

Executive Financial Recoupment Program Relating to the Manufacturing, Sales or Marketing of U.S. Pharmaceutical Products

This document establishes the Executive Financial Recoupment Program (EFRP) pursuant to the Johnson & Johnson Corporate Integrity Agreement (CIA) that puts at risk of forfeiture and recoupment an amount equivalent to up to 3 years of Incentive-Based Compensation for executives of the Johnson & Johnson (J&J) and the J&J Pharmaceutical Affiliates who are the subject of an Affirmative Recoupment Determination. This EFRP is separate from, but in accordance with, the Johnson & Johnson Compensation Recoupment Policy for Material Violations of Company Policy Relating to Manufacturing, Sales or Marketing of Company Products.

Johnson & Johnson (J&J) and the J&J Pharmaceutical Affiliates have established and shall maintain throughout the term of the CIA a financial recoupment program that puts at risk of forfeiture and recoupment an amount equivalent to up to 3 years of annual incentive compensation (including bonuses and Equity Awards) for any Covered Executive (defined below in Paragraph A) who is the subject of an Affirmative Recoupment Determination (as defined below in Paragraph C). This program shall be known as the Executive Financial Recoupment Program. This recoupment program shall apply to Covered Executives who are either current J&J or J&J Pharmaceutical Affiliate employees or who are former J&J or J&J Pharmaceutical Affiliate employees at the time of a Recoupment Determination.

(A) Description of Executive Financial Recoupment Program. J&J and the J&J Pharmaceutical Affiliates have established policies and procedures (and shall modify employment and other contracts as necessary) to provide that annual incentive compensation for each Covered Executive is at risk of forfeiture in the event of misconduct that is discovered by J&J or the J&J Pharmaceutical Affiliates before the bonus is paid. In the event of misconduct by any J&J or J&J Pharmaceutical Affiliate Covered Executive, J&J and the J&J Pharmaceutical Affiliates shall also reserve the right and full discretion to void and forfeit any unvested stock options, unvested stock appreciation rights, unvested deferred share units, and other unvested rights to receive company common stock (collectively, "Equity Awards"). If J&J or a J&J Pharmaceutical Affiliate discovers any misconduct that would implicate the forfeitures described in this Paragraph by a Covered Executive, it shall evaluate the situation and make a determination about whether any forfeiture, and the terms of such forfeiture, shall be implemented.

In addition, J&J and the J&J Pharmaceutical Affiliates shall modify and supplement their annual bonus plans applicable to a Covered Executive (and any employment agreements, as appropriate) by imposing the following eligibility and repayment conditions on future bonuses and Equity Awards and making the additional remedies discussed below applicable to all J&J and J&J Pharmaceutical Affiliate executives at the level of Vice President 2 (pay grade 51) or above (collectively, "Covered Executives"). J&J and the J&J Pharmaceutical Affiliates shall implement Policies and Procedures and, as necessary, shall modify contracts with Covered Executives so that beginning no later than calendar year 2015 the bonuses and Equity Awards may be recouped if an Affirmative Recoupment Determination is made. The forfeiture and recoupment rights described in this Paragraph shall apply prospectively to Covered Executives beginning no later than the calendar year 2015 bonus plan and Equity Award years.

(i) **Executive Bonus Eligibility and Repayment Conditions.** J&J and J&J Pharmaceutical Affiliates shall implement an eligibility and repayment condition on annual bonuses that shall be designed to survive both the payment of the bonus and the separation of a Covered Executive's employment. This will allow J&J and the J&J Pharmaceutical Affiliates, as a consequence of a Triggering Event, to pursue repayment from the Covered Executive of all or any portion of the bonus monies paid to the Covered Executive. To the extent permitted by controlling law, these bonus eligibility and repayment conditions will survive the payment of the Covered Executive's bonus and the separation of the Covered Executive's employment for a period of 3 years from the payment of the bonus for the plan year. If payment of any portion of a bonus is deferred on a mandatory or voluntary basis, the 3 year period shall be measured from the date the bonus would have been paid in the absence of deferral.

If an Affirmative Recoupment Determination is made, J&J and the J&J Pharmaceutical Affiliates shall endeavor to collect repayment of any bonus from the Covered Executive through reasonable and appropriate means according to the terms of its bonus plan (or executive contract if applicable), and to the extent permitted by controlling law of the relevant jurisdiction. If necessary and appropriate to collect the repayment, J&J or the J&J Pharmaceutical Affiliate shall file suit against the Covered Executive unless good cause exists not to do so. For purposes of the Executive Financial Recoupment Program, good cause shall include, but not be limited to, a financial inability on the part of the Covered Executive to repay any recoupment amount or J&J or the J&J Pharmaceutical Affiliates' inability to bring such a suit under the controlling law of the relevant jurisdiction.

(ii) **Equity Awards and Repayment Conditions.** J&J and J&J Pharmaceutical Affiliates shall implement an eligibility and repayment condition on J&J and J&J Pharmaceutical Affiliates' Equity Awards designed to survive the separation of a Covered Executive's employment. More specifically, to the extent necessary, J&J and J&J Pharmaceutical Affiliates shall implement an eligibility and repayment condition on J&J's Equity Awards in order to clarify that, as a consequence of a Triggering Event, J&J and J&J Pharmaceutical Affiliates may pursue repayment by a Covered Executive who is a former employee of all or any portion of the last 3 years' worth of any Equity Awards that were granted preceding the Affirmative Recoupment Determination.

If an Affirmative Recoupment Determination is made, J&J and J&J Pharmaceutical Affiliates shall endeavor to collect repayment of all or a portion of the Equity Awards for the 3 years prior to an Affirmative Recoupment Determination from a Covered Executive through reasonable and appropriate means (including by means of filing suit against the executive, as may be appropriate) to the extent permitted by controlling law of the jurisdiction in which the Covered Executive works.

(iii) **Additional Remedies.** If, after expiration of the time period specified in Paragraphs A(i)-(ii) above, the Recoupment Committee determines that a Triggering Event has occurred, J&J and J&J Pharmaceutical Affiliates shall make a determination as to whether to pursue available remedies (e.g., filing suit against the Covered Executive) existing under statute or common law to the extent available.

(B) Definition of Triggering Events. The forfeiture and repayment conditions described above shall be triggered upon a Recoupment Determination that finds:

(i) significant misconduct (i.e., significant violation of a J&J or J&J Pharmaceutical Affiliate policy or regulation or law) relating to the manufacturing, sales or marketing of pharmaceutical products by the Covered Executive that, if discovered prior to payment, would have made the Covered Executive ineligible for a bonus or Equity Award in that plan year or subsequent plan years; or

(ii) significant misconduct (as defined above) relating to the manufacturing, sales or marketing of pharmaceutical products by subordinate employees in the business unit for which the Covered Executive had responsibility that does not constitute an isolated occurrence and which the Covered Executive knew or should have known was occurring that, if discovered prior to payment, would have made the Covered Executive in question ineligible for a bonus or Equity Awards in that plan year or subsequent plan years.

(C) Administration of Recoupment Programs. J&J and J&J Pharmaceutical Affiliates shall engage in a standardized, formal process to determine, in their sole discretion, whether a Triggering Event has occurred, and, if so, the extent of bonus monies, and Equity Awards that will be subject to repayment or forfeiture by the Covered Executive, and the most appropriate method for securing recoupment of relevant monies previously paid to a Covered Executive. The findings and conclusions resulting from this process shall be referred to as the “Recoupment Determination.” A determination that bonus and/or Equity Award amounts shall be forfeited by or recouped from a Covered Executive shall be referred to as an “Affirmative Recoupment Determination.”

(i) **Initiation.** J&J and/or any J&J Pharmaceutical Affiliate shall initiate the Recoupment Determination process upon: (1) discovery of potential significant misconduct that may rise to the level of a Triggering Event, or (2) written

notification by a United States federal government agency to J&J’s or a J&J Pharmaceutical Affiliates’ compliance officer of a situation that may rise to the level of a Triggering Event and either occurred in the United States or gives rise to liability relating to Federal healthcare programs. This written notification shall either identify the Covered Executive(s) potentially at issue or provide information (e.g., a description of

the alleged misconduct and the applicable time period) to allow J&J and J&J Pharmaceutical Affiliates to identify the Covered Executive.

(ii) **Recoupment Committee.** The Recoupment Determination shall be made by a committee of senior executives representing the Compliance, Legal, Internal Controls, Finance and Human Resources groups (Recoupment Committee). The Recoupment Committee may also include members of other functional areas or business groups, as it deems necessary. A Covered Executive shall not participate in the Recoupment Committee while that individual is subject to a Recoupment Determination. If a Recoupment Determination involves an Executive Officer of J&J, a Recoupment Determination for such individual shall be subject to approval by the Board of Directors (or appropriate committee thereof) of J&J. For purposes of this section, “Executive Officer” means any member of the Executive Committee of J&J, the Corporate Controller, and such other executives of J&J subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934, as amended, as may be determined by the Company’s Board of Directors.

(iii) **Recoupment Determination Process.** J&J or a J&J Pharmaceutical Affiliate shall initiate the Recoupment Determination process within 30 days after discovery by J&J or the J&J Pharmaceutical Affiliate, or notification pursuant to Paragraph C(i), of a potential Triggering Event.

As part of the Recoupment Determination process, the Recoupment Committee or appropriate Delegate (as defined below) shall: i) undertake an appropriate and substantive review or investigation of the facts and circumstances associated with the Triggering Event or any written notifications about potential Triggering Events received pursuant to Paragraph C(i) above; ii) make written findings regarding the facts and circumstances associated with the Triggering Event and any written notifications about potential Triggering Events received pursuant to Paragraph C(i) above; and iii) set forth in writing its determinations (and the rationale for such determinations) about: 1) whether a Triggering Event occurred; 2) the extent of bonus monies or Equity Awards (collectively “performance pay”) that will be subject to forfeiture and/or repayment by the Covered Executive, if any; 3) the means that will be followed to implement the forfeiture and/or secure the recoupment of performance pay from the Covered Executive; and 4) the timetables under which J&J and the applicable J&J Pharmaceutical Affiliate will implement the forfeiture and/or attempt to recoup the performance pay. For purposes of this Paragraph, a “Delegate” shall refer to the J&J or J&J Pharmaceutical Affiliate personnel to whom the Recoupment Committee has delegated one or more of its required tasks in furtherance of the Executive Financial Recoupment Program.

(D) Reporting. The Recoupment Committee shall provide annual reports to the Board of Directors (or an appropriate committee thereof) of J&J about: i) the number

and circumstances of any Triggering Events that occurred during the preceding year and any written notifications about potential Triggering Events received pursuant to Paragraph C(i)(2) above; ii) a description of any Recoupment Determinations where a Triggering Event occurred during the preceding year (including any decision to require or not require forfeiture/recoupment from any Covered Executives, the amount and type of any forfeiture/recoupment, the means for collecting any recoupment and the rationale for such decisions); and iii) a description of the status of any forfeitures and/or recoupments required under prior Affirmative Recoupment Determinations that were not fully completed in prior years. In addition, the Recoupment Committee shall provide similar annual reports to the Board(s) of Directors of any J&J Pharmaceutical Affiliate that employs/employed a Covered Executive that is the subject of a Triggering Event.

The Recoupment Committee shall also provide annual reports to the OIG about: i) the number and circumstances of any Triggering Events that occurred during the preceding year and any written notifications about potential Triggering Events received pursuant to Paragraph C(i)(2) above; ii) a summary description of any Recoupment Determinations where a Triggering Event occurred during the preceding year (including any decision to require or not require forfeiture/recoupment from any Covered Executives, the amount and type of any forfeiture/recoupment, the method for collecting any recoupment, and the rationale for such decisions); and iii) a description of the status of any forfeitures and/or recoupments required under prior Affirmative Recoupment Determinations that were not fully completed in prior years. J&J shall provide OIG with additional information regarding any Recoupment Determination where a Triggering Event has occurred upon OIG's request.

J&J and J&J Pharmaceutical Affiliates commit, to the extent permitted by controlling law, to maintaining all of the forfeiture and recoupment commitments set forth in Paragraphs A-D above for at least the duration of the CIA, absent agreement otherwise with the OIG.