive compensation programs and increased the weighting of performance share units in our 2017 long-term incentive mix to increase the focus on long-term performance (see page 50).

RISK OVERSIGHT

Board Oversight of Risk Management

The Board believes that overseeing management's processes for assessing and managing 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.

In light of the interrelated nature of the risks we face, the Board believes that 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	Operations Supply Chain (including Manufacturing/Business Continuity Planning) Security (including security of products, sites, personnel, and information) Cybersecurity Research & Development

The Board also receives regular reports on certain elements 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 risk management is 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 risk management is discussed.

A copy of the Johnson & Johnson Framework for Enterprise Risk Management can be found at www.jnj.com/about-jnj/management-approach.

Risk Related to Executive Compensation

The following characteristics of our executive compensation program work to reduce the possibility that our executive officers, either individually or as a group, make 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 “2016 Pay Mix at Target” on page 53.
- 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 “Base Salary, Annual Performance Bonus, and Long-Term Incentives” on page 52.
- 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: Annual performance bonuses and long-term incentive awards are capped at 200% of target. See “Aligning Compensation to "The What" & "The How"" on page 56.
- Stock Ownership Guidelines: These guidelines require our CEO to directly or indirectly own equity in our company of six times salary, and the other members of our Executive Committee (the principal management group) 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 page 58.
- Executive Compensation Recoupment Policy: This Policy gives our Board authority to recoup executive officers’ past compensation in the event of a material restatement of our financial results and for events involving material violations of company policy relating to the manufacturing, sales or marketing of our products. See “Executive Compensation Recoupment Policy” on page 59.
- No Change-in-Control Arrangements: None of our executive officers have in place any change-in-control arrangements that would result in guaranteed payouts.

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ADDITIONAL GOVERNANCE FEATURES

Proxy Access

In 2015, as part of our long-standing shareholder outreach program, we engaged with a number of our shareholders regarding proxy access and the potential terms of proxy access provisions that our shareholders would view as appropriate for Johnson & Johnson. After taking into account the feedback provided as part of these discussions and considering developments in market practice, in January 2016, we amended our By-Laws to implement proxy access with the following key parameters:

Ownership threshold:	3% of outstanding shares of our common stock
Holding period:	Continuously for 3 years
Number of nominees:	Up to 20% of our Board, with a minimum of up to two Board seats if Board size is less than 10
Nominating group size:	Up to 20 shareholders may group together to reach the 3% ownership threshold

We continue to believe this proxy access framework reflects a thoughtfully designed and balanced approach to proxy access that mitigates the risk of abuse and protects the interests of all of our shareholders, while affording a meaningful proxy access right in light of our size and shareholder base. Shareholders who wish to nominate directors for inclusion in our Proxy Statement in accordance with the proxy access procedures in our By-Laws should follow the instructions under "General Information" on page 94.

Majority Voting 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. 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 Board has adopted a Director Resignation Policy for Incumbent Directors in Uncontested Elections. Specifically, if an incumbent director receives more votes "Against" his or her election than votes "For" his or her election in an uncontested election, then such director must 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.

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

Director Overboarding Policy

Our Principles of Corporate Governance state that a director who serves as a CEO (or similar position) at our, or any other, company should not serve on more than two public company boards (including the Johnson & Johnson board and his or her own board) and that other directors should not serve on more than five public company boards (including the Johnson & Johnson board). Currently, all of our Directors are in compliance with this policy.

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Political Spending Oversight and Disclosure

As a leader in the healthcare industry, Johnson & Johnson is committed to supporting the development of sound public policy in health care. We work with many organizations across the political spectrum on a variety of policy issues related to health and other topics that impact patients, consumers, and our company. As a result of constructive engagement with a number of our institutional investors, we were an early mover on the disclosure of corporate political expenditures and activities, and we have expanded that disclosure over the years as we continue to dialogue with our shareholders on this issue. Disclosure regarding the company's political activities and expenditures, including the policies and procedures that govern that activity and spending, as well as the Board's oversight role, are updated semi-annually and can be found at www.investor.jnj.com/gov/contributions.cfm.

This year, in response to shareholder engagement on this topic, we have enhanced our website disclosure by including the following:

- Trade association dues by dollar range, including the percentage of dues that is utilized for federal lobbying, for U.S. trade associations to which we paid annual dues of $50,000 or more
- Disclosure regarding our approach and processes to impact trade associations of which we are members when we do not align on an issue
- The annual total of federal lobbying expenditures for the last fiscal year
- The aggregate annual total of state lobbying expenditures for the last fiscal year, based on amounts disclosed pursuant to lobbying regulations of the various state ethics oversight agencies
- A direct link to the most current filing of the Johnson & Johnson Political Action Committee federal campaign finance report
- A direct link to the most current quarterly filing of Johnson & Johnson's federal lobbying disclosure report

In addition to transparency, our Board believes oversight of political activities and expenditures is important. Our Regulatory, Compliance & Government Affairs Committee receives an annual report of the company's political contribution and lobbying policies, practices, and activities. In addition, the company's Political Action Committee and U.S. corporate political spending is audited biennially by our internal auditors.

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, which exercises the authority of the Board during intervals between Board meetings.

Board Committee Rotation

In 2016, the Board determined to rotate membership on each of its committees, including the Chair of three committees. As set out in the chart below, the Board altered the composition of our five key committees, with each committee having at least one new member and three committees, Compensation & Benefits, Regulatory, Compliance & Government Affairs and Science, Technology & Sustainability, being led by a new director. Each committee continues to be comprised solely of independent directors.

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2016 BOARD COMMITTEE ROTATION

Directors		Audit		Compensation & Benefits		Nominating & Corporate Governance		Regulatory, Compliance & Government Affairs		Science, Technology & Sustainability	
		04/27/16	03/15/17	04/27/16	03/15/17	04/27/16	03/15/17	04/27/16	03/15/17	04/27/16	03/15/17
Mary C. Beckerle	I								l	l	C
Mary Sue Coleman [1]	I	l								l	
D. Scott Davis	I	C	C		l			l			
Ian E. L. Davis	I	l	l						l	l	
Alex Gorsky											
Susan L. Lindquist [2]	I							l		C	
Mark B. McClellan	I							l	l	l	l
Anne M. Mulcahy	ILD	l	l			l	l				
William D. Perez	I		l	l		C	C				
Charles O. Prince	I			C		l	l		C		
A. Eugene Washington	I			l	l					l	l
Ronald A. Williams	I			l	C		l	C			

Chairman of the Board: Lead Director: LD Independent Director: I Chair: C Member: l Marks member position change:

[1] Did not stand for re-election in 2016

[2] Passed away in October 2016

Board Committee Membership

The following table shows the current members and chairmen of each of the standing Board committees and the number of meetings each committee held in 2016.

CURRENT BOARD COMMITTEE MEMBERSHIP

Directors		Audit	Compensation & Benefits	Nominating & Corporate Governance	Regulatory, Compliance & Government Affairs	Science, Technology & Sustainability	Finance
Mary C. Beckerle	I				a	C	
D. Scott Davis[1]	I	C	a				
Ian E. L. Davis	I	a			a		
Alex Gorsky							C
Mark B. McClellan	I				a	a	
Anne M. Mulcahy	ILD	a		a			a
William D. Perez	I	a		C			
Charles O. Prince	I			a	C		
A. Eugene Washington	I		a			a	
Ronald A. Williams	I		C	a			
Number of Meetings in 2016		9[2][3]	6	4	5[3]	6	—

Chairman of the Board: Lead Director: LD Independent Director: I Chair: C Member: a

(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 (4 in total)
(3) Includes an annual joint meeting of the Audit and Regulatory, Compliance & Government Affairs Committees

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Board Committee Responsibilities

Audit Committee

- Oversees the company’s financial management and accounting and financial reporting processes and practices
- Appoints, retains, compensates and evaluates independent auditor
- Oversees the company’s internal audit organization, reviews its annual plan and reviews results of its audits
- Oversees the quality and adequacy of the company’s internal accounting controls and procedures
- Reviews and monitors the company’s financial reporting compliance and practices and its disclosure controls and procedures
- Discusses with management the processes used to assess and manage the company’s exposure to risk, and monitors risks related to tax, treasury, IT and cybersecurity

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. For more information on Audit Committee activities in 2016, see the Audit Committee Report on page 84.

A copy of the charter of the Audit Committee is available at www.investor.jnj.com/gov/committee.cfm.

The Board has designated Mr. D. S. Davis, 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. The determination was based on his being a Certified Public Accountant and his experience as Chief Financial Officer at United Parcel Service, Inc.

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 the Audit Committee at the address of our principal office: One Johnson & Johnson Plaza, New Brunswick, NJ 08933, or by using the online submission form at www.investor.jnj.com/communication.cfm. Such reports may be made anonymously.

Compensation & Benefits Committee

- Establishes the company’s executive compensation philosophy and principles
- Reviews, and recommends for approval by the independent Directors of the Board, the compensation for our Chief Executive Officer and approves the compensation for the company’s other executive officers
- Sets the composition of the group of peer companies used for comparison of executive compensation
- Oversees the design and management of the various pension, long-term incentive, savings, health and welfare plans that cover our employees
- Reviews, and recommends for approval by the full Board, the compensation for our non-employee Directors
- Provides oversight of the compensation philosophy and policies of the Management Compensation Committee, a non-Board committee composed of Mr. Gorsky (Chairman/CEO), Mr. Dominic J. Caruso (Executive Vice President, Chief Financial Officer) and Dr. Peter M. Fasolo (Executive Vice President, Chief Human Resources Officer), which, under delegation from the Compensation & Benefits Committee, determines management compensation and establishes perquisites and other compensation policies for employees other than our executive officers

A copy of the charter of the Compensation & Benefits Committee is available at www.investor.jnj.com/gov/committee.cfm.

The Compensation & Benefits Committee has retained Frederic W. Cook & Co., Inc. as its independent compensation consultant for matters related to executive officer and non-employee director compensation. 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 “Governance of Executive Compensation” on page 57.

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Nominating & Corporate Governance Committee

- Oversees matters of corporate governance, including the evaluation of the policies and practices of the Board
- Oversees the process for performance evaluations of the Board and its committees
- Reviews our executive succession plans
- Considers any questions of possible conflicts of interest
- Reviews potential candidates for the Board, as discussed on page 15, and recommends the nominees for Directors to the Board for approval
- Reviews and recommends director orientation and continuing orientation programs for Board members

A copy of the charter of the Nominating & Corporate Governance Committee can be found at www.investor.jnj.com/gov/committee.cfm.

Regulatory, Compliance & Government Affairs Committee

- Oversees the company's major compliance programs and systems with respect to legal and 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 Code of Business Conduct and Code of Business Conduct & Ethics for Members of the Board of Directors and Executive Officers
- Reviews the company's governmental affairs policies and priorities
- 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 at www.investor.jnj.com/gov/committee.cfm. Also see a copy of the Report on Regulatory, Compliance & Government Affairs Committee for Calendar Year 2016 at www.investor.jnj.com/gov.cfm.

Science, Technology & Sustainability Committee

- Monitors and reviews the overall strategy, direction and effectiveness of the company's research and development organization
- 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
- 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 at www.investor.jnj.com/gov/committee.cfm.

Finance Committee

- Composed of the Chairman and Lead Director of the Board
- Exercises the authority of the Board during the intervals between Board meetings, as permitted by law
- Acts from time-to-time between Board meetings, as needed, generally by unanimous written consent in lieu of a meeting
- Any action is taken pursuant to specific advance delegation by the Board or is later ratified by the Board

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BOARD MEETINGS AND PROCESSES

Director Meetings and Attendance

During 2016, the Board of Directors held 9 regular meetings and 1 special meeting.

Each Director attended at least 75% of the total of regularly-scheduled and special meetings of the Board of Directors and the committees on which he or she served (during the period that he or she served).

Executive Sessions

During 2016, 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 in executive session at every regular Board meeting during 2016, and held a special executive session to perform the annual evaluation of the CEO/Chairman. The Lead Director acted as Chair at all of these executive sessions.

Board and Committee Evaluations

Our Principles of Corporate Governance require that the Board and each committee conduct an annual self-evaluation. These self-evaluations are intended to facilitate a candid assessment and discussion by the Board and each committee of its effectiveness as a group in fulfilling its responsibilities, its performance as measured against the Principles of Corporate Governance, and areas for improvement.

- Board Evaluations: Each year, the Lead Director, Chairman and Corporate Secretary meet with each director individually to collect feedback on the Board's responsibilities, structure, procedures, atmosphere and engagement. The input is then synthesized and discussed with the full Board.
- Committee Evaluations: Committee members are provided with a questionnaire to facilitate discussion during an executive session of the committee, and upon completion of the self-evaluation, the chair of the committee reports to the full Board on the discussion and any necessary follow-up actions.

Annual Meeting Attendance

It has been our longstanding practice for all directors to attend the Annual Meeting of Shareholders. Of our 11 Directors who were elected to the Board at the 2016 Annual Meeting, all attended the meeting, with the exception of Dr. Lindquist who was not able to attend for health reasons.

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RELATED PARTY TRANSACTIONS

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 direct or indirect material interest (other than solely as a result of being a director or trustee or less than 10% owner of another entity). Related persons include our Directors and executive officers and their immediate family members and persons sharing their households. It also includes 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 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 ("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
- 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
- Transactions involving bank depositary, transfer agent, registrar, trustee under a trust indenture, or party performing similar banking services

Our Policy on Transactions with Related Persons can be found at www.investor.jnj.com/gov.cfm.

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Transactions with Related Persons for 2016

A sister-in-law of Dr. Paulus Stoffels, Executive Vice President, Chief Scientific Officer, is a Senior Manager at Janssen Pharmaceutica NV, a wholly-owned subsidiary of the company, and earned $144,382 in total compensation in 2016 (using an exchange rate of 1.0923 USD/1 EUR), including base salary, any annual incentive bonus, the value of any long-term incentive award granted in 2016, and any other compensation. 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.

The daughter of Dr. A. Eugene Washington, one of our Directors, is a Senior Analyst at Johnson & Johnson Innovation LLC, a wholly-owned subsidiary of the company, and earned $145,453 in total compensation in 2016, including base salary, any annual incentive bonus, the value of any long-term incentive award granted in 2016, and any other compensation. She also participates in the general welfare and benefit plans of Johnson & Johnson Innovation LLC. Her compensation was established in accordance with Johnson & Johnson Innovation LLC’s employment and compensation practices applicable to employees with equivalent qualifications and responsibilities and holding similar positions. Dr. Washington does not have a material interest in his daughter’s employment, nor does he share a household with her.

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

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STOCK OWNERSHIP AND SECTION 16 COMPLIANCE

The following table sets forth information regarding beneficial ownership of our common stock by each director; our Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers named in the tables in the section “Executive Compensation Tables” on pages 60 through 77 (each a “named executive officer”); and by all directors and executive officers as a group. Each of the individuals/group 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, Mr. Gorsky and Mr. Michael Ullmann, an executive officer, are deemed to “control” an additional 5,678,177 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 941,300 shares. In the aggregate, these 6,619,477 shares represent less than 1% of the shares outstanding. All stock ownership is as of February 28, 2017.

Name	Number of Common Shares[1] (#)	Deferred Share Units[2] (#)	Common Shares Underlying Options or Stock Units[3] (#)	Total Number of Shares Beneficially Owned (#)
Mary C. Beckerle	0	3,187	0	3,187
Dominic J. Caruso	144,423	13,537	1,024,211	1,182,171
D. Scott Davis	0	4,801	0	4,801
Ian E. L. Davis	4,193	9,633	0	13,826
Joaquin Duato	69,106	0	453,930	523,036
Alex Gorsky	261,487	0	1,539,254	1,800,741
Mark B. McClellan	0	6,666	0	6,666
Anne M. Mulcahy	5,789	9,633	0	15,422
William D. Perez	19,622	19,352	0	38,974
Sandra E. Peterson	58,760	0	224,047	282,807
Charles Prince	27,320	15,874	0	43,194
Paulus Stoffels	127,651	0	258,034	385,685

A. Eugene Washington	0	13,689	0	13,689
Ronald A. Williams	3,650	14,687	0	18,337
All Directors and executive officers as a group (18)	941,300	111,058	4,065,081	5,117,439

(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 Plans, and by members of his or her household, and are held individually, jointly or pursuant to a trust arrangement. Mr. Prince disclaims beneficial ownership of 800 shares listed as owned by him.

(2) Includes Deferred Share Units credited to non-employee directors under our Amended and Restated Deferred Fee Plan for Directors and Deferred Share Units credited to the executive officers under our Executive Income Deferral Plan (Amended and Restated).

(3) Includes shares underlying options exercisable on February 28, 2017, options that become exercisable within 60 days thereafter and Restricted Share Units that vest within 60 days thereafter.

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The following are the only persons known to us to be the beneficial owners 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
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	Common Stock	191,188,744 shares[(1)]	7.02%[(1)]
BlackRock Inc. 55 East 52nd Street New York, NY 10055	Common Stock	170,679,367 shares[(2)]	6.3%[(2)]
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	Common Stock	153,587,120 shares[(3)]	5.65%[(3)]

(1) Based solely on an Amendment to Schedule 13G filed with the SEC on February 10, 2017, The Vanguard Group reported aggregate beneficial ownership of approximately 7.02%, or 191,188,744 shares, of our common stock as of December 31, 2016. Vanguard reported that it possessed sole dispositive power of 186,408,833 shares, sole voting power of 4,298,682 shares, shared dispositive power of 4,779,911 shares, and shared voting power of 521,530 shares.
(2) Based solely on an Amendment to Schedule 13G filed with the SEC on January 25, 2017, BlackRock, Inc. reported aggregate beneficial ownership of approximately 6.3%, or 170,679,367 shares, of our common stock as of December 31, 2016. BlackRock reported that it possessed sole voting power of 145,458,222 shares and sole dispositive power of 170,679,367 shares. BlackRock also reported that it did not possess shared voting or dispositive power over any shares beneficially owned.
(3) Based solely on a Schedule 13G filed with the SEC on February 7, 2017, State Street Corporation reported aggregate beneficial ownership of approximately 5.65%, or 153,587,120 shares, of our common stock as of December 31, 2016. State Street reported that it possessed shared voting power and shared dispositive power of 153,587,120 shares, and that it did not possess sole voting power or sole dispositive power over any shares beneficially owned.

As a result of being beneficial owners of more than 5% of our stock, The Vanguard Group (Vanguard), BlackRock, Inc. (BlackRock), and State Street Corporation (State Street) are currently considered “related persons” under our Policy on Transactions with Related Persons described on page 28 of this Proxy Statement.

- 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 $3.0 million in fees during fiscal year 2016.
- Certain of our U.S. and international employee savings and retirement plans and other affiliates have retained State Street and its affiliates to provide investment management, trustee, custodial, administrative and ancillary investment services. In connection with these services, we paid State Street approximately $7.9 million in fees during fiscal year 2016.

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 2016 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 one report for one transaction for each of the following directors: Dr. Lindquist, Mr. Perez, Dr. Washington and Mr. Williams. The reports were subsequently filed.

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DIRECTOR COMPENSATION

Our Compensation & Benefits Committee is required by its charter to review non-employee director compensation annually. The Committee reviews total compensation of our non-employees directors, as well as each element of our non-employee director compensation program.

During its annual review, the Compensation & Benefits Committee analyzes the competitive position of our non-employee director compensation program and each element of that program against the programs of the peer group used for executive compensation purposes (see page 54 for information about the Executive Peer Group). Frederic W. Cook & Co., Inc., the Committee's independent consultant, provides an independent assessment of the competitive data provided to the Committee and advises the Committee on decisions regarding non-employee director compensation. Decisions regarding our non-employee director compensation program are approved by our full Board of Directors, based on recommendations by our Compensation & Benefits Committee.

The following table provides information concerning the compensation of our non-employee directors for fiscal 2016. Mr. Gorsky was an employee of the company, and therefore, received no additional compensation for his service as a director. For a complete understanding of the table, please read the footnotes and the narrative disclosures that follow the table.

A	B	C	D	E	F
Name	(1)	Fees Earned or Paid in Cash ($)	Stock Awards ($)	All Other Compensation ($)	Total ($)
M. C. Beckerle(2)	C	$111,667	$164,985	$17,800	$294,452
M. S. Coleman(3)		36,666	164,985	20,000	221,651
D. S. Davis	AC	135,000	164,985	0	299,985
I. E. L. Davis		110,000	164,985	0	274,985
S. L. Lindquist(4)		107,038	164,985	1,500	273,523
M. B. McClellan		110,000	164,985	0	274,985
A. M. Mulcahy	LD	140,000	164,985	20,000	324,985
W. D. Perez	C	130,000	164,985	20,000	314,985
C. Prince	C	130,000	164,985	20,000	314,985
A. E. Washington		110,000	164,985	20,000	294,985
R. A. Williams	C	130,000	164,985	20,000	314,985

(1) Lead Director/Committee Chair

(2) Appointed Chair of Science, Technology & Sustainability Committee in December 2016. Chairman retainer payment was prorated.

(3) Retired from the Board in April 2016. Cash fees are pro-rated for partial year of service

(4) Passed away in October 2016

Lead Director or Committee Chair (Column B)

LD = Lead Director AC = Audit Committee Chair C = Committee Chair

Fees Earned or Paid in Cash (Column C)

2016 Non-Employee Director Cash Compensation	Annual Cash Retainer ($)
Non-employee Director Cash Retainer	$110,000
Additional Retainer for Lead Director and Committee Chairs	
Lead Director	$30,000
Audit Committee Chair	25,000
Committee Chair (other than Audit)	20,000

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Stock Awards (Column D)

Deferred Share Units - Mandatory Deferral. All figures in column D represent the grant date fair value of Deferred Share Units (DSUs) granted to each non-employee director on February 8, 2016. The Board approved a 2016 DSU award valued at $165,000; therefore, pursuant to the terms of the Deferred Fee Plan for Directors, each non-employee director was granted 1,629 DSUs (rounded down to the nearest whole share). DSUs are immediately vested but must be deferred until the director completes service as a Board member. DSUs earn additional amounts based on a hypothetical investment in our common stock, including accruing dividend equivalents in the same amount and at the same time as dividends paid on our common stock. DSUs are settled in cash upon termination of Board membership.

All Other Compensation (Column E)

Charitable Matching Contributions. The amounts reported in column E represent the aggregate dollar amount for each non-employee director for charitable matching contributions. Non-employee directors are eligible to participate in our charitable matching gift program on the same basis as employees, pursuant to which we contribute, on a two-to-one basis for every dollar donated, up to $20,000 per year per person to certain charitable institutions.

Deferred Fee Plan for Directors

Elective Fee Deferrals. Under the Deferred Fee Plan for Directors, non-employee directors may elect to defer payment of all or a portion of their cash retainers until termination of Board membership. Deferred fees are converted into DSUs, and earn additional amounts based on a hypothetical investment in our common stock, including accruing dividend equivalents in the same amount and at the same time as dividends paid on our common stock. DSUs are settled in cash upon termination of Board membership. In 2016, Drs. Lindquist and Washington and Messrs. Perez and Williams elected to defer all of their 2016 cash retainers. Dr. Lindquist passed away in October 2016.

Deferred Compensation Balances. At December 31, 2016, the aggregate number of DSUs held in each non-employee director's Deferred Fee Account, including both mandatory deferrals and any elective fee deferrals, as well as dividend equivalent accruals, was as follows:

Name	Deferred Share Units (#)
M. C. Beckerle	1,675
D. S. Davis	5,289
I. E. L. Davis	8,121
M. B. McClellan	5,154
A. M. Mulcahy	8,121
W. D. Perez	17,840
C. Prince	14,362
A. E.	12,177

Washington
R.
A.
13,175
Williams

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 and director orientation or other relevant educational programs or company meetings.

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Stock Ownership Guidelines for Non-Employee Directors

The company's stock ownership guidelines for non-employee directors are intended to further align the directors' interests with the interests of our shareholders. Stock ownership for the purpose of these guidelines includes shares directly owned by the director, shares held indirectly that are beneficially owned by the director, and DSUs. Non-employee directors are prohibited from transacting in derivative instruments linked to the performance of our securities.

Name	Stock Ownership Guideline as a Multiple of Base Salary	2016 Compliance with Stock Ownership Guidelines?	Ownership Threshold Met?[(1)]
M. C. Beckerle[(2)]	5x	Yes	No
D. S. Davis	5x	Yes	Yes
I. E. L. Davis	5x	Yes	Yes
M. B. McClellan	5x	Yes	Yes
A. M. Mulcahy	5x	Yes	Yes
W. D. Perez	5x	Yes	Yes
C. Prince	5x	Yes	Yes
A. E. Washington	5x	Yes	Yes
R. A. Williams	5x	Yes	Yes

(1) Non-employee directors have five years after first becoming subject to the guidelines to achieve the required ownership threshold

(2) Joined board within past five years

Fiscal 2017 Non-Employee Director Compensation

The Compensation & Benefits Committee's analysis in 2016 of the competitive position of our non-employee director compensation program showed that overall compensation for non-employee directors and the retainer for the Lead Director were below the peer group median. As a result, our Compensation & Benefits Committee recommended, and our Board of Directors approved on September 13, 2016, the following non-employee director compensation program for 2017 to achieve an overall compensation structure in line with the peer group median:

2017 Non-Employee Director Compensation	($)
Cash Compensation	$110,000
Lead Director Cash Retainer[(1)]	35,000
Audit Committee Chair Cash Retainer	25,000
Committee Chair (other than Audit) Cash Retainer	20,000
Value of Deferred Share Units[(2)]	175,000

(1) Increase of $5,000

(2) Increase of $10,000

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Item 2: Advisory Vote on Frequency of Voting to Approve Named Executive Officer Compensation

The Board believes that having an advisory vote to approve named executive officer compensation EVERY ONE (1) YEAR is a meaningful and effective way to use this method of gathering feedback on the Company's executive compensation philosophy, policies and procedures. Therefore, the Board of Directors recommends that shareholders vote, in an advisory manner, to hold an advisory vote to approve named executive officer compensation EVERY ONE (1) YEAR.

We are asking shareholders to vote, in an advisory manner, on whether the advisory vote to approve named executive officer compensation should occur every one, two, or three years. Our prior say-on-frequency vote occurred in 2011. At that year's annual meeting, shareholders agreed with the Board's recommendation that advisory votes to approve executive compensation should occur every year. After careful consideration, the Board again believes that submitting the advisory vote to approve our named executive officer compensation program EVERY ONE (1) YEAR is appropriate for our company and our shareholders at this time.

An annual advisory vote is consistent with our objective of engaging in regular dialogue with our shareholders on corporate governance and executive compensation matters. The Board believes that holding the advisory vote to approve named executive officer compensation annually allows for frequent and timely feedback from shareholders. Receiving feedback from shareholders on executive compensation philosophy, policies and procedures is important to us, and we regularly engage with shareholders to hear and understand their specific concerns. We will continue to do so as we continue to believe that direct engagement is the most meaningful way to conduct dialogue with our investors.

This advisory vote on frequency is required pursuant to Section 14A of the Securities Exchange Act, as amended. As an advisory vote, the results of this vote will not be binding on the Board or the company. Although the vote is advisory and non-binding, the Board values the opinions of our shareholders, and will consider the outcome of this advisory vote when determining the frequency of the advisory vote to approve named executive officer compensation.

The proxy card gives you four choices for voting on this item. You can choose whether the say-on-pay vote should be conducted EVERY ONE (1) YEAR, EVERY TWO (2) YEARS or EVERY THREE (3) YEARS. You may also abstain from voting on this item. You are not voting to approve or disapprove the Board's recommendation on this item.

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Item 3: Advisory Vote to Approve Named Executive Officer Compensation

The Board of Directors recommends that shareholders vote, in an advisory manner, FOR approval of the compensation of our named executive officers and the executive compensation philosophy, policies and procedures described in the Compensation Discussion and Analysis (CD&A) section of the 2017 Proxy Statement.

Before you vote, we urge you to read the "Compensation Discussion and Analysis" section found on pages 38 to 59, and the tables in the "Executive Compensation Tables" section found on pages 60 to 77, for additional details on our executive compensation.

The Board recognizes that executive compensation is an important matter for our shareholders. The guiding principles of our executive compensation philosophy and practice continue to be: Competitiveness; Pay for Performance; Accountability for Short- and Long-Term Performance; and Alignment to Shareholders' Interests. Overarching these principles is adherence to Our Credo values, which emphasize the manner in which our financial and strategic objectives are achieved. We believe our compensation programs are strongly aligned with the long-term interests of our shareholders.

When casting your 2017 “Say on Pay” vote, we encourage you to consider:

- The alignment of the 2016 compensation of our Chairman/CEO and our other named executive officers with our company's 2016 performance
- The pay-for-performance alignment built into the design of our incentive programs
- Our continued evaluation of our executive compensation program
- Our continued direct engagement with our shareholders, resulting this year in increased weighting of performance share units in our 2017 long-term incentive mix to increase the focus on long-term performance

As an advisory vote, the results of this vote will not be binding on the Board or the company. However, the Board of Directors values the opinions of our shareholders, and will consider the outcome of the vote when making future decisions on the compensation of our named executive officers and our executive compensation philosophy, policies and procedures.

The Board of Directors is recommending to continue annual advisory votes on executive compensation in Item 2 of this Proxy Statement. Accordingly, following our 2017 shareholder meeting on April 27, 2017 the next advisory vote on executive compensation is expected to occur at the 2018 Annual Meeting of Shareholders, unless shareholders vote for a different frequency and the Board of Directors modifies its policy on the frequency of holding such advisory votes.

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Compensation Committee Report

The Compensation & Benefits Committee of the Board of Directors (the Committee) 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 38 through 59, 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 January 1, 2017.

Ronald A. Williams, Chairman
D. Scott Davis
A. Eugene Washington

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Compensation Discussion and Analysis

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2016 Performance and Compensation

Our strong results in 2016 were driven by our approach to managing for the long term, relentless drive for innovation, disciplined portfolio management, and capital allocation strategy.

KEY PERFORMANCE AND COMPENSATION HIGHLIGHTS

- Upheld Our Credo values by focusing on the needs and well-being of our stakeholders:
  - Patients, consumers, and health care professionals
  - Employees
  - Communities in which we live and work
  - Shareholders
- Executed against our near-term priorities in 2016, consistent with our long-term strategic plan[1]:
  - Exceeded our operational sales growth goal.
  - Exceeded our adjusted operational EPS growth goal.
  - Did not meet our free cash flow goal due to unanticipated litigation settlements.
- Advanced our long-term strategic growth drivers:
  - Exceeded our "Creating Value through Innovation" objectives that measure the health of our priority business platforms across all 3 sectors.
  - Partially met our "Global Reach with Local Focus" objectives that measure the health of our business in regions offering significant growth opportunities.
  - Exceeded our "Excellence in Execution" objectives that track elements we need to execute to unleash additional growth opportunities.
  - Exceeded our "Leading with Purpose" objectives that measure our organizational health, diversity, and reputation.
- Drove our strong results with contributions from all three businesses:
  - Our Pharmaceutical business continued to deliver strong growth, while also increasing investment to further develop our strong pipeline of innovative new medicines.
  - Our Consumer business continued gaining share across most major categories, and significantly improved margins with the goal of returning to benchmark profitability.
  - Our Medical Devices business continued to gain share in key platforms while refocusing and accelerating our pace of innovation, and developed novel commercial models to meet the evolving needs of today's healthcare systems.
- Received continued strong support for our named executive officer compensation in our 2016 “Say on Pay” vote - 93% or more in favor since 2013
- Continued our shareholder outreach and increased the weighting of performance share units in our 2017 long-term incentive mix to increase the focus on long-term performance

2016 FINANCIAL RESULTS[1]

OPERATIONAL SALES GROWTH

3.9%

ADJUSTED OPERATIONAL EPS GROWTH

9.4%

FREE CASH FLOW

$15.5B

- 22% of 2016 sales from products launched in the past 5 years
- Invested >$9 billion in R&D
- 14 Acquisitions & Licenses

CEO Pay Decisions

- Annual Bonus: 135% of target
- LTI Award: 135% of target
- Salary: No increase

Total Direct Compensation

- 2016: $22,228,019
- 2015: $18,141,454

(See page 43 for details)

33 Consecutive years of adjusted operational earnings increases[1]

54 Consecutive years of dividend increases

[1] Non-GAAP measures: see page 42 for details on non-GAAP measures.

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2016 COMPANY PERFORMANCE

Below is a summary of the company's performance against enterprise financial and strategic goals, as well as performance by business segment. Our goals are set based on our long-term strategic objectives, our product portfolio and pipeline, and competitive benchmarking.

Performance Against Our 2016 Financial Goals[(1)]:

- Exceeded our operational sales growth goal.
- Exceeded our adjusted operational Earnings Per Share (EPS) growth goal.
- Did not meet our free cash flow goal due to unanticipated litigation settlements.

[(1)] Non-GAAP measures; see page 42 for details on non-GAAP performance measures.

Performance Against our Long-Term Strategic Growth Drivers:

- Exceeded our Creating Value through Innovation objectives that measure the health of our priority business platforms across all 3 sectors:
- Gained or held share in 13 of 15 key product platforms and exceeded sales growth targets in 10 of 15 of them.
- Advanced our robust pipeline by launching key new products and line extensions across our three sectors.
- Achieved over 75% of our priority innovation milestones.
- Invested more than $9 billion in research & development in 2016. We believe that sustaining investments in innovation is the most important aspect of our strategy.
- Partially met our Global Reach with Local Focus objectives that measure the health of our business in regions offering significant growth opportunities:
- Exceeded our growth target as a whole, led by developed markets.
- Underperformed in emerging markets and BRIC (Brazil, Russia, India, and China).

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- Exceeded our Excellence in Execution objectives that track elements we need to execute to unleash additional growth opportunities:
  - Made strategic acquisitions to enhance our future growth including Vogue International LLC, NeoStrata Company, Inc., BioMedical Enterprises, Inc., and NeuWave Medical, Inc., and entered into an agreement to purchase Abbott Medical Optics Inc.
  - Made significant progress on our Enterprise Standards and Productivity initiative, exceeding our annual savings goal.
  - Delivered strong performance on all quality metrics: compliance was in the top quartile for the industry, with no significant inspections this year.
  - Delivered on restructuring initiative milestones within our Medical Devices segment, working toward achieving savings of $800 million to $1 billion, the majority of which is expected to be realized by the end of 2018.
- Exceeded our Leading with Purpose objectives that measure our organizational health, diversity, and reputation:
  - Strengthened our leadership talent pipeline, advanced diversity, and exceeded our employee engagement benchmarks.
  - Increased our reputational standings, ranking #1 in Barron's list of "Most Respected Companies."

Performance by Business:

- Our Pharmaceutical business continued to deliver strong growth, while also increasing investment to further develop our strong pipeline of innovative new medicines:
  - Exceeded its operational sales, operational income, and cash flow goals.
  - Delivered strong growth of our key launch and growth products, including IMBRUVICA®, DARZALEX®, INVOKANA®, STELARA®, and XARELTO®, as well as important line extensions.
- Our Consumer business continued gaining share across most major categories, and significantly improved margins with the goal of returning to benchmark profitability:
  - Exceeded its income goal, met its cash flow goal, but did not meet its sales growth goal.
  - Growth was in line with our competitor composite and gained market share despite a market slowdown.
  - Identified new opportunities for long-term growth by investing $4.2 billion across 6 acquisitions (including Vogue International, NeoStrata, and La Lumiere Light Mask) to strengthen our position in Beauty.
- Our Medical Devices business continued to gain share in key platforms while refocusing and accelerating our pace of innovation, and developed novel commercial models to meet the evolving needs of today's healthcare systems:
  - Met its cash flow and income goals, but did not meet its operational sales goal.
  - Achieved strong operational sales growth in Vision Care, Endocutters, Electrophysiology, and Knees but underachieved in Diabetes.
  - Identified new opportunities for long-term growth by investing $0.5 billion through licensing and acquisitions (including NeuWave and BioMedical Enterprises), and entering into an agreement to purchase Abbott Medical Optics.
  - Achieved strong growth in our priority platforms; although overall growth was below our competitor composite.

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Details on Non-GAAP Performance Measures

1 Operational Sales Growth: Operational Sales Growth is the sales increase due to volume and price, excluding the effect of currency translation. As set forth on page 15 of "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Conditions" of our Annual Report on Form 10-K for the fiscal year ended January 1, 2017 (2016 Form 10-K), our 2016 Operational Sales Growth was 3.9%, excluding currency translation of (1.3)%.

1 Free Cash Flow: Free cash flow is the net cash from operating activities less additions to property, plant and equipment. As set forth in the Consolidated Statements of Cash Flows on page 38 of our 2016 Form 10-K, cash flows from operating activities was $18.7 billion, and additions to property, plant and equipment were $3.2 billion. ($18.7 billion – $3.2 billion = $15.5 billion.)[1]

1 Adjusted Operational EPS Growth: Adjusted EPS and Adjusted Operational EPS are non-GAAP financial measures. Adjusted EPS excludes special items and intangible amortization expense as set forth in Exhibit 99.2O to the company's Current Report on Form 8-K dated January 24, 2017 and in "Reconciliation of Non-GAAP Financial Measures" of our 2016 Annual Report included in our proxy materials. Adjusted Operational EPS Growth also excludes the effect of currency translation. The following is a reconciliation of Diluted EPS (the most directly comparable U.S. GAAP measure) to Adjusted EPS and Adjusted Operational EPS:

	2016 Actual $ per share	% Change vs. Prior Year*
Diluted EPS	$5.93	
Special Items and Intangible Amortization Expense	0.80	
Adjusted EPS	6.73	8.5 %
Currency Translation	0.05	
Adjusted Operational EPS	6.78	9.4 %

* Prior year Adjusted EPS = $6.20

(1) The figures above are rounded for display purposes.

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CEO PERFORMANCE AND COMPENSATION DECISIONS

Alex Gorsky

Chairman, Board of Directors and Chief Executive Officer

Performance:

The Board based its assessment of Mr. Gorsky primarily upon its evaluation of the company's performance. The Board believes the company delivered excellent financial results and strong strategic performance in 2016 under Mr. Gorsky's leadership, as summarized under "2016 Company Performance" on pages 40 through 42, and the Board approved compensation for 2016 reflecting this performance.

2016 CEO Compensation Decisions for 2015 Performance:

The Board's compensation decisions for Mr. Gorsky reflect the Board's assessment of his 2016 performance. The Board recognized Mr. Gorsky's 2016 performance by awarding him an annual performance bonus at 135% of target and long-term incentives at 135% of target. After reviewing market data and other factors, the Board kept Mr. Gorsky's salary rate unchanged at $1,600,000 per year.

Mr. Gorsky's total direct compensation for 2016 and, for comparison purposes, his total direct compensation for 2015 are displayed in the table below.

	2015		2016	
	Amount ($)	Percent of Target (%)	Amount ($)	Percent of Target (%)
Salary Earned[1]	$1,613,462		$1,600,000	
Annual Performance Bonus	2,800,000	100 %	3,780,000	135 %
Long-Term Incentive Awards	13,727,992	110 %	16,848,019	135 %
Total Direct Compensation	$18,141,454		$22,228,019	

[1] Salaries earned in fiscal year 2015 were higher than each executive's annualized base salary due to an additional earnings period that occurred in fiscal year 2015. U.S. salaried employees are paid on a bi-weekly schedule. There were 27 pay periods in fiscal year 2015 rather than the usual 26 pay periods.

Please see "2017 Compensation Decisions for 2016 Performance" on pages 45 to 46 for details on the awards and total direct compensation.

OTHER NAMED EXECUTIVE OFFICER PERFORMANCE

The Compensation & Benefits Committee based its assessment of each of the other named executive officers upon its evaluation of the company's performance as well as the individual performance of each named executive officer. Each of the named executive officers contributed to the company's performance as a member of the Executive Committee and as a leader of a business segment or a function. See "2016 Company Performance" on pages 40 through 42 for the Committee's evaluation of the company's performance for 2016.

Dominic J. Caruso	Executive Vice President, Chief Financial Officer In addition to his contribution to our company's overall performance, Mr. Caruso: • Drove strong financial management throughout the year. • Played a significant role in the acquisition of Vogue International, Abbott Medical Optics, and the pending acquisition of Actelion Ltd. • Continued to have an excellent rapport with the Investment Community, recognized as the Top CFO in Medical Devices. • Enhanced the company's financial strategy with the optimal use of non-U.S. cash and executed two debt offerings and a share repurchase plan.
Paulus Stoffels, M.D.	Executive Vice President, Chief Scientific Officer In addition to his contribution to our company's overall performance, Dr. Stoffels: • Delivered significant continued pharmaceutical pipeline growth. • Advanced the impact of our cross sector R&D product portfolio and accelerated the sourcing of external innovation in our three business sectors. • Implemented J&J Global Public Health (GPH) — an important new group to address the world's greatest unmet public health needs. • Significantly enhanced recognition of the company as one of the world's leading medical and scientific innovators committed to ensuring patient safety, setting the standard for transparency, advancing access to medicines, and delivering more years of life and quality of life for people around the world.
Sandra E. Peterson	Executive Vice President, Group Worldwide Chairman In addition to her contribution to our company's overall performance, Ms. Peterson: • Provided strong leadership to Consumer & Consumer Medical Devices; our operating infrastructure - Information Technology, Supply Chain, Quality and Global Services; Health & Wellness; Global Design; and Health Technology. • Led the Consumer and Vision Care businesses to a positive trend in growth and global market share and met, or exceeded, income and cash flow goals. • Led our Supply Chain and Quality groups to deliver a strong year in which all quality and productivity metrics were exceeded. • Met, or exceeded, all of our major Information Technology objectives, and completed a number of strategic partnerships with technology companies.

Joaquin Duato	Executive Vice President, Worldwide Chairman, Pharmaceuticals In addition to his contribution to our company's overall performance, Mr. Duato: • Exceeded all of our financial goals (sales, income, and cash flow) for Pharmaceuticals. • Delivered the 6th consecutive year of growth, averaging more than double the branded market growth rate and firmly establishing Janssen as a top five global Pharmaceutical company. • Was appointed Chair-elect of the Pharmaceutical Research and Manufacturers of America, assuming the Chairman role in 2017. • Expanded and commercialized the product pipeline: increasing its value 4 years in a row.

2017 COMPENSATION DECISIONS FOR 2016 PERFORMANCE

How Compensation Decisions are Reported

In January and February of each year, based on the performance assessments of the named executive officers, the Compensation & Benefits Committee determines for each named executive officer:

- The annual performance bonus earned for the prior year's performance,
- The long-term incentive award granted in the first quarter of the year based on the prior year's performance, and
- The salary rate for the upcoming year.

Decisions regarding these elements and the 2016 total direct compensation are summarized in the tables below. The Compensation & Benefits Committee believes that these tables best summarize the actions taken on the named executive officers' compensation for the performance year. By contrast, most of the amounts required by the U.S. Securities and Exchange Commission's (SEC) rules to be reported in the "Summary Compensation Table" on page 60 are the result of compensation decisions from prior years, earnings from prior long-term incentive awards, or participation in long-standing pension programs.

2016 Total Direct Compensation

The following table shows the salary paid during 2016 and the annual performance bonus and long-term incentive grants approved on February 13, 2017 for performance in 2016 for each named executive officer.

A	B	C	D	E
	Cash		Equity	
Name	Salary ($)	Annual Performance Bonus ($)	Long-Term Incentive ($)	Total Direct Compensation ($)
A. Gorsky	$1,600,000	$3,780,000	$16,848,019	$22,228,019
D. Caruso	909,500	1,534,800	5,855,691	8,299,991
P. Stoffels	1,144,000	1,600,000	6,199,992	8,943,992
S. Peterson	963,462	1,600,000	6,199,992	8,763,454
J. Duato	875,000	1,400,000	5,500,025	7,775,025

Salary (Column B)

The amounts reported in column B represent base salaries paid to each of the named executive officers for the 2016 fiscal year.

Annual Performance Bonus (Column C)

Based on 2016 company performance and individual performance as discussed on pages 40 to 45, the Board and the Committee awarded annual performance bonuses on February 13, 2017 ranging from 131% to 160% of target for the named executive officers. See the "Grants of Plan-Based Awards" table on page 66 for the target bonus amounts.

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Long-Term Incentive Awards (for 2016 performance) (Column D)

The Board and Committee granted the following long-term equity incentive awards on February 13, 2017 (ranging from 128% to 148% of target) to the named executive officers based on his or her 2016 performance, impact on the company's long-term results, competitive market data, and the individual's long-term potential within the organization. These awards included Performance Share Units (PSUs), Stock Options, and Restricted Share Units (RSUs).

Name	PSUs Granted[1]		Options Granted[2]		RSUs Granted[3]		Total[4]
	(#)	($)	(#)	($)	(#)	($)	($)
A. Gorsky	79,448	$8,424,030	377,673	$5,054,398	31,779	$3,369,591	$16,848,019
D. Caruso	27,613	2,927,862	131,264	1,756,706	11,045	1,171,123	5,855,691
P. Stoffels	29,236	3,099,952	138,982	1,859,996	11,695	1,240,044	6,199,992
S. Peterson[5]	29,236	3,099,952	138,982	1,859,996	11,695	1,240,044	6,199,992
J. Duato[5]	25,936	2,750,046	123,291	1,650,003	10,374	1,099,976	5,500,025

(1) The estimated grant date fair value used to determine the number of PSUs granted was $106.032. 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.

(2) The grant date fair value used to determine the number of options granted was $13.383. The option exercise price was $115.67 based on the average of the high and low prices of our common stock on the NYSE on the grant date. The Black-Scholes option valuation model was used to calculate the grant date fair value with the following assumptions: volatility of 15.30% based on a blended rate of historical average volatility and implied volatility based on at-the-money traded Johnson & Johnson stock options with a life of two years; dividend yield of 2.90%; risk-free interest rate of 2.25% based on a U.S. Treasury rate of seven years; and a seven-year option life.

(3) The grant date fair value used to determine the number of RSUs granted was $106.032. 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 ($115.67) and discounted by an expected dividend yield of 2.90% as dividends are not paid on the RSUs prior to vesting.

(4) Award values are rounded to the nearest whole share.

(5) In addition to the long-term incentive awards included in the above table, on February 13, 2017 the Committee granted special awards to Ms. Peterson and Mr. Duato of 70,733 RSUs, each with a fair value on the grant date of $7.5 million. Ms. Peterson's award recognizes her expanded responsibilities that will include the Hospital Medical Devices business and enhances her future retention. Mr. Duato's award recognizes his ongoing outstanding performance and enhances his future retention.

Total Direct Compensation (Column E)

The amounts reported in column E are the sum of columns B through D for each of the named executive officers. The Committee believes that totals in column E best summarize the total direct compensation paid to each named executive officer for the 2016 fiscal year.

2017 Salary Increases

Annual salary increases are neither automatic nor guaranteed. In determining the base salary rates for our named executive officers, the Committee reviewed each individual's performance, compensation, alignment with our Credo values, complexity and scope of responsibilities, and experience in role, as well as market data. The Board and Committee can elect to leave a base salary rate unchanged as it did for Messrs. Gorsky and Caruso and Dr. Stoffels in 2016, and Mr. Gorsky in 2017.

The following table shows the annual base salary rate approved for each named executive officer. The annual base salary rates are all effective as of February 27, 2017. Ms. Peterson's 2017 salary rate reflects her expanded responsibilities that will include the Hospital Medical Devices business.

Name	2016 Base Salary Rate ($)	2017 Base Salary Rate ($)
A. Gorsky	$1,600,000	$1,600,000

D. Caruso	909,500	936,800
P. Stoffels	1,144,000	1,178,300
S. Peterson	975,000	1,072,500
J. Duato	875,000	901,300

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2016 UPDATE ON PERFORMANCE OF PERFORMANCE SHARE UNIT AWARDS VERSUS GOALS

In 2016, we completed the first year of the PSU performance period for our 2016-2018 awards, the second year of the PSU performance period for our 2015-2017 awards, and the third year of the PSU performance period for our 2014-2016 awards.

Performance Share Units Earned to Date

The following table shows the PSUs earned to date highlighting the contribution of the performance periods completed in 2016. The number of PSUs earned based on our adjusted operational EPS and relative Total Shareholder Return (TSR) performance are determined after the completion of the 3-year performance periods. The entire PSU awards are subject to 3-year vesting periods, so earned units will only vest after the completion of the 3-year cycle.

Performance Period and Performance Measures	Weight	PSUs Earned Based on Performance to Date 2014	2015	2016	2017	2018	Total
2014 - 2016 Performance Share Units							
Operational Sales	1/3rd	160.5%	106.3%	118.2%			42.8%
Cumulative Adjusted Operational EPS	1/3rd	154.4%					51.5%
Relative TSR	1/3rd	137.0%					45.7%
Total							139.9%
2015 - 2017 Performance Share Units							
Operational Sales	1/3rd		106.3%	118.2%	TBD 2017		24.9%
Cumulative Adjusted Operational EPS	1/3rd		TBD 2015-2017				0.0%
Relative TSR	1/3rd		TBD 2015-2017				0.0%
Total							24.9%
2016 - 2018 Performance Share Units							
Operational Sales	1/3rd			118.2%	TBD 2017	TBD 2018	13.1%
Cumulative Adjusted Operational EPS	1/3rd			TBD 2016-2018			0.0%
Relative TSR	1/3rd			TBD 2016-2018			0.0%
Total							13.1%

Note: The percentages above are rounded to one decimal for display purposes.

PSU Performance versus Goals for Performance Periods Completed in 2016

Level(1)	Fiscal Year 2016 Operational Sales Goals: Operational Sales ($ Millions)	PSUs Earned (% of target)	Fiscal Year 2014 - 2016 Cumulative Adjusted Operational EPS Goal: Cum. Adj. Op. PSU EPS Goal	PSUs Vesting (% of target)	Fiscal Year 2014 - 2016 Relative TSR Goal: Relative TSR Goal	PSUs Vesting (% of target)
Maximum	$75,785	200 %	$19.75	200 %	10.0 % points	200 %
Target	72,175	100	17.95	100	0.0 % points	100
Threshold	68,565	50	16.16	50	(10.0) % points	50
<Threshold	< 68,565	0	< 16.16	0	< (10.0) % points	0
Result	$72,833	118.2 %	$18.93	154.4 %	3.7 % points	137.0 %

(1) Non-GAAP measures; see page 49 for details on non-GAAP PSU performance measures.

Note: If performance falls between threshold and target or between target and maximum, the vesting percentage is determined by the Committee using interpolation; provided, however, that no payout will be made with respect to a performance objective if the threshold level of performance is not attained for the objective.

Our PSU Goal Setting Process

Our PSU goals support our long-term objectives to grow sales faster than our competitors and grow earnings faster than sales. Sales growth drives quality EPS growth and quality EPS growth drives TSR growth, all of which drive shareholder value creation.

During the first quarter of the year, the Committee establishes the goals for the next PSU award 3-year cycle, and the Committee reviews the company's performance against the PSU goals on a quarterly basis. Following year-end, the

Committee certifies the result for the year's operational sales performance and certifies the EPS and TSR results for the completed 3-year award cycle.

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Our PSU goals are based on our long-term strategic plan and take into account our product portfolio and pipeline, anticipated healthcare market growth and other external factors, including the competitive landscape. The sales goals and first-year EPS goal are also set to align with guidance. The 3-year TSR goal is set at meeting the performance of our Competitor Composite Peer Group. See page 55 for more information on our Competitor Composite Peer Group.
Our annual operational sales goals are based on actual sales from the prior year and then aligned to the company's annual operational sales growth guidance. Currency had a negative impact of approximately $5.6 billion on the 2015 sales base used to set the 2016 operational sales growth goal. The following table shows the 2015 operational and reported sales, the 2015 impact of currency, and the 2016 operational sales goal.

	($ Millions)	
Base Year Sales		
2015 Operational Sales	$75,687	
Currency Translation	($5,613)	
2015 Reported Sales	$70,074	
2016 Operational Sales Goal		
2016 Operational Sales Growth Goal	3.0	%
2016 Operational Sales Goal	$72,175	

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Details on Non-GAAP PSU Performance Measures

- 2016 Operational Sales Performance: Operational sales growth is the sales increase due to volume and price, excluding the effect of currency translation. The following is a reconciliation of operational sales to reported sales (the most directly comparable GAAP measure).

	($ millions)
2016 Reported Sales	$71,890
Currency Translation	943
2016 Operational Sales	$72,833

- 2014-2016 Cumulative Adjusted Operational PSU EPS Performance: 2014-2016 Cumulative Adjusted Operational PSU EPS is total EPS for the period adjusted to exclude:
  - Special items as disclosed in reconciliation tables for fiscal years 2014, 2015, and 2016 as shown in the following table (Intangible amortization expense is not excluded for the 2014-2016 PSUs):

	($)
2014	$0.27
2015	
Special items and intangible amortization expense	0.72
Intangible amortization expense	(0.39)
Special items included in intangible amortization expense	0.08
2016	
Special items and intangible amortization expense	0.80
Intangible amortization expense	(0.33)
2014 – 2016 Total	$1.15

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The effect of changes in currency exchange rates
PSU Plan adjustments:
1 (1) Significant acquisitions, divestitures, share repurchases, and changes in accounting rules or tax laws that impact adjusted operational EPS results by more than 1%; and
(2) earnings from products that were not approved when the targets were set

The following is a reconciliation of 2014-2016 cumulative reported EPS to cumulative adjusted operational EPS:

	($)
Reported EPS	$17.11
Special Items	1.15
Non-GAAP EPS	18.26
Currency Translation	1.37
PSU Plan Adjustments	(0.70)
Cumulative Adjusted Operational PSU EPS	$18.93

1 2014-2016 Relative TSR Performance:

TSR from January 1, 2014 to December 31, 2016	(%)
Johnson & Johnson	10.5%
Competitor Composite Peer Group	6.8%
Relative TSR Performance (J&J minus Competitor Composite Peer Group)	3.7% points

TSR performance is calculated using trailing 20-day average closing stock prices.

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SHAREHOLDER OUTREACH AND OUR COMPENSATION PROGRAM

In 2016, we held an annual advisory vote to approve named executive officer compensation, commonly known as "Say on Pay". Since 2013, 93% or more of the votes cast voted in favor of our executive compensation program as disclosed in our Proxy Statements. We believe that this continued strong support for the named executive officer compensation resulted from our direct engagement with our shareholders and the changes we made to our executive compensation program over the past several years.

We regularly consider the feedback from our shareholders and we continue to evaluate our executive compensation program. During 2016, we continued our shareholder outreach on our executive compensation program. Our Lead Director and members of senior management had discussions with a diverse mix of U.S. and international institutional shareholders on our executive compensation program.

Change for 2017

Based on our shareholders' feedback, our competitive benchmarking, and to increase the focus on our long-term performance, we have increased the weighting of performance share units in our 2017 long-term incentive mix for our executive officers as follows:

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Executive Compensation Philosophy

KEY FEATURES OF OUR 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	What We Don't Do
ü Align CEO pay with company performance	û No automatic or guaranteed annual salary increases
ü Use long-term incentives to link the majority of named executive officer pay to company performance	û No guaranteed bonuses or long term incentive awards
ü Balance short-term and long-term incentives	û No above-median targeting of executive compensation
ü Cap incentive awards	û No change-in-control benefits
ü Require named executive officers to own significant amounts of company stock	û No tax gross-ups (unless they are provided pursuant to our standard relocation practices)
ü Have a compensation recoupment policy applicable to our named executive officers	û No option repricing without shareholder approval
ü Actively engage with our shareholders	û No hedging of company stock
ü Use an independent compensation consultant reporting directly to the Compensation & Benefits Committee	û No long-term incentive backdating
	û No dividend equivalents on unvested long-term incentives

IMPORTANCE OF CREDO VALUES IN ASSESSING PERFORMANCE

For over 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.

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 that are of similar size and complexity, so we can continue to attract, retain, and motivate high-performing executives.
- Pay for Performance: 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. As described under “Risk Oversight” on pages 20 and 21, the full Board is responsible for oversight of risk management (including product development, supply chain, and quality risks) and the executive compensation program’s emphasis on long-term value helps to reduce the possibility that our executive officers make excessively risky business decisions that could maximize short-term results at the expense of long-term value.
- 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.

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Components of Executive Compensation

BASE SALARY, ANNUAL PERFORMANCE BONUS, AND LONG-TERM INCENTIVES

Compensation Component	Form	Vesting / Performance Period	How Size is Determined	Why We Pay Each Component
Base Salary	Cash	Ongoing	• Salary rates based on: • Competitive data • Scope of responsibilities • Work experience • Time in position • Internal equity • Individual performance	• Recognize job responsibilities
Annual Performance Bonus	Cash	1 year	• Award opportunities as a percent of salary set based on competitive data • Award payouts based on business and individual performance	• Motivate attainment of our near-term priorities, consistent with our long-term strategic plan
Long-Term Incentives	Equity	3 years (options: 10-year term)	• Award opportunities as a percent of salary set based on competitive data • Grants based on business and individual performance, contribution, and long-term potential • Payouts based on achievement of long-term operational goals, TSR, and share price appreciation	• Motivate attainment of long-term goals, TSR, and share price growth • Help retain executives

Long-Term Incentives

Long-Term Incentive Form	2016 Mix	Vesting / Performance Period	How Payouts are Determined	Why We Use Them
Performance Share Units	50%	• 0% to 200% vested 3 years after grant	• Measures and Weight: • 1/3 Sales: 1-year Operational Sales for each year of the 3-year performance period • 1/3 Earnings per Share: 3-year Cumulative Adjusted Operational EPS • 1/3 Relative Total Shareholder Return: 3-year Compound Annual Growth Rate versus the Competitor Composite Peer Group • Share Price • No dividend equivalents paid	• Aligns with our long-term objectives of growing sales faster than our competitors and earnings faster than sales • Measuring top line and bottom line growth ensures quality earnings growth • TSR relative to our competitors is a good overall outcome measure • PSU unit value is directly tied to the share price
Stock Options	30%	• 100% vested 3 years after grant • 10-year term	• Share price appreciation • No dividend equivalents paid	• Motivates share price appreciation over the long-term • Reinforces emphasis on long-term growth aligned with our objectives
Restricted Share Units	20%	• 100% vested 3 years after grant	• Share price • No dividend equivalents paid	• Value tied directly to the share price

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EXECUTIVE PERQUISITES & OTHER BENEFITS

Our named executive officers received the same employee benefits provided to all other non-union U.S. employees, with the exception of the Executive Life Insurance Program, which is provided to approximately 200 executives. Effective January 2015, the executive life insurance program was closed to new participants.

In addition to the benefits offered to all employees, our named executive officers were provided benefits intended for business purposes. In some cases, these benefits may be used for personal use, which would then be considered part of the named executive officer's total compensation and would be treated as taxable income under the applicable tax laws. In 2016, this included: limited access to the company aircraft for personal travel, access to company cars and drivers for commutation and other personal transportation, and reimbursement of home security system related fees.

The executive life insurance premiums paid, values of personal use of company aircraft and cars, and home security related costs, are disclosed in the Summary Compensation Table under "All Other Compensation (Column H)" on page 60.

COMPENSATION TARGET SETTING PROCESS AND PAY POSITION

Before each fiscal year begins, we set compensation targets to ensure that we can compete for talent and to maintain compensation equity and balance among positions with similar responsibilities. An annual review of publicly available information and executive compensation surveys is conducted to determine current Executive Peer Group pay levels.

The Committee reviews market data to understand how our target pay levels compare to benchmark positions, but does not target total compensation to a specific percentile of the Executive Peer Group. In deciding on compensation for individual named executive officers, the Committee considers the individual's performance and alignment with our Credo values, our internal bonus and long-term incentive opportunities as a percent of salary, the individual's roles and responsibilities, and his or her experience in role.

2016 PAY MIX AT TARGET

The pay mix at target for our named executive officers is a result of the compensation targets that emphasize long-term compensation versus short-term compensation.

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Peer Groups for Pay and Performance

The Committee uses two peer groups for executive compensation. The Executive Peer Group is used to assess the competitiveness of the compensation of our named executive officers, and the Competitor Composite Peer Group is used to evaluate the relative performance of our company. As described below, the two peer groups vary because executive compensation levels and practices are influenced by business complexity and company size, and most of our business competitors are much smaller than Johnson & Johnson as a whole, or even as compared to each of our three individual business segments.

EXECUTIVE PEER GROUP

The composition of the Executive Peer Group is reviewed by the Committee on an annual basis and consists of companies that generally: are similar to Johnson & Johnson's size and scope; have executive positions similar to ours; and compete with us for executive talent. In 2016, the Committee determined to add Medtronic plc to, and remove Hewlett Packard Enterprise Co. from, the Executive Peer Group for 2017.

The Executive Peer Group does not include companies headquartered outside the U.S. (because comparable compensation data for the named executive officers is not available) or companies in industries whose compensation programs are not comparable to our programs, such as the financial services or oil and gas industries.

The following table lists the companies in the 2016 Executive Peer Group and their business characteristics, along with Johnson & Johnson's rankings among these companies, based on financial data reported by each company for the most recent four fiscal quarters. Market capitalization is calculated as of December 31, 2016. Johnson & Johnson ranks in the top half of the peers for revenue and in the top quartile for net income and market capitalization.

Company (Ticker Symbol)	Revenue ($ Millions)	Net Income ($ Millions)	Market Cap ($ Billions)	Common Industry (Y/N)(1)	Gross Margin (>40%)	Global Presence (Inter-national > 33% of Sales)	Business Complexity(2)	Innovation Emphasis (R&D> or = 5% of Sales)
3M Company (MMM)	$30,109	$5,050	$107	ü	ü	ü	ü	ü
Abbott Laboratories (ABT)	20,853	1,400	57	ü	ü	ü	ü	ü
The Boeing Company (BA)	94,571	4,895	96			ü	ü	
Bristol-Myers Squibb Company (BMY)	19,427	4,457	98	ü	ü	ü	ü	ü
Cisco Systems, Inc. (CSCO)(3)	48,570	9,832	152		ü	ü	ü	ü
The Coca-Cola Company (KO)	41,863	6,527	179	ü	ü	ü		
Eli Lilly and Company (LLY)	21,222	2,738	81	ü	ü	ü	ü	ü
General Electric Company (GE)	123,693	8,176	280	ü		ü	ü	
Hewlett Packard Enterprise Co. (HPE)(4)	50,123	3,161	39	ü		ü	ü	
Intel Corporation (INTC)	59,387	10,316	172		ü	ü	ü	ü
International Business Machines Corporation (IBM)	79,919	11,872	158		ü	ü	ü	ü
Merck & Co., Inc. (MRK)	39,807	5,712	162	ü	ü	ü	ü	ü
Microsoft Corporation (MSFT)(3)	85,688	16,768	483	ü	ü	ü	ü	ü
PepsiCo, Inc. (PEP)	62,799	6,329	150	ü	ü	ü		
Pfizer Inc. (PFE)	52,824	7,215	197	ü	ü	ü	ü	ü
The Procter & Gamble Company (PG)(3)	65,231	15,290	225	ü	ü	ü	ü	
United Technologies Corporation (UTX)	57,244	5,055	90			ü	ü	

Johnson & Johnson (JNJ)	71,890	16,540	313	ü	ü	ü	ü	ü
Johnson & Johnson's Ranking	5th	2nd	2nd					
Johnson & Johnson's Percentile Rank	76 %	94 %	94 %					

(1) Common Industry means that the company is in an industry similar to one of the company's business segments: pharmaceutical, medical devices and consumer packaged goods.
(2) Business Complexity means the company is a complex organization with multiple product lines.
(3) Used last four calendar quarters ending December 31, 2016 for Cisco Systems, Inc., The Procter & Gamble Company and Microsoft Corporation.
(4) Hewlett-Packard Enterprise Co. took the place of HP, Inc., after its December 31, 2015 spin-off.

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COMPETITOR COMPOSITE PEER GROUP

The Committee compares overall company performance to the weighted performance of its Competitor Composite Peer Group companies. The Competitor Composite Peer Group is a portfolio of companies that compete with one, or more, of our three business segments. The portfolio of companies is evaluated on an ongoing basis and is updated as necessary. These companies are selected based on the following criteria and financial metrics:

- Product Relevance
- Financial Comparison: Sales growth, net income growth and margin, EPS growth, and TSR
- Global Presence

The following table lists our 2016 Competitor Composite Peer Group companies broken down by business segment.

COMPETITOR COMPOSITE PEER GROUP

Pharmaceuticals	Medical Devices	Consumer
AbbVie Inc.	Abbott Laboratories (Vascular & Diabetes)	Beiersdorf AG
Amgen Inc.	Allergan, Inc. (Breast Aesthetics)	Bayer AG (Consumer Healthcare)
AstraZeneca plc	Boston Scientific Corporation	Colgate-Palmolive Company
Bristol-Myers Squibb Company	C. R. Bard, Inc.	GlaxoSmithKline plc (Consumer Healthcare)
Eli Lilly and Company	Edwards Lifesciences Corporation	The L’Oréal Group
GlaxoSmithKline plc	Medtronic plc	Pfizer Inc. (Consumer Healthcare)
Merck & Co., Inc.	The Cooper Companies, Inc. (CooperVision)	The Procter & Gamble Company
Novartis AG	Roche Holding AG (Diabetes)	Reckitt Benckiser Group plc
Pfizer Inc.	Smith & Nephew plc	Sanofi SA (Consumer Healthcare)
Roche Holding AG (Pharm Rx Only)	St. Jude Medical, Inc.	Unilever plc
Sanofi SA	Stryker Corporation	
	Zimmer Biomet Holdings, Inc.	

Effective in 2017, Allergan, Inc. (Breast Aesthetics) and St. Jude Medical, Inc. have been removed from the Competitor Composite Peer Group.

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Compensation Decision Process

ASSESSING "THE WHAT" & "THE HOW"

We evaluate the performance of our named executive officers based on what objectives they have accomplished and how they have accomplished them. We evaluate each of them against a set of financial and strategic goals for the overall company, as well as for the business segment or function that they lead - “the what”. In addition, we consider how they accomplished their goals including whether the executive achieves business results in a manner that is consistent with the values embodied in Our Credo - “the how”.

During the first quarter of the year, the Committee reviews the company’s annual financial and strategic goals for the overall enterprise and the business segments. At the end of the performance period, the Chairman/CEO provides his assessment to the Committee of “the what” and “the how” for each of the other named executive officers, and the independent members of the Board of Directors evaluate “the what” and “the how” for the Chairman/CEO.

ALIGNING COMPENSATION TO "THE WHAT" & "THE HOW"

An individual employee has the opportunity to earn from 0% to 200% of the applicable target for annual performance bonuses and long-term incentives based on the evaluation of his or her individual performance on both “the what” and “the how”. This broad range allows for meaningful differentiation based on performance.

The Committee determines annual performance bonuses, long-term incentive awards and salary increases based on a component-by-component and a total direct compensation basis. In addition, the Committee compares the position of actual compensation for the performance year, as well as compensation opportunities for the current year, to Executive Peer Group data.

The ultimate compensation decisions are based on the judgment and experience of the independent directors (in the case of the Chairman/CEO) and the Committee (in the case of the other named executive officers). While performance against goals is the most significant factor, the achievement of particular goals does not determine compensation award levels in a formulaic manner. In addition, an executive’s previous long-term incentive awards and total equity ownership are not considered when making annual long-term incentive awards.

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Governance of Executive Compensation

The Committee is responsible for the executive compensation program design and decision-making process. The Committee solicits input from the independent members of the Board of Directors, the Chairman/CEO and other members of management, and its independent compensation consultant, to assist it with its responsibilities. The following summarizes the roles of each of the key participants in the executive compensation decision-making process.

COMPENSATION & BENEFITS COMMITTEE

- Acts on behalf of the Board by setting the principles that guide the design of our compensation and benefits programs
- Sets the executive compensation philosophy and composition of the Executive Peer Group
- Approves the compensation target levels
- Sets compensation programs and principles that are designed to link executive pay with company and individual performance
- Recommends to the Board the Chairman/CEO's compensation
- Reviews and approves compensation decisions recommended by the Chairman/CEO for each of the other named executive officers
- Reviews the eligibility criteria and award guidelines for the corporate-wide compensation and benefits programs in which the named executive officers participate

INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

- Participate in the performance assessment process for the Chairman/CEO
- Approve the Chairman/CEO's compensation

CHAIRMAN/CEO

- Reviews and presents to the Committee the performance assessments and compensation recommendations for each of the other named executive officers

INDEPENDENT COMPENSATION CONSULTANT

The Committee has retained an independent compensation consultant from Frederic W. Cook & Co., Inc. (FWC) to advise it on executive compensation matters. The Committee has sole authority to negotiate the terms of service, including all fees paid to FWC. The independent compensation consultant:

- Attends all Committee meetings, at the request of the Committee
- Advises the Committee on market trends, regulatory issues and developments and how they may impact our executive compensation programs
- Reviews the compensation strategy and executive compensation programs for alignment with our strategic business objectives
- Advises on the design of executive compensation programs to ensure the linkage between pay and performance
- Provides market data analyses to the Committee
- Advises the Committee on setting the Chairman/CEO's pay
- Reviews the annual compensation of the other named executive officers as recommended by the Chairman/CEO

Independence of Compensation Consultant

The Committee considered the following factors, among others, when assessing the independence of its compensation consultant:

- FWC does not provide any other services to the company and reports directly to the Committee
- FWC has in place policies and procedures to prevent conflicts of interest
- No member of the FWC consulting team serving the Committee has a business or personal relationship with any member of the Committee or any executive officer of the company
- Neither FWC nor any principal of FWC owns any shares of our common stock
- The amount of fees paid to FWC is less than 1% of FWC's total consulting income

Based on this assessment, the Committee determined FWC's service as its independent compensation consultant did not raise any conflict of interest concerns. In order to assure continuing independence, the Committee periodically considers whether there should be rotation of its independent compensation consulting firm or the lead consultant on the engagement.

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Additional Information Concerning Executive Compensation

USE OF TALLY SHEETS

The Committee reviews compensation tally sheets, prepared by management and reviewed by the Committee's independent compensation consultant, which present comprehensive data on the total compensation and benefits package for each of our named executive officers. These tally sheets include all obligations for compensation, as well as analyses for hypothetical terminations and retirements to consider the company's obligations under such circumstances. The Committee does not use the tally sheets to determine the various elements of compensation or the actual amounts of compensation to be approved, but instead uses the tally sheets to evaluate the company's obligations under the plans.

LIMITED EMPLOYMENT ARRANGEMENTS AND AGREEMENTS

Our named executive officers are covered by our Severance Pay Plan that provides separation benefits to certain full-time U.S. employees who are involuntarily terminated. This coverage provides for two weeks base salary for each year of service, with certain guaranteed minimums based on level. The minimum number of weeks of base salary continuance for our named executive officers is 52 weeks. The severance is paid according to our normal payroll cycle and is not available as a lump sum payment.

Pursuant to his offer letter, Dr. Stoffels receives an annual stipend of $320,000 to assist him in the payment of foreign taxes. While serving as a member of the Executive Committee, Dr. Stoffels is considered a U.S. employee even though he is a non-resident of the United States. As a result, Dr. Stoffels is subject to both U.S. taxation and foreign taxation. Dr. Stoffels will not receive any other tax equalization assistance. The stipend is reviewed annually by the Committee and can be terminated at any time.

We do not have employment arrangements or agreements with any of our named executive officers, except for Dr. Stoffels as described above.

STOCK OWNERSHIP GUIDELINES FOR NAMED EXECUTIVE OFFICERS

The company's stock ownership guidelines for named executive officers are intended to further align their interests with the interests of our shareholders. Under these guidelines, our named executive officers must comply with the following requirements:

Name	Stock Ownership Guideline as a Multiple of Base Salary	2016 Compliance with Stock Ownership Guidelines?	Ownership Threshold Met?[1]
A. Gorsky	6x	Yes	Yes
D. Caruso	3x	Yes	Yes
P. Stoffels	3x	Yes	Yes
S. Peterson	3x	Yes	Yes
J. Duato	3x	Yes	Yes

[1] Executive Officers have five years after first becoming subject to the guidelines to achieve the required ownership thresholds.

Stock ownership for the purpose of these guidelines does not include shares underlying vested or unvested stock options or unvested PSUs. Our policy states that any named executive who has not yet met his or her respective ownership thresholds cannot sell net shares on the open market until such ownership level has been met. The Nominating & Corporate Governance Committee of the Board monitors compliance with these guidelines on an annual basis. Company policy prohibits named executive officers from transacting in derivative instruments linked to the performance of the company's securities.

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EXECUTIVE COMPENSATION RECOUPMENT POLICY

In the event of a material restatement of the company's financial results, the Board is authorized to take such actions as it deems necessary and appropriate, including the recoupment of all or part of any bonus or other compensation paid to an executive officer. The Board will consider whether any executive officer received compensation based on the original financial statements because it appeared he or she achieved financial performance targets that in fact were not achieved based on the restatement. The Board will also consider the accountability of any executive officer whose acts or omissions were responsible in whole or in part for the events that led to the restatement and whether such actions or omissions constituted misconduct.

In the event of significant misconduct resulting in a violation of a significant company policy, law, or regulation relating to manufacturing, sales or marketing of products that causes material harm to Johnson & Johnson, the Board is authorized to recoup compensation from senior executives. The compensation recoupment policies can be found on our website at www.investor.jnj.com/gov/compensation-recoupment-policy.cfm.

TAX IMPACT ON COMPENSATION

The Committee believes that preserving tax deductibility is an important, but not the sole, objective when designing executive compensation programs. In certain circumstances, the company may authorize compensation arrangements that are not fully tax deductible, but which promote other important objectives, such as attracting and retaining global business leaders who can drive financial and strategic growth objectives that maximize long-term shareholder value.

The 2016 threshold, target, and maximum annual performance bonus amounts for our named executive officers are reported in the "Grants of Plan-Based Awards" table on page 66. In addition, in order to preserve the tax deductibility of the annual performance bonuses, under section 162(m) of the Internal Revenue Code, as amended, the bonuses for our named executive officers are subject to the limits of our Executive Incentive Plan (EIP). Under the EIP, 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 any other named executive officers.

The Committee has reviewed our compensation plans with regard to the deduction limitation under the Omnibus Budget Reconciliation Act of 1993 (the Act) and the final regulations interpreting the Act that have been adopted by the U.S. Internal Revenue Service and the U.S. Department of the Treasury. Based on this review, the Committee believes that a significant portion of the compensation paid to our named executive officers qualifies as "performance-based compensation" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and is, therefore, fully deductible for federal income tax purposes. The portions of compensation paid in 2016 that are not tax deductible include: (1) vesting of restricted share units as they are not deemed to be performance-based awards, (2) salary amounts in excess of $1 million paid to Mr. Gorsky and Dr. Stoffels, (3) dividend equivalents paid on previously awarded CLCs and CLPs that were granted after 1992, and (4) certain perquisites and other benefits paid to certain named executive officers. See the "Summary Compensation Table" on page 60.

2016 COMPENSATION DECISIONS FOR 2015 PERFORMANCE

Some of the compensation figures included in the tables in the "Executive Compensation Tables" section of this Proxy Statement were paid (or granted) to the named executive officers in 2016 for performance in 2015. The decisions regarding these awards and payments were discussed in detail in our 2016 Proxy Statement dated March 16, 2016. For a full understanding of these decisions, please refer to the sections of our 2016 Proxy Statement entitled "Compensation Discussion and Analysis – CEO Performance and Compensation Decisions" and "Compensation Discussion and Analysis – 2016 Compensation Decisions for 2015 Performance."

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Executive Compensation Tables

Summary Compensation Table

The following table provides information concerning the compensation of our Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers for fiscal 2016 and, for those executive officers who were named in the 2016 and 2015 Proxy Statements, for fiscal 2015 and 2014. For a complete understanding of the table, please read the narrative disclosures that follow the table.

It is important to note the significant impact of year-on-year differences in the change in pension value included in column G and detailed on page 64 on the total compensation amounts. For our Chief Executive Officer, the 2015-2016 year-on-year difference in the change in pension value amounts to 76% of the increase in his total compensation.

A	B	C	D	E	F	G	H	I
Name and Principal Position	Year	Salary ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Alex Gorsky	2016	$1,600,000	$10,608,901	$4,118,398	$4,652,556	$5,663,771	$228,094	$26,871,720
Chairman, CEO	2015	1,613,462	10,693,427	4,562,998	4,009,536	2,714,268	202,175	23,795,866
	2014	1,500,000	9,467,380	4,168,139	5,018,779	4,606,142	228,866	24,989,306
Dominic Caruso	2016	909,500	3,624,523	1,425,643	2,758,967	2,475,956	110,240	11,304,829
EVP, CFO	2015	922,577	3,497,099	1,458,603	2,772,796	925,536	112,789	9,689,400
	2014	878,115	3,271,853	1,332,376	3,234,152	1,511,238	121,299	10,349,033
Paulus Stoffels	2016	1,144,000	4,383,454	1,750,317	2,425,461	2,642,012	380,232	12,725,476
EVP, CSO	2015	1,158,385	4,208,874	1,823,246	2,172,098	1,022,024	401,118	10,785,745
	2014	1,075,423	10,690,520	1,307,669	2,573,450	2,267,167	425,088	18,339,317
Sandra Peterson	2016	963,462	3,897,074	1,539,002	1,600,000	592,000	141,246	8,732,784
EVP, Group Worldwide	2015	908,654	3,504,177	1,574,621	1,125,000	367,000	147,000	7,626,452
Chairman	2014	841,346	2,833,545	1,368,001	1,400,000	451,000	192,714	7,086,606
Joaquin Duato EVP, Worldwide Chairman, Pharmaceuticals	2016	875,000	3,198,483	1,260,002	2,158,006	2,535,760	77,278	10,104,529

Salary (Column C)

The amounts reported in column C represent base salaries paid to each of the named executive officers for the listed fiscal year. Salaries earned in fiscal year 2015 were higher than each executive's annualized base salary due to an additional earnings period that occurred in fiscal year 2015. U.S. salaried employees are paid on a bi-weekly schedule. There were 27 pay periods in fiscal year 2015 rather than the usual 26 pay periods.

Stock Awards (Column D)

The amounts reported in column D represent the aggregate grant date fair value of Performance Share Unit (PSU) and Restricted Share Unit (RSU) awards.

In accordance with U.S. GAAP, PSU shares are considered granted when the performance goals are approved. Since we use 3, 1-year sales goals, 7/9^{ths} of the 2016 award and 1/9th of the prior two years' awards are considered granted in 2016 as shown in the following table.

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PSU Award	Fraction of Award Considered Granted in 2016			
	2016 Operational Sales	2016-2018 Cumulative Adjusted Operational EPS	2016-2018 Relative TSR	Total
2016-2018	1/9th	3/9th	3/9th	7/9th
2015-2017	1/9th	N.A.	N.A.	1/9th
2014-2016	1/9th	N.A.	N.A.	1/9th

The number and value of the PSUs assuming achievement at (i) threshold performance, (ii) target performance and (iii) maximum performance at 200% is set forth below:

Name	Award	Fraction of Award Considered Granted	Performance Share Units					
			Units			Grant Date Fair Value		
			Threshold (#)	Target (#)	Maximum (#)	Threshold ($)	Target ($)	Maximum ($)
A. Gorsky	2016-2018 PSU	7/9th	0	57,515	115,030	$0	$6,056,330	$12,112,659
	2015-2017 PSU	1/9th	0	9,213	18,426	0	882,108	1,764,216
	2014-2016 PSU	1/9th	0	9,367	18,734	0	924,851	1,849,701
D. Caruso	2016-2018 PSU	7/9th	0	19,910	39,820	0	2,096,523	4,193,046
	2015-2017 PSU	1/9th	0	2,945	5,890	0	281,972	563,944
	2014-2016 PSU	1/9th	0	2,994	5,988	0	295,613	591,225
P. Stoffels	2016-2018 PSU	7/9th	0	24,444	48,888	0	2,573,953	5,147,906
	2015-2017 PSU	1/9th	0	3,681	7,362	0	352,441	704,882
	2014-2016 PSU	1/9th	0	2,939	5,878	0	290,182	580,364
S. Peterson	2016-2018 PSU	7/9th	0	21,493	42,986	0	2,263,213	4,526,426
	2015-2017 PSU	1/9th	0	3,179	6,358	0	304,377	608,753
	2014-2016 PSU	1/9th	0	3,074	6,148	0	303,511	607,023
J. Duato	2016-2018 PSU	7/9th	0	17,596	35,192	0	1,852,859	3,705,718
	2015-2017 PSU	1/9th	0	2,726	5,452	0	261,004	522,007
	2014-2016 PSU	1/9th	0	2,478	4,956	0	244,665	489,331

Option Awards (Column E)

The amounts reported in column E represent the aggregate grant date fair value of stock option awards. The grant date fair values have been determined based on the assumptions detailed on pages 66 to 68 under the "Grants of Plan-Based Awards" table, in accordance with U.S. GAAP in the listed fiscal year.

Non-Equity Incentive Plan Compensation (Column F)

The amounts reported in column F represent the aggregate dollar value for each of the named executive officers of the annual performance bonus for the listed fiscal year, Certificates of Long-Term Compensation (CLCs) and Certificates of Long-Term Performance (CLPs) that vested in the listed fiscal year, and dividend equivalents received during the fiscal year on vested CLCs and CLPs. The specific amounts included in column F are shown in the following table.

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Non-Equity Incentive Plan Compensation

Name	Year	Annual Performance Bonus ($)	Value of CLC Units that Vested in Fiscal Year ($)	Value of CLP Units that Vested in Fiscal Year ($)	Value of CLC Dividend Equivalents Earned During the Fiscal Year ($)	Value of CLP Dividend Equivalents Earned During the Fiscal Year ($)	Total ($)
A. Gorsky	2016	$3,780,000	$0	$378,529	$378,000	$116,027	$4,652,556
	2015	2,800,000	0	761,427	354,000	94,109	4,009,536
	2014	3,543,800	352,440	715,280	331,200	76,059	5,018,779
D. Caruso	2016	1,534,800	0	342,568	756,000	125,599	2,758,967
	2015	1,136,900	0	824,240	708,000	103,656	2,772,796
	2014	1,400,000	313,280	774,286	662,400	84,186	3,234,152
P. Stoffels	2016	1,600,000	0	246,044	504,000	75,417	2,425,461
	2015	1,144,000	0	494,927	472,000	61,171	2,172,098
	2014	1,500,000	117,480	464,931	441,600	49,439	2,573,450
S. Peterson	2016	1,600,000	0	0	0	0	1,600,000
	2015	1,125,000	0	0	0	0	1,125,000
	2014	1,400,000	0	0	0	0	1,400,000
J. Duato	2016	1,400,000	0	208,193	488,250	61,563	2,158,006

Annual performance bonuses for the listed fiscal year were approved by the Committee and paid to the named executive officers in the first fiscal quarter of the following year.

We no longer grant CLCs and CLPs to our named executive officers. In prior years, CLCs and CLPs were awarded under cash-based long-term incentive plans. Previously granted CLCs and CLPs have vested and will be paid out in accordance with their original terms.

The 2016 dollar value of the vested CLCs and CLPs reported in this table were determined using the beginning of year CLC and CLP unit values. See details on CLC and CLP unit values on page 74. The dollar values for fiscal years 2015 and 2014 for the named executive officers were reported in our 2016 and 2015 Proxy Statements.

Change in Pension Value and Non-Qualified Deferred Compensation Earnings (Column G)

Change in Pension Value

The changes in pension value included in the figures reported in column G represent the increase in the present value of the accrued pension benefit for each named executive officer. This increase in present value is not a current cash payment. It represents the increase in the value of the named executive officers' pensions, which are only paid after retirement.

The accrued pension benefits for each of the named executive officers were calculated based on the final average pay and the years of service as of the listed fiscal year-end. The present value of the accrued pension benefits for each named executive officer increased over the previous year-end because:

- An additional year of completed service was included in the calculation of benefits;
- The average of the most recent five years of pay increased over the five-year average pay as of the previous fiscal year-end; and
- Each executive is one year closer to the normal retirement age, the assumed commencement of benefits.

The present value can also increase or decrease in value due to changes in actuarial assumptions as shown in the table below. As disclosed in Note 10 to the Consolidated Financial Statements of the 2016 Form 10-K, the present values are calculated using a separate duration-appropriate discount rate for each future year's projected pension payment. The disclosed rate (4.41%) is the single rate that would produce the same total present value for the named executive officers as the separate rates for each future year.

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Effect of Change in Actuarial Assumptions on Pension Present Value

Year	Mortality Table	Discount Rate		Net Effect of Changes on Pension Present Value
2016	RP-2014 Table, Generational Mortality Projection	4.41	%	Increase
2015	RP-2014 Table, Generational Mortality Projection	4.73	%	Decrease
2014	RP-2014 Table, Generational Mortality Projection	4.28	%	Increase
2013	RP-2000 Table projected to 2021	5.19	%	N.A.

No other actuarial assumptions changed between fiscal year-end 2013 and fiscal year-end 2016.

Change In Non-Qualified Deferred Compensation Earnings

We no longer grant CLCs and CLPs to our named executive officers. Previously granted CLCs and CLPs have vested and will be paid out in accordance with their original terms. The CLC and CLP Plans are cash-based long-term incentive plans. The values of unit awards under both of these plans are disclosed in several tables in this Proxy Statement:

- When units vest, their value is included in the Summary Compensation Table in the “Non-Equity Incentive Plan Compensation” column.
- The annual change in value of vested units between the time the units vest and are paid out is included in the Summary Compensation Table in the “Change in Pension Value and Non-Qualified Deferred Compensation Earnings” column, but only to extent that the unit values grow at a rate that exceeds a reference rate of return.
- The total value of vested units that have not been paid out as of the fiscal year-end is included in the “Non-Qualified Deferred Compensation” table on page 73.

The change in the values of the CLCs and CLPs depend on our long-term operational performance. The amounts representing the above-reference-rate returns on all CLCs and CLPs vested as of the listed fiscal year-end are included in column G.

- The above reference-rate calculations for vested CLCs and CLPs are unrealized amounts and not actual compensation received by the executive for the year.
- We use 120% of the December applicable federal long-term interest rate (AFR) as the reference rate to compare potential returns of CLCs and CLPs.
- Negative figures are not included in the Summary Compensation Table according to the SEC’s rules.

The following table shows the calculation of the above-reference-rate returns on CLCs and CLPs.

Above-Reference-Rate Return	CLC		CLP	
Beginning of Year Unit Value	$42.44		$4.76	
End of Year Unit Value	$46.55		$5.25	
Change in Unit Value ($)	$4.11		$0.49	
Change in Unit Value (%)	9.68	%	10.29	%
Reference-Rate	2.72	%	2.72	%
Above-Reference-Rate Return	6.96	%	7.57	%
Above reference-rate return included in the Summary Compensation Table	6.96	%	7.57	%

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The table below shows the specific amounts of change in pension value and above-reference-rate calculation for vested CLCs and CLPs for 2016, 2015, and 2014 included in column G.

Name	Fiscal Year	Change in Pension Value ($)	Above Reference-Rate Calculation for Vested CLCs ($)	Above Reference-Rate Calculation for Vested CLPs ($)	Total ($)
A. Gorsky	2016	$5,012,000	$354,676	$297,095	$5,663,771
	2015	2,667,000	47,268	0	2,714,268
	2014	4,488,000	38,596	79,546	4,606,142
D. Caruso	2016	1,445,000	709,352	321,604	2,475,956
	2015	831,000	94,536	0	925,536
	2014	1,346,000	77,193	88,045	1,511,238
P. Stoffels	2016	1,976,000	472,901	193,111	2,642,012
	2015	959,000	63,024	0	1,022,024
	2014	2,164,000	51,462	51,705	2,267,167
S. Peterson	2016	592,000	0	0	592,000
	2015	367,000	0	0	367,000
	2014	451,000	0	0	451,000
J. Duato	2016	1,920,000	458,123	157,637	2,535,760

All Other Compensation (Column H)

The amounts reported in column H represent the aggregate dollar amount for each named executive officer for perquisites and other personal benefits, tax reimbursements, company contributions to our 401(k) Savings Plan, insurance premiums, stipends, and relocation. The following table shows the specific amounts included in column H.

Name	Fiscal Year[(1)]	Perquisite and Other Personal Benefits[(2)] ($)	Tax Reimbursements[(3)] ($)	Registrant Contributions to Defined Contribution Plans ($)	Insurance Premiums ($)	Stipend[(4)] ($)	Total ($)
A. Gorsky	2016	$147,865	$0	$72,000	$8,229	$0	$228,094
	2015	120,941	0	73,904	7,330	0	202,175
	2014	154,899	0	67,500	6,467	0	228,866
D. Caruso	2016	60,824	0	40,927	8,489	0	110,240
	2015	63,179	0	42,281	7,329	0	112,789
	2014	75,713	0	39,485	6,101	0	121,299
P. Stoffels	2016	0	0	51,480	8,752	320,000	380,232
	2015	20,178	0	53,079	7,861	320,000	401,118
	2014	49,698	0	48,271	7,119	320,000	425,088
S. Peterson	2016	97,890	0	43,356	0	0	141,246
	2015	105,375	0	41,625	0	0	147,000
	2014	131,932	22,965	37,817	0	0	192,714
J. Duato	2016	37,903	0	39,375	0	0	77,278

(1) Amounts for fiscal years 2015 and 2014 for the named executive officers were reported in our 2016 and 2015 Proxy Statements.

(2) The perquisites and other personal benefits for 2016 are set forth in the following table.

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Name	Personal Use of Corporate Aircraft ($)	Value of Car and Driver for Personal Transportation ($)	Home Security Related Costs ($)	Total ($)
A. Gorsky	$85,217	$53,934	$8,714	$147,865
D. Caruso	58,267	2,557	0	60,824
P. Stoffels	0	0	0	0
S. Peterson	84,480	13,410	0	97,890
J. Duato	37,261	642	0	37,903

Perquisites and other personal benefits are valued on the basis of the aggregate incremental cost to the company. We calculate the aggregate incremental cost to the company for personal use of company aircraft as the sum of the cost of trip-related crew hotels and meals, in-flight food and beverages, landing and ground handling fees, hangar or aircraft parking costs, fuel costs based on the average annual cost of fuel per mile flown, and other smaller variable costs. Fixed costs that would be incurred in any event to operate company aircraft (e.g., aircraft purchase costs, maintenance not related to personal trips, and flight crew salaries) are not included. We calculate the aggregate incremental cost to the company for company cars and drivers for commutation and other personal transportation as the sum of the cost of fuel, driver overtime fees, and other smaller variable costs. Fixed costs that would be incurred in any event to operate company cars (e.g., car purchase costs, maintenance not related to personal trips, and driver salaries) are not included. Named executive officers are taxed on the imputed income attributable to their personal use of company aircraft and cars and do not receive tax assistance from us with respect to these amounts.

(3) In 2013, the Committee discontinued all non-relocation related tax reimbursement for executive officers.

(4) The 2016 amount represents a stipend of $320,000. Dr. Stoffels is provided with an annual cash stipend to assist him in the payment of foreign taxes. While serving as a member of the Executive Committee, Dr. Stoffels is considered a U.S. employee even though he is a non-resident of the United States. As a result, Dr. Stoffels is subject to both U.S. taxation and foreign taxation. Dr. Stoffels will not receive any other tax equalization assistance.

Total Compensation (Column I)

The amounts reported in column I are the sum of columns C through I for each of the named executive officers. All compensation amounts reported in column I include amounts paid and amounts deferred.

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Grants of Plan-Based Awards

The following table provides information concerning the annual performance bonus and long-term incentive awards made to each of the named executive officers in fiscal 2016. For a complete understanding of the table, please read the narrative disclosures that follow the table.

A	B	C	D	E	F	G	H	I	J	K	L	M	N
			Estimated Future Payouts Under Non-Equity Incentive Plan Awards (Annual Performance Bonus)			Estimated Future Payouts Under Equity Incentive Plan Awards (Performance Share Units)			All other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/sh)	Closing Market Price on the Grant Date ($)	Grant Date Fair Value of Stock and Option Awards ($)
Name	Award	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)					
A. Gorsky	Bonus		$0	$2,800,000	$5,600,000								
	2016-2018 PSU	2/8/2016				0	57,515	115,030					$6,056,330
	2015-2017 PSU	2/8/2016				0	9,213	18,426					882,108
	2014-2016 PSU	2/8/2016				0	9,367	18,734					924,851
	RSU	2/8/2016							29,579				2,745,612
	Stock Awards Total												10,608,901
	Option Award	2/8/2016								411,264	$101.87	$102.00	4,118,398
D. Caruso	Bonus		0	1,136,875	2,273,750								
	2016-2018 PSU	2/8/2016				0	19,910	39,820					2,096,523
	2015-2017 PSU	2/8/2016				0	2,945	5,890					281,972
	2014-2016 PSU	2/8/2016				0	2,994	5,988					295,613
	RSU	2/8/2016							10,239				950,415
	Stock Awards Total												3,624,523
	Option Award	2/8/2016								142,365	101.87	102.00	1,425,643
P. Stoffels	Bonus		0	1,144,000	2,288,000								
	2016-2018 PSU	2/8/2016				0	24,444	48,888					2,573,953
	2015-2017 PSU	2/8/2016				0	3,681	7,362					352,441
	2014-2016 PSU	2/8/2016				0	2,939	5,878					290,182
	RSU	2/8/2016							12,571				1,166,878
	Stock Awards Total												4,383,454
	Option Award	2/8/2016								174,787	101.87	102.00	1,750,317
S. Peterson	Bonus												