

# **JOHNSON & JOHNSON PENSION PLAN**

## **PLAN DETAILS**

**SUMMARY PLAN DESCRIPTION**

**OCTOBER 2010**

## TABLE OF CONTENTS

Introduction .....	1
Who Is Eligible? .....	1
When Are You Vested? .....	1
Benefit Service Center .....	3
Benefit Service Center .....	3
Pension Calculation .....	4
The Pension Formula .....	4
Final Average Earnings .....	5
Plan Earnings .....	5
Credited Service .....	5
Primary Social Security Benefit .....	6
Pension Benefit Calculation Example .....	7
When You Can Retire .....	8
Normal, Early And Postponed Retirement .....	8
How To Apply For Your Pension .....	8
Early Retirement .....	10
Age 62 Or Later .....	10
Between Ages 55 And 62 .....	10
Termination Before Age 55 .....	11
Forms Of Payment .....	12
Life Annuity .....	12
Joint & Survivor Annuity Options .....	12
Life & Period Certain Annuity Options .....	12
Level Income (Social Security Adjustment) Options .....	13
Spousal Consent Requirements .....	13
Automatic Forms Of Payment .....	13
Part-Time Employees .....	15
Vesting Service For Part-time Employees .....	15
Credited Service For Part-time Employees .....	15
Calculating Service for Part-Time Employees .....	16
Plan Earnings .....	16
Forms Of Payment .....	17
Special Situations .....	18
Layoff (With recall rights) .....	18
Approved Absence .....	18
Rehire .....	18
Rehire After Retirement .....	18
Transfer Of Employment .....	19
Prior Membership In Another Pension Plan .....	19
Disability .....	19
Fixed Interest Annuity Program .....	20
Termination Of Employment .....	21
Before Age 55 .....	21
Break-In-Service .....	23
Pre-Retirement Survivor Benefits .....	24
Who Is Eligible? .....	24
Employees Who Have a Spouse or Partner .....	24

50% Pre-Retirement Joint & Survivor Annuity .....	24
100% Pre-Retirement Joint & Survivor Annuity .....	25
60-Month Pre-Retirement Survivor Annuity .....	25
Important Note .....	25
Employees with Partners – Election Process .....	25
Unmarried Employees .....	25
Terminated Employees .....	26
Beneficiary Claims .....	26
General Plan Information .....	27
Non-Assignment of Benefits .....	27
Future Of The Plan .....	27
PBGC .....	27
Plan Identification .....	27
Plan Administration .....	29
Summary Plan Description .....	30
When You Have A Claim For Benefits .....	30
Your Rights Under ERISA .....	31
Glossary .....	32

## INTRODUCTION

The Johnson & Johnson Pension Plan is a program that puts aside money during your working years as a Johnson & Johnson employee to provide regular payments to you during your retirement years. While you are an employee, your pension grows as you accumulate service and as your earnings grow.

Johnson & Johnson pays the full cost of your pension. Each year, the Company determines the amount needed to provide a future annual pension benefit for all Plan participants and sets aside the money in a trust fund, from which all pension benefits are paid.

The Johnson & Johnson Pension Plan is one part of your total retirement income, which also includes your Social Security benefit, your personal savings designated for retirement and your Johnson & Johnson Savings Plan account.

The information presented in this Plan summary cannot be construed to be a promise of benefits now or in the future, and does not in any way constitute an agreement of employment. If the information in this plan summary differs from the official Plan Document for the Consolidated Retirement Plan of Johnson & Johnson, the Plan Document will govern in all cases.

### WHO IS ELIGIBLE?

The Plan covers eligible full-time salaried, certain hourly, and certain part-time employees of participating Johnson & Johnson companies. You are automatically a member of the Plan on the first of the month coincident with or following the completion of one year of service, provided you are an eligible employee working for a participating company and you are age 21 or older.

If, after one year of service, you are not age 21, you will become a member of the Plan on the first of the month coincident with or following your twenty-first birthday. If you reach age 21 while on an approved leave of absence, disability leave or layoff, you will become a Plan member when you return to active employment. Your Plan membership will be made retroactive to the first of the month on or following your twenty-first birthday.

If you were a member of any other U.S. Johnson & Johnson retirement plan, and have transferred to a participating Company, you automatically become a member if you meet the above eligibility requirements.

If you are a U.S. citizen or resident alien working as an International Service Employee (ISE) for a non-U.S. Johnson & Johnson Company, you also can be eligible for Plan membership. To be eligible, you cannot be covered under any other Company-sponsored retirement plan and you must meet certain additional conditions.

### WHEN ARE YOU VESTED?

You earn a right to a benefit from the Plan when you become vested, even if you leave the Company. You are vested when:

- You have 5 or more years of Vesting Service, or
- You reach age 55

You start to earn Vesting Service from either your date of hire, or age 18, whichever is later, while employed by one of the companies in the Johnson & Johnson Worldwide Family of Companies.

If you are or were a part-time employee of any of the companies in the Johnson & Johnson Family of Companies, your Vesting Service is calculated differently. See [Part-Time Employees](#).

Special rules may apply if you are employed at an acquired company.

## BENEFIT SERVICE CENTER

The Johnson & Johnson Benefit Service Center is responsible for the day-to-day administration of the Pension Plan. You can contact the Benefit Service Center for plan information and to estimate your pension, as follows:

<b>BENEFIT SERVICE CENTER</b>	
INTERNET SITE	Your Benefits Resources™ <a href="http://resources.hewitt.com/jnjbsc">http://resources.hewitt.com/jnjbsc</a> (All lower case)
BY PHONE	1-800-565-0122 (toll-free) Available 24 hours/day Calling from outside the U.S. (847) 883-0796 (Not toll-free) TDD: Please call your local relay service Benefit service representatives available 9:00-5:00 Eastern Time, Monday Through Friday
MAILING ADDRESS	Johnson & Johnson Benefit Service Center P.O. Box 785010 Orlando, FL 32878-5010

## PENSION CALCULATION

As you might expect, the pension benefit calculation reflects your recent earnings during your Johnson & Johnson employment years and your years of service with the Company. Then, since the Company contributed toward your Social Security benefit throughout your Johnson & Johnson career, your pension is reduced by a portion of your estimated Social Security Benefit.

### THE PENSION FORMULA

The pension formula is as simple as A1, plus A2 minus B equals C:

(A1) Final Average Earnings **times** Pre-1/1/2005 Credited Service **times** 1.667%

Plus

(A2) Final Average Earnings **times** Post-1/1/2005 Credited Service **times** 1.55%

MINUS

(B) Primary Social Security Benefit **times** Credited Service **times** 1.429%

EQUALS

(C) ANNUAL PENSION BENEFIT

(A1) & (A2) Your Final Average Earnings (FAE) are the average of your annual [Plan Earnings](#) for the highest five consecutive years (60 months) during the last 10 years (120 months) before you retire or leave the Company.

In the pension formula, your FAE is multiplied by your Credited Service. So, the longer you work, the greater your pension will be. For Pre-1/1/2005 Credited Service (Credited Service earned before January 1, 2005), the result is then multiplied by 1.667% in step (A1). For Post-1/1/2005 Credited Service (Credited Service earned after January 1, 2005), the result is then multiplied by 1.55% in step (A2).

(B) Your Social Security Benefit (called the Primary Social Security Benefit) is multiplied by your Credited Service. Then, the result is multiplied by 1.429%, which approximates the portion of Social Security benefits paid for by the Company.

(C) The result of (B) is subtracted from the sum of (A1) and (A2). The final result is your annual pension benefit.

The Annual Pension is payable as a Life Annuity and is the basis for how all pension benefits are calculated under the Plan. Your Annual Pension benefit will also be affected by your age when your payments begin and the [form of payment](#) you select.

## **AN EVOLVING BENEFIT**

In summary, your pension can only be precisely calculated when you are retiring or terminating your employment with Johnson & Johnson. That is because the elements that determine your pension benefit change during your career. Over the years, your Plan Earnings will change, your years of Credited Service will increase, and the benefit you will be eligible for from Social Security will also change.

That is why a pension is really an evolving benefit. As you get closer to your retirement date, you will have a better idea of what each of these elements will be and then you can more closely estimate your pension benefit.

Employees can obtain a pension estimate anytime by using the "Project Your Retirement Income" tool on the [Your Benefits Resources](http://resources.hewitt.com/jnjbsc)™ website at: <http://resources.hewitt.com/jnjbsc> (all lower case). The "Project Your Retirement Income" tool projects your combined retirement income from this Pension Plan, the Johnson & Johnson Savings Plan and Social Security. It allows you to assume different retirement dates and future salary increases, so that you can plan for your retirement years.

## **GOVERNMENT LIMITS**

Government regulations limit the amount of annual Plan Earnings considered in a pension formula. The limit for 2010 is \$245,000, and this limit is expected to be adjusted in the future to reflect inflation. In addition, regulations place limits on the amount of pension benefits an individual can receive from this Plan. These limits normally affect only highly paid employees. If any of these limits apply to you, a special benefit plan exists to pay you the amount of your pension benefit that cannot be paid to you from this Plan.

The following sections explain the key components of the [pension formula](#).

## **FINAL AVERAGE EARNINGS**

Your Final Average Earnings (FAE) are the average of your annual Plan Earnings for the highest five consecutive years (60 months) during the last 10 years (120 months) before you retire or leave the Company.

## **PLAN EARNINGS**

Your Plan Earnings are the elements of compensation used in determining Pension Plan benefits, which include straight-time pay for your regular workweek, non-management salesperson's commissions, overtime, shift differential, expanded cash bonus, executive cash bonus, sales stock (for employees terminating employment on or after July 1, 2002), and sales management incentive compensation.

## **CREDITED SERVICE**

Credited service is the number of years and months of your service as a Johnson & Johnson employee starting from the first of the month on or following your date of hire or your 21st birthday, whichever is later. Full-time employees receive credit for the whole month in which Plan membership ends, unless membership ends on the 1st of the month.

There is no limit to the number of years of Credited Service you can have in your pension calculation (effective January 1, 1997). Special rules apply for service with an acquired company before you were a member of the Plan.

Beginning January 1, 2005, Credited Service is divided into two pieces for use in the pension formula: Pre-1/1/2005 Credited Service (earned before January 1, 2005) and Post-1/1/2005 Credited Service (earned after January 1, 2005).

### **PRIMARY SOCIAL SECURITY BENEFIT**

The Primary Social Security Benefit is used as an offset in the pension calculation, since it has been partially paid through contributions by Johnson & Johnson.

If you leave employment before age 65, the amount of your Primary Social Security Benefit is the amount you would receive from Social Security at age 65 under the law in effect the year you retire or leave Johnson & Johnson. The calculation is based on compensation earned as a Johnson & Johnson employee as well as compensation from any earlier employment you may have had.

If you retire at age 65 or after, your Primary Social Security Benefit is the actual Social Security Benefit payable at the date of your retirement. It excludes increases for retirement after age 65.

Your benefit is calculated using *estimated* Social Security earnings. If you want your *actual* Social Security earnings used, you have 120 days from your retirement date to submit them to the Benefit Service Center.

To find out how much you will collect monthly from Social Security at retirement, call the Social Security Administration (SSA) at (800) 772-1213 to request a form, or contact the SSA online at <http://www.ssa.gov/>. An SSA representative can assist you with any questions you may have about this form. After you fill out the questionnaire, you will be sent a free estimate of your Social Security benefit.

### PENSION BENEFIT CALCULATION EXAMPLE

Assume that Jim has worked 37 years for Johnson & Johnson (31 years before 1/1/2005 and 6 years after 1/1/2005), is 65 years old and plans to retire on December 31, 2010.

Jim's total annual pension benefit is: A1 plus A2 minus B equals C	
A	
Jim's <a href="#">Plan Earnings</a> ' history for the last 10 years, with the highest five consecutive earnings years starred, looks like this:	Add Jim's highest five consecutive years' earnings, and divide the total by 5 to determine his Final Average Earnings.
Jim's Plan Earnings 2010 \$45,000* 2009 \$43,900* 2008 \$42,800* 2007 \$41,500* 2006 \$40,000* 2005 \$38,000 2004 \$37,000 2003 \$36,000 2002 \$35,600 2001 \$34,500	*Final Average Earnings = \$42,640  Note: To simplify the example, we have assumed that Jim's highest five consecutive years' earnings were calendar years. An actual calculation uses the highest consecutive 60 months, which may not necessarily be calendar years.
A1	
Multiply Jim's <a href="#">Final Average Earnings</a> by his Pre-1/1/2005 <a href="#">Credited Service</a> (31 years), and then multiply by 1.667% $\$42,640 \times 31 \times 1.667\% = \$22,035.07$	
Plus A2	
Multiply Jim's Final Average Earnings by his Post-1/1/2005 Credited Service (6 years), and then multiply by 1.55% $\$42,640 \times 6 \times 1.55\% = \$3,965.52$	
Minus B	
Assume Jim's <a href="#">Primary Social Security Benefit</a> is \$12,000.	Multiply Jim's Primary Social Security Benefit by his Credited Service, and then multiply by 1.429%
$\$12,000 \times 37 \times 1.429\% = \$6,344.76$	
Equals C	
$\$22,035.07 + \$3,965.52 - \$6,344.76 = \$19,655.83$	

If he chooses the Life Annuity option, Jim will receive \$19,655.83 from the Plan each year for as long as he lives.

## WHEN YOU CAN RETIRE

As you approach retirement, you will need to make two decisions that affect your actual monthly benefit payment: when to retire and the form of payment of your pension benefit. If you leave Johnson & Johnson on or after age 55, you have the choice of receiving payments immediately or deferring commencement of payments up to age 65.

The Johnson & Johnson Pension Plan allows for three types of retirement. They differ based on your age when you retire.

### NORMAL, EARLY AND POSTPONED RETIREMENT

#### NORMAL RETIREMENT

You retire under normal retirement if you are age 65, specifically, if you retire on the first of the month on or immediately after your 65<sup>th</sup> birthday. Normal retirement is not necessarily the most common type of retirement. It is, however, used as the basis for all pension calculations.

#### POSTPONED RETIREMENT

You retire under postponed retirement if you are over age 65, that is, if you retire anytime after the first of the month following your 65<sup>th</sup> birthday.

#### EARLY RETIREMENT

You retire under early retirement if you are between the ages of 55 and 65, specifically if you retire anytime between the first of the month on or after your 55<sup>th</sup> birthday and before you reach your 65<sup>th</sup> birthday.

### HOW TO APPLY FOR YOUR PENSION

Your pension payments will not start automatically. As an employee retiring from active status, you must apply to begin your pension payments on the Your Benefit Resources™ website at <http://resources.hewitt.com/jnjbsc>. Inactive members of the Plan must contact the [Benefit Service Center](#) to begin pension payments. This should be done approximately 90 days before the date you want payments to begin. You will choose how you want your benefit paid. You will also name a beneficiary, if appropriate. You may change these elections up to the day payments begin, but not after.

Once you apply to begin pension payments on-line, a Pension Election Authorization Form is produced and mailed to your home. This Form must be signed and mailed back to the Benefit Service Center. If the Benefit Service Center receives the signed Form by the 5th of the month prior to your chosen pension payment start date, you will receive your first pension payment on schedule. If you do not return the signed form by this date, your pension payment may be delayed until the following month. Any missed pension payments will be made up retroactively and reflected in your first check.

If you don't return the signed Pension Election Authorization Form by the later of your pension payment start date or 60 days from the date that you make your on-line pension elections, your elections will not be valid and you will need to contact the Benefit Service Center to start the process over.

## REVIEWING YOUR RETIREMENT DECISIONS

Here are some points to think about before you start making decisions about your retirement:

**Other Company Benefits** Make sure you are aware of the Company benefits that will be available to you after you retire and those that will be discontinued. Review your benefit coverage and determine whether or not you need to supplement your current coverage. Go to [Your Benefits Resources](#)<sup>™</sup> to see your Savings Plan balance and distribution alternatives, as well as other benefits coverage, such as medical, dental, life, accident, disability, long term care, HealthAccount and CareAccount. Contact your local Human Resources representative regarding any other benefits.

**Taxes** Review your tax situation with an accountant or a financial planner. Keep in mind that part of your Social Security payments become taxable when your income reaches a certain level. In addition, if you have delayed taxes through an IRA, any withdrawals from that account will be taxed as ordinary income.

**Retirement Income** Talk to an accountant or financial planner about your retirement savings. You may want to consider investing in a mixture of fixed income-producing funds and investments with potential for growth, which can provide you with a steady stream of income during your retirement years.

**Social Security** Review the financial information you received from the Social Security Administration. In addition, you should review the medical benefits available to you through Medicare and the associated costs.

**Your Will** Review your will and update it if necessary. You may also want to discuss with an attorney whether estate planning may be necessary.

**Activities** The most successful retirees are those who view their retirement as a new career. Developing hobbies and other outside interests can help make your post-employment years fulfilling and pleasurable.

**Keep a Healthy Lifestyle** You will have more leisure time than you have had before, so it is important to keep in shape with a regular exercise routine and periodic medical examinations.

# EARLY RETIREMENT

The calculation of the annual pension (or any pension calculation done individually for you) assumes that you are taking a [normal](#) or a [postponed](#) retirement. However, you may retire earlier, as early as age 55. When you retire before normal retirement age, your pension may be reduced to account for the fact that your benefit will be paid over a longer period of time. This section describes the Plan’s early retirement reduction rules.

## AGE 62 OR LATER

If you retire from active status at age 62 or later, your monthly payments will be 100% of the age-65 pension benefit determined under the [pension formula](#). Johnson & Johnson subsidizes the cost of early retirement between the ages of 62 and 65.

## BETWEEN AGES 55 AND 62

If you retire from active status between the ages of 55 and 62, your monthly payments will be lower to reflect the fact that you will receive a greater number of payments over your lifetime than if you were to retire at normal retirement. In other words, you receive a smaller monthly amount, but over a longer period of time, since your retirement begins sooner. The adjustment is 4% for each year (1/3 of one percent for each month) that payments begin before age 62. The adjusted payment will remain in effect throughout your retirement. (See [Early Retirement Adjustments](#) chart)

EARLY RETIREMENT ADJUSTMENTS (RETIREMENT FROM ACTIVE STATUS BETWEEN AGES 55-62)	
AGE WHEN BENEFITS BEGIN	% OF BENEFIT PAYABLE THROUGHOUT RETIREMENT
62 or later	100%
61	96%
60	92%
59	88%
58	84%
57	80%
56	76%
55	72%

EARLY RETIREMENT EXAMPLE	
Mary is retiring at age 57 after a long career with J&J. If she waits until age 62 to begin receiving a pension, her benefit would be \$20,000 per year. If Mary decides to start payments immediately, her benefit would be adjusted lower, since she would be expected to receive more payments over her lifetime.	
\$20,000	Payable at age 62
Less 20%*	To compensate for earlier payment
<hr/>	<hr/>
\$16,000	Payable at age 57
<hr/>	
* Adjusted 4% per year for each of the 5 years before age 62 as shown on the chart.	

**TERMINATION BEFORE AGE 55**

If you are vested and you leave Johnson & Johnson before age 55, you may choose to receive benefits as early as age 55, or you may defer payments to no later than age 65. Benefits that commence before age 65 are decreased based on your age and years of Credited Service when you leave and your age when your payments begin. Read the section, [Percentage of Benefit Payable Throughout Retirement If You Leave Johnson & Johnson Before Age 55](#).

## FORMS OF PAYMENT

Besides when to retire, the form of your monthly payment (annuity) is a decision that affects the amount of your payment. The following forms of payment represent the pension payment options available under the Plan. Some of the options may not be available to you when you retire, depending on your marital status and your age when payments begin, as described below. Also read [Spousal<sup>1</sup> Consent Requirements](#), if applicable.

Keep in mind that you cannot change the form of payment chosen once monthly payments commence.

### LIFE ANNUITY

Equal monthly payments for your lifetime only. This option pays the highest monthly payment to you, but no benefits are payable after your death.

The calculation of the [Annual Pension](#) is always based on the Life Annuity.

There are other payment options that pay less to you than the Life Annuity, but have additional features that the Life Annuity does not. You may choose to receive a reduced benefit during your lifetime, and arrange for your spouse/partner<sup>2</sup> or beneficiary to continue to receive benefit payments after your death. The option you select will affect your annual pension payments.

### JOINT & SURVIVOR ANNUITY OPTIONS

Reduced monthly payments for your lifetime, and then your choice of 25%, 50%, 66-2/3%, 75% or 100% of that amount will be paid after your death for your spouse's/partner's or beneficiary's lifetime.

The greater the amount provided to your spouse/partner or beneficiary, the lower your monthly payments during your lifetime. Since this option is based on the ages of both you and your beneficiary, if you choose a beneficiary other than your spouse/partner (if married to an opposite sex spouse, your spouse's written consent is legally required), he or she must be old enough that your own pension benefit will not be reduced more than 50%. If your beneficiary is not old enough, you must choose another beneficiary or another option. Under this option, you cannot change your beneficiary once payments commence.

### LIFE & PERIOD CERTAIN ANNUITY OPTIONS

Reduced monthly payments for your lifetime, but should you die, payments are guaranteed for your choice of 5, 10, 15, 20 or 25 years from when payments begin to you.

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<sup>1</sup> For purposes of this document, a "spouse" is an opposite sex spouse, as defined in Federal statute.

<sup>2</sup> For purposes of this document, a "partner" is a same sex spouse, civil union partner, registered domestic partner or non-registered domestic partner.

If you should die prior to the end of the guarantee period, payments will be made for the remainder of the period to your beneficiary. If you should die after the guarantee period, no payments continue to anyone else. The greater the number of years in the guarantee period, the lower your monthly payments. By law, age limits may restrict selecting certain options. Under this option, you may designate more than one beneficiary and you may change your beneficiary at any time.

### **LEVEL INCOME (SOCIAL SECURITY ADJUSTMENT) OPTIONS**

Your total income from the Pension Plan and Social Security remains approximately level through your retirement years.

This option provides a greater pension benefit from the Plan until age 62, when your Social Security benefits could begin. You then receive a smaller benefit from the Plan after age 62. This option provides benefits in combination with your choice of a Life Annuity, any Joint & Survivor Annuity, or any Life & Period Certain Annuity.

Your selection of a Level Income option does not affect the amount of your Social Security benefits or the date that you choose to start receiving them.

This option is only available for retirement before age 62.

### **SPOUSAL CONSENT REQUIREMENTS**

In accordance with ERISA rules, if you are married to an opposite sex spouse and select an option other than the 50%, 66-2/3%, 75%, or 100% Joint & Survivor Annuity with your spouse as your beneficiary, or, if you name a non-spouse beneficiary, your spouse must sign a consent form agreeing to both the form of payment and the beneficiary designation, if any. The signing of the form must be witnessed by a Notary Public.

### **AUTOMATIC FORMS OF PAYMENT**

If you leave Johnson & Johnson after age 55, you may choose to defer commencement of your pension payments until the first of any month but no later than the first of the month on or following your 65<sup>th</sup> birthday. If you have not elected to commence payments when you reach age 65, payments will start automatically, as follows:

If you are married or have a partner, you will automatically receive payments under the 50% Joint & Survivor Annuity with your spouse as your beneficiary.

Otherwise, you will automatically receive payments under the Life Annuity.

**CHOOSING A FORM OF PAYMENT**

Everyone's situation is different, so there is no one form of payment that is right for everybody. Here are a few points you may want to consider when making a decision about which pension payment option is right for you.

**Do You Want To Ensure Lifetime Payments For Your Spouse or Partner After Your Death?**

If so, consider one of the Joint & Survivor Options.

**Do You Have Other Investments That Will Cover Your Family's Income Needs In The Future?**

If so, consider one of the Life & Period Certain Options with a cutoff date corresponding to when you would receive payments from your other investments.

**Do You Require A Level Income Throughout Your Retirement Years?**

If so, consider an option with a Social Security Adjustment (Level Income) if you retire before age 62. This will provide a higher pension payment prior to receiving Social Security payments and a lower pension payment after. In other words, you receive a constant level of income throughout your retirement.

**Consider The Health Of Your Spouse/Partner And Yourself**

You may want to consider an option that would provide for the greatest benefit amount when it is needed.

**General Rule**—The greater the survivor benefit, the lower the amount you will receive during your lifetime.

## PART-TIME EMPLOYEES

In general, the Pension Plan is the same for part-time employees as it is for full-time employees. The [pension formula](#) is the same, but your Credited Service, Vesting Service and Plan Earnings are calculated differently. Your Vesting Service and Credited Service are based on hours of service worked during an anniversary year.

### ANNIVERSARY YEAR

A 12-month period in which hours of service are accumulated starting with your date of hire. For example, if Nick was hired on April 5, his anniversary year is from April 5 to the following April 4.

### HOURS OF SERVICE

How your time as a part-time employee is measured. It includes all the hours you work, as well as hours for which you were paid but didn't work, if applicable to you (e.g., vacation, sick leave, etc.).

## VESTING SERVICE FOR PART-TIME EMPLOYEES

After you reach the age of 18, you earn a year of [Vesting Service](#) for each anniversary year in which you complete at least 1,000 hours of service. You need to complete 5 years of Vesting Service or be at least age 55 with one year of service to be vested.

## CREDITED SERVICE FOR PART-TIME EMPLOYEES

Your Credited Service is based on the hours of service you complete in an anniversary year. You earn no Credited Service prior to age 21 or for any period that you were a part-time employee before January 1, 1976.

Credited Service for a full anniversary year is earned based on actual hours worked in each anniversary year, as described in the chart, [Calculating Service for Part-Time Employees](#).

For a partial anniversary year that happens when you leave Johnson & Johnson for a reason other than retirement or death, you receive credit for your actual hours worked during that year as described in the chart, [Calculating Service for Part-Time Employees](#).

## CALCULATING SERVICE FOR PART-TIME EMPLOYEES

### FULL ANNIVERSARY YEAR

YOU EARN MONTHS OF CREDITED SERVICE BASED ON YOUR HOURS WORKED AS FOLLOWS:

NUMBER OF HOURS WORKED		
AT LEAST	BUT LESS THAN	MONTHS OF CREDITED SERVICE
-	1,000	0
1,000	1,166	7
1,166	1,333	8
1,333	1,500	9
1,500	1,666	10
1,666	1,833	11
1,833	-	12

### PARTIAL ANNIVERSARY YEAR

IF A PARTIAL ANNIVERSARY YEAR IS DUE TO RETIREMENT OR DEATH, AND (A) YOUR ANNUALIZED HOURS OF SERVICE DURING YOUR FINAL ANNIVERSARY YEAR EQUAL AT LEAST 1,000 AND (B) YOU HAVE WORKED 1,000 HOURS OR MORE IN A PREVIOUS ANNIVERSARY YEAR, YOU EARN MONTHS OF CREDITED SERVICE AS FOLLOWS:

NUMBER OF HOURS WORKED		
AT LEAST	BUT LESS THAN	MONTHS OF CREDITED SERVICE
1	166	1
166	333	2
333	500	3
500	666	4
666	833	5
833	1,000	6
1,000	1,166	7
1,166	1,333	8
1,333	1,500	9
1,500	1,666	10
1,666	1,833	11

You also earn months of Credited Service as shown if the partial Anniversary Year is due to a difference in dates between your Plan membership and the start of your Anniversary Year and if your annualized hours of service are at least 1,000.

## PLAN EARNINGS

Your [Plan Earnings](#) as a part-time employee are the same as those for full-time employees, except that your annual base pay is based on a 2,000-hour year, no matter how many hours you actually work. So, if you are paid on an hourly basis, your hourly rate is multiplied by 2,000 to determine your annual base salary.

**FORMS OF PAYMENT**

All forms of payment available to full-time employees are available to part-time employees (see [Forms of Payment](#)). If you are a part-time employee and have had an approved absence, a layoff (with recall rights), been on disability leave, had a change in employment status between part-time and full-time, or have been re-employed by Johnson & Johnson, special rules may apply to you. Contact the [Benefit Service Center](#) for more information.

## SPECIAL SITUATIONS

### LAYOFF (WITH RECALL RIGHTS)

If you are on a layoff (with recall rights only) for less than one year, you will continue to accumulate Credited Service and Vesting Service. If you are on a layoff for more than one year, you will accumulate Credited Service and Vesting Service only for the first year of the layoff.

Regardless of how long your layoff lasts, your [Plan Earnings](#) during your layoff will be based on your annual rate of pay (plus any additional Plan Earnings) at the time the layoff started.

### APPROVED ABSENCE

If you are on an approved absence, such as a personal leave, you will continue to accumulate Credited Service and Vesting Service for your entire absence, provided you return to work at Johnson & Johnson. If you are on an approved long term disability leave, you continue to accumulate Credited Service and Vesting Service for your entire approved leave.

If you do not return to work at the end of an approved absence longer than one year, you only accumulate Credited Service and Vesting Service for the first year of your absence (except in the case of an approved long term disability leave). Your Plan Earnings during your absence will be based on your annual rate of pay (plus any additional Plan Earnings) at the time your approved absence started.

For an approved absence for military service (subject to certain limitations), you must enter the military directly after the date your employment with Johnson & Johnson stops. You must also resume your employment with Johnson & Johnson following your discharge within a period of time set by the federal government. If this applies to you, contact the [Benefit Service Center](#) for more information.

### REHIRE

If you are rehired by Johnson & Johnson, all of your previous Credited Service and Vesting Service will be restored to you. If you were a Pension Plan member, your membership will resume automatically and you will resume earning Credited Service. If you were not a Plan member, you will become a member when you satisfy the eligibility requirements.

If you are rehired by Johnson & Johnson within 12 months following a [break-in-service](#), you will earn Vesting Service (but not Credited Service) for the period of your break-in-service.

### REHIRE AFTER RETIREMENT

If you are rehired by Johnson & Johnson after you have retired and started receiving pension benefits, your pension payments from this Plan will be suspended for each month in which you work at least 40 hours.

You will still receive pension payments for each month in which you do not work or work less than 40 hours for Johnson & Johnson. When you retire again, your

payments will be adjusted to take into account additional Credited Service and Pension Earnings, and pension benefits previously paid to you.

### **TRANSFER OF EMPLOYMENT**

If you transfer to another Johnson & Johnson Company that participates in the Plan, your pension benefit will not be affected. However, if you transfer to a Johnson & Johnson Company that does not participate in the Plan, or if you transfer to an employment status not covered by the Plan, you become an inactive Plan member.

As an inactive Plan member, you will not earn any additional years of Credited Service after your transfer date, but you will continue to earn Vesting Service.

### **PRIOR MEMBERSHIP IN ANOTHER PENSION PLAN**

If you were a member of any other Johnson & Johnson retirement plan, your service under that plan may also count as Credited Service under this Plan. The benefit under this Plan resulting from this additional service will be lowered by any amounts payable from the other retirement plan for the same period of service.

If your company was acquired by Johnson & Johnson, special rules may apply. Contact the [Benefit Service Center](#) for more details.

### **DISABILITY**

If you are a member of the Pension Plan and you also qualify as disabled, as defined under the Company's Long Term Disability (LTD) Plan, you will continue to receive Credited Service and Vesting Service.

You do not need to be enrolled in the LTD Plan to qualify as disabled under the Pension Plan. For more information on qualifying as disabled, see the "Disability Plan Details" link in the "Plan Details" section of the Health and Benefits Web site.

While you are disabled, your earnings will be based on your annual rate of pay on the day your disability started, plus any additional Plan Earnings.

### **RECEIVING PENSION PAYMENTS**

If you are between the ages of 55 and 65, you can choose to stop receiving Long Term Disability (LTD) payments and start receiving pension payments. Pension payments must start by the first day of the month after you reach age 65 or after your LTD payments are scheduled to end, whichever is later.

#### **NOTE:**

If you are on LTD and considering whether to commence your pension payments prior to age 65, it may be useful to compare all sources of income, before and after retirement, including the cost and coverage under your Choices benefits.

### **SPECIAL DISABILITY PENSION BENEFIT**

If you retire directly from LTD status, you may be eligible to receive a Special Disability Pension Benefit if you meet the following requirements:

You had 10 or more years of Johnson & Johnson service (including the first 26 weeks of short-term disability) before you went on LTD, and

You received LTD payments (or would have if you had been covered by the LTD Plan) for at least 2 years and 1 month.

If you qualify, the [Benefit Service Center](#) can provide you with additional information about the Special Disability Pension Benefit.

### **RETURN TO WORK**

If your disability ends before you reach age 55, and you return to work with Johnson & Johnson, your age and [Vesting Service](#) at the time you leave the Company will determine whether you are entitled to receive a pension benefit.

If you do not return to work with Johnson & Johnson following disability, you will be entitled to receive a pension only if you are a Plan member, and are vested, at the time your disability ends.

### **FIXED INTEREST ANNUITY PROGRAM**

If you were a member of the Pension Plan and made contributions before January 1, 1976, you may be a participant in the Fixed Interest Annuity (FIA) Program. You can receive a FIA benefit in addition to your pension benefit, if you have not already taken a total FIA distribution. To get more information about your FIA account or to obtain an application form for a distribution, contact the [Benefit Service Center](#) at least 2 months prior to the date you want to receive your funds or commence benefits.

## TERMINATION OF EMPLOYMENT

Many people change jobs, careers and employers throughout their life. Others face work-related changes beyond their control. It is important to know that if you leave Johnson & Johnson and you are vested in the Plan, you are entitled to a pension benefit payable to you in the future, as early as age 55. This is in addition to any other retirement benefits you may be entitled to from other employers and from Social Security.

It is also important to know how your pension benefit is affected if you return to Johnson & Johnson after an absence.

### BEFORE AGE 55

If you are vested and you leave Johnson & Johnson before you are retirement-eligible (that is, before age 55), your pension benefits will be paid at their fullest amount beginning at age 65. However, you can begin receiving payments as early as age 55 at a reduced amount as shown in the table [Percentage of Benefit Payable Throughout Retirement If You Leave Johnson & Johnson Before Age 55](#).

If you leave Johnson & Johnson before you are retirement-eligible, that is, before age 55, your benefit is first calculated as described under [The Pension Formula](#). Then, your payments are adjusted according to the table Percentage of Benefit Payable Throughout Retirement If You Leave Johnson & Johnson Before Age 55, which takes into account your age and years of Credited Service when you leave Johnson & Johnson and your age when your pension payments begin.

Before your pension payments begin, you must choose a payment option that determines the amount of benefits payable to you and the amount of survivor benefit protection provided to your spouse/partner or beneficiary (see [Forms of Payment](#)).

<b>PERCENTAGE OF BENEFIT PAYABLE THROUGHOUT RETIREMENT IF YOU LEAVE JOHNSON &amp; JOHNSON BEFORE AGE 55</b>				
<b>AGE WHEN PAYMENTS BEGIN</b>	<b>EMPLOYEES LEAVING...</b>			
	<b>AT AGE 54 WITH AT LEAST 10 YEARS OF CREDITED SERVICE</b>	<b>AT AGE 50, 51, 52, OR 53 WITH AT LEAST 15 YEARS OF CREDITED SERVICE</b>	<b>AT AGE 45, 46, 47, 48, OR 49 WITH AT LEAST 15 YEARS OF CREDITED SERVICE</b>	<b>PRIOR TO AGE 55 WHO DO NOT MEET THE ELIGIBILITY REQUIREMENTS IN THE PRIOR COLUMNS</b>
65 or later	100%	100%	100%	100%
64	100%	96%	95%	94%
63	100%	92%	90%	88%
62	100%	88%	85%	82%
61	96%	84%	80%	76%
60	92%	80%	75%	70%
59	88%	76%	70%	64%
58	84%	72%	65%	58%
57	80%	68%	60%	52%
56	76%	64%	55%	46%
55	72%	60%	50%	40%

### **If You Left Johnson & Johnson Before January 1, 1994**

If you left Johnson & Johnson prior to age 55 and before January 1, 1994, you are eligible to start receiving full benefits at age 62, or you can start receiving reduced payments as early as age 55. Payments are reduced 1/3 of one percent for each month (4% per year) that benefits were started earlier than age 62.

**BREAK-IN-SERVICE**

Your membership in the Johnson & Johnson Pension Plan ends with a break-in-service, which occurs under the circumstances shown in the box below ([A Break-In-Service Occurs](#)).

If you have a break-in-service, all of your Credited Service and Plan Earnings are preserved. They will be used to determine your future pension benefit. You will not earn any additional benefits under the Plan unless you are rehired.

**A BREAK-IN-SERVICE OCCURS:**

- On the day of your:
  - Resignation
  - Discharge
  - Retirement
  - Death
- If you do not return to work one year after beginning a:
  - Layoff (with recall rights only)
  - Approved absence (other than for a disability)
- If you do not return to work following the end of a:
  - [Approved absence](#) lasting more than one year
  - [Approved disability](#) leave of any length

## PRE-RETIREMENT SURVIVOR BENEFITS

The Pension Plan provides a pension benefit to your spouse<sup>3</sup>/[partner](#)<sup>4</sup> or beneficiary in the event of your death prior to retirement, provided you are vested and have met the eligibility requirements for pre-retirement survivor benefits. In addition to vesting, eligibility for pre-retirement survivor benefits depends on your employment status, age, Credited Service and whether you have a spouse or partner, as follows:

### WHO IS ELIGIBLE?

In order to qualify for pre-retirement survivor benefits, you must meet the eligibility requirements described in the following sections.

### EMPLOYEES WHO HAVE A SPOUSE OR PARTNER

#### IF YOU DIE WHILE EMPLOYED AT JOHNSON & JOHNSON, HAVE A SPOUSE OR PARTNER AND:

##### **YOU ARE UNDER AGE 55 AND HAVE AT LEAST 5 YEARS OF VESTING SERVICE**

Your spouse/partner receives lifetime monthly payments beginning on the first of the month on or after the date you would have reached age 55. The payments equal half of the amount you would have received had you left Johnson & Johnson on the date of your death and begun payments at age 55 under the 50% Joint & Survivor (J&S) Annuity. Your spouse/partner may defer payments until no later than the first of the month on or after your 65<sup>th</sup> birthday.

##### **YOU ARE UNDER AGE 55 AND HAVE LESS THAN 5 YEARS OF VESTING SERVICE**

Your spouse/partner receives no benefit.

##### **YOU ARE OVER AGE 55**

Your spouse/partner is eligible for payments under one of the following three pre-retirement annuity options:

### 50% PRE-RETIREMENT JOINT & SURVIVOR ANNUITY

This is the automatic form of pre-retirement survivor coverage for employees with a spouse or partner, provided at no cost to you. Your spouse/partner receives lifetime payments equal to half of the amount you would have received under the 50% Joint & Survivor Annuity had you retired and begun payments on the first of the month following your death. Your spouse/partner may defer payments up to the first of the month on or after your 65<sup>th</sup> birthday.

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<sup>3</sup> For purposes of this document, a "spouse" is an opposite sex spouse, as defined in Federal statute

<sup>4</sup> For purposes of this document, a "partner" is a same sex spouse, civil union partner, registered domestic partner or non-registered domestic partner. Coverage under the Pre-Retirement Joint & Survivor Annuity options became available to partners effective October 9, 2009.

## **100% PRE-RETIREMENT JOINT & SURVIVOR ANNUITY**

Your spouse/partner receives lifetime payments equal to the full amount that you would have received had you retired on the date of your death and begun payments under a 100% Joint & Survivor Annuity. Your spouse/partner may defer payments until no later than the first of the month on or after your 65<sup>th</sup> birthday. There is a cost for this additional protection, which is paid for when you retire, by a reduction in your monthly pension of 0.5% for each year that coverage was in effect. Your spouse's/partner's benefit is also reduced accordingly (since it is the benefit you would have received). If you do not elect this coverage when it is initially offered to you (just before age 55), you may elect it in the future with proof of good health. Coverage ends when you cancel it (in writing), your spouse/partner dies, your relationship with your spouse/partner ends (divorce or dissolution) or you retire.

## **60-MONTH PRE-RETIREMENT SURVIVOR ANNUITY**

Your spouse/partner (or other beneficiary) receives monthly payments for 60 months beginning on the first of the month following your death, at no cost to you. The payments equal the amount you would have received had you retired on the date of your death and begun payments under a Life Annuity. After 60 monthly payments, no further benefits are payable from the Plan. In accordance with ERISA rules, if you are married to an opposite sex spouse, election of this option requires your spouse's written, notarized consent.

## **IMPORTANT NOTE**

The 100% Pre-Retirement Joint & Survivor Annuity and the 60-Month Pre-Retirement Survivor Annuity require that you make an affirmative election of these forms of payment through [Your Benefits Resources](#)<sup>™</sup>.

Pre-retirement survivor coverage for your spouse/partner ends on the date of your spouse's/partner's death, your divorce or the dissolution of the relationship with your partner, or the date you begin receiving your pension payments. Once your pension begins, your survivor coverage depends on the form of payment you elect for your retirement.

## **EMPLOYEES WITH PARTNERS – ELECTION PROCESS**

If you want pre-retirement survivor coverage with your partner as the beneficiary, you must designate your partner as the beneficiary of the pre-retirement survivor pension through [Your Benefits Resources](#)<sup>™</sup> and if you are age 55 or over, choose the form of survivor pension that you want. The Benefit Service Center will notify you regarding any required documentation for enrolling your partner.

Once you have designated your partner as your beneficiary through the Web site, if you are age 55 or over, you will receive a form through the mail, which will allow you to choose the form of survivor pension that you would like. If you designate your partner as your beneficiary but do not choose a form of survivor pension, your partner will be covered under the 50% Pre-Retirement Joint & Survivor Annuity option.

## **UNMARRIED EMPLOYEES**

If you are not married and do not have a partner, and you leave Johnson & Johnson before age 55, there is no survivor coverage. If you reach age 55 while employed,

you are automatically covered under the 60-Month Pre-Retirement Survivor Annuity until your pension payments begin.

Under the 60-Month Pre-Retirement Survivor Annuity, your beneficiary receives payments for 60 months beginning on the first of the month after your death. The payments equal the amount you would have received had you retired on the day you died and begun payments under a Life Annuity. Coverage under this option ends if you marry or have a partner, or start your pension.

## TERMINATED EMPLOYEES

If you have a spouse or partner and leave Johnson & Johnson:

- **BEFORE AGE 55**  
Your spouse/partner is covered under the 50% Pre-Retirement Joint & Survivor (J&S) Annuity option in the event your death occurs before your pension payments begin. Payments to your spouse/partner equal one-half of the amount you would have received had you started pension payments at age 55 under a 50% J&S Annuity. Your spouse's/partner's payments may begin on the first of the month on or after the date you would have reached age 55. Or, your spouse/partner may defer payments to as late as the first of the month on or after your 65<sup>th</sup> birthday.
- **AFTER AGE 55**  
Your spouse/partner is covered under the 50% Pre-Retirement Joint & Survivor (J&S) Annuity until your pension payments commence. Alternatively, if you elected either the 100% Pre-Retirement J&S Annuity or the 60-Month Pre-Retirement Survivor Annuity prior to terminating employment, the pre-retirement option you elected will remain in force.

As outlined in the previous section, if you want pre-retirement survivor coverage with your partner as the beneficiary, you must designate your partner as the beneficiary of the pre-retirement survivor pension through [Your Benefits Resources](#)<sup>™</sup>.

Pre-retirement survivor coverage for your spouse/partner ends on the date of your spouse's death, your divorce or the dissolution of the relationship with your partner, or the date you begin receiving your pension payments. Once your pension begins, your survivor coverage depends on the form of payment you elect for your retirement.

## BENEFICIARY CLAIMS

Your surviving spouse/partner or designated beneficiary should notify the [Benefit Service Center](#) in the event of your death. The Center will send out all the necessary instructions and forms required for your designated beneficiary to claim benefits under the Plan.

## GENERAL PLAN INFORMATION

### NON-ASSIGNMENT OF BENEFITS

Under this Plan, you may not assign, sell, transfer, or use your benefits as collateral. In addition, creditors can't attach your vested value in the Plan to collect a debt.

The exception to this is a valid Qualified Domestic Relations Order (QDRO) from a state court directing the Plan Administrator to pay all or a portion of your benefits to a former spouse or beneficiary. An example of this is a property settlement relating to child support, alimony payments or marital property rights.

### FUTURE OF THE PLAN

While Johnson & Johnson is required to fund the Plan, pension plans, like the Consolidated Retirement Plan of Johnson & Johnson, are not guaranteed to be continued by employers. Johnson & Johnson has the right to change or terminate the Plan at any time, but this does not mean that if the Plan were to change or end you would lose your earned pension benefit. If the Plan ended, you would be entitled to your earned benefit regardless of the number of years of service you have with the Company. In that case, your earned benefit would be paid out of the Plan's trust fund, to the extent of available funds, or by the Pension Benefit Guaranty Corporation (PBGC).

### PBGC

The Pension Benefit Guaranty Corporation (PBGC) is an organization sponsored by the federal government. It was established in 1976 to insure payment of most pension benefits where plan funds are insufficient. Generally, the PBGC guarantees most vested normal retirement benefits, early retirement benefits, and certain disability and survivor's benefits up to a certain level.

The PBGC guarantees vested benefits at the level in effect on the date of Plan termination. If benefits have been increased during the five-year period before Plan termination, the full amount of the increase may not be guaranteed. There is also a limit on the amount of monthly benefit guaranteed by PBGC, and this limit is adjusted for inflation periodically.

For more information on the PBGC insurance protection and its limitations, contact the PBGC at:

Office of Communication, PBGC  
P.O. Box 151750  
Alexandria, VA 22315-1750

(800) 400-7242

[www.pbgc.gov](http://www.pbgc.gov)

### PLAN IDENTIFICATION

#### PLAN NAME

Consolidated Retirement Plan of Johnson & Johnson

**EMPLOYER IDENTIFICATION NUMBER**

#22-1024240

**PLAN IDENTIFICATION NUMBER**

#001

**PLAN TYPE**

Defined benefit pension plan.

**FUNDING**

The Plan is a trustee plan, funded through Company contributions. Contributions are actuarially determined and are deposited into a trust maintained for the specific purpose of paying Plan benefits. The trustee is appointed by the Pension Committee.

**TRUSTEE**

The master trustee of the Plan is:

State Street Bank and Trust Company  
225 Franklin Street  
Boston, MA 02101

Plan assets not custodied at State Street Bank and Trust Company are managed by the following:

Metropolitan Life Insurance Company  
One Madison Avenue  
New York, NY 10010

Prudential Insurance Company of America  
Prudential Plaza  
Newark, NJ 07101

Equitable Life Assurance Society of the U.S.  
1290 Avenue of the Americas  
New York, NY 10104

CIGNA Retirement & Investment Services  
1601 Chestnut Street  
Philadelphia, PA 19192

**PLAN ADMINISTRATOR**

The Pension Committee  
Johnson & Johnson  
One Johnson & Johnson Plaza  
New Brunswick, NJ 08933  
(732) 524-0400

**BENEFIT PAYORS**

Benefits are primarily paid to retirees and beneficiaries by:

State Street Bank and Trust Company  
225 Franklin Street  
Boston, MA 02101

In addition, some benefits are paid by:

Equitable Life Assurance Society of the U.S.  
1290 Avenue of the Americas  
New York, NY 10104

Metropolitan Life Insurance Company  
One Madison Avenue  
New York, NY 10010

CIGNA Retirement & Investment Services  
P.O. Box 2975-H18A  
280 Trumbull Street  
Hartford, CT 06103

### **PLAN ADMINISTRATION**

Johnson & Johnson sponsors the Pension Plan for employees of participating companies.

The Employee Retirement Income Security Act (ERISA) of 1974, a federal law, introduced certain requirements for employee benefit plans. Generally, these rules cover the funding and administration of benefit plans and your rights to benefits and communications about these benefits. The Plan Administrator is responsible for making sure that all employee benefit plans operate according to the terms of ERISA and the appropriate documents or contracts.

The Plan Administrator for the Pension Plan is the Pension and Benefits Committee, which is the Named Fiduciary of the Plan. The Pension and Benefits Committee is composed of employees of Johnson & Johnson who are appointed for indefinite terms by the Compensation and Benefits Committee of the Johnson & Johnson Board of Directors. The Pension and Benefits Committee is responsible for controlling and managing the operation and administration of the Plan, and it may delegate its responsibilities to internal or external groups. Included among the Pension and Benefits Committee's responsibilities are interpreting Plan provisions and computing benefits, selecting the Trustee, insurance companies, investment managers and consultants, and appointing members of the Benefit Claims Committee.

The address of the Pension and Benefits Committee is:

The Pension and Benefits Committee  
Johnson & Johnson  
One Johnson & Johnson Plaza  
New Brunswick, NJ 08933  
(732) 524-0400

The Plan Administrator has designated the Johnson & Johnson Benefit Service Center at (800) 565-0122 and on the Internet at <http://resources.hewitt.com/jnjbsc> (Your Benefit Resources™) to be responsible for the day-to-day administration of this benefit plan.

### **PLAN RECORDS**

All Plan records are kept on a calendar year basis.

## **SUMMARY PLAN DESCRIPTION**

This Summary Plan Description summarizes the plan provisions of the Consolidated Retirement Plan of Johnson & Johnson (also known as the Johnson & Johnson Pension Plan). This summary is the Summary Plan Description required by ERISA. It is not a guarantee of benefits under the Plan. Every effort has been made to report correct information. If there are differences between this summary and the actual Plan Document, the Plan Document will govern in all matters.

## **WHEN YOU HAVE A CLAIM FOR BENEFITS**

In general, you (or your designated beneficiary when applicable) must file a written claim. You should submit your claim in writing to the following address:

Johnson & Johnson  
Benefit Service Center  
P.O. Box 785010  
Orlando, FL 32878-5010

You can obtain assistance from a Benefit Service Representative at the Benefit Service Center (800-565-0122). Your claim ordinarily will be evaluated and processed within 90 days from the date on which it is filed. If more time is needed, the law allows a 90-day extension, as long as you are notified in advance of the need and the reasons for the extension.

## **IF YOUR CLAIM IS DENIED**

If your claim is denied (in full or in part), you will be provided a notice of claim denial. The notice of claim denial will give specific reasons for the denial, identifying the specific Plan provisions involved and any other materials on which the decision was based, any additional information needed, and the reason why this information is needed. The notice will also provide an explanation of the appeal procedure. You are entitled to see all documents that affect your claim.

If you receive notice that your claim has been denied (in full or in part) and you disagree with the decision, you are entitled to appeal and have the denial of your claim reviewed. You (or your appointed representative) can appeal and request a claim review within 60 days after you received the denial notice. Your appeal must be in writing to the following address:

Johnson & Johnson  
Worldwide Benefits & Health Resources  
Benefit Claims Committee  
P.O. Box 2634  
New Brunswick, NJ 08901

The Benefit Claims Committee will evaluate your claim within 60 days after you have filed your appeal and will make a decision. If more time is needed, the law allows the Committee a 60-day extension, so long as you are notified in advance of the need and reasons for the extension. The Committee will provide a written decision on your claim, stating the reason for the decision and any applicable Plan provision or other material on which it is based. The Benefit Claims Committee has full authority and discretion to decide claims, and its decisions are final and binding.

See the following section, Your Rights Under ERISA, for information on legal action you can take if you feel your right to a benefit has been improperly denied.

## **YOUR RIGHTS UNDER ERISA**

In addition to this benefit summary, you will receive an annual funding notice describing the financial status of the Pension Plan. You may also examine all Plan documents and other documents which are filed with the U.S. Department of Labor. These documents are available for you to examine without charge at the Plan Administrator's office and at other Company locations, such as worksites. Upon written request, you may receive copies of all documents relating to the Plans at a reasonable charge from the Plan Administrator.

If you request any of these documents from the Plan Administrator in writing and do not receive them within 30 days, you have a right to file suit in federal court, unless there is a delay that is beyond the control of the Plan Administrator. The court may require the Plan Administrator to pay a fine for each day of delay.

The people who are responsible for the operation of the Pension Plan are called fiduciaries. You have the right to expect that the fiduciaries will act prudently and in the best interest of all Plan participants. If a fiduciary violates the requirements of ERISA, he or she may be removed and required to repay any losses caused to the Plan through his or her imprudence.

You can estimate your pension any time at [Your Benefits Resources](#)<sup>™</sup> or by calling the Benefit Service Center at (800) 565-0122.

If you are improperly denied a benefit, you have the right to file suit in federal court or request assistance from the U.S. Department of Labor. The court will decide who should pay court costs and legal fees. For example, the court may order the defendant to pay all costs and fees if you are successful. If you lose and if the court finds your suit to be frivolous, you may be ordered to pay all costs and fees.

The Company will not (and cannot) dismiss you or discriminate against you to prevent you from obtaining Plan benefits or exercising any of your rights under ERISA.

If you feel you must take legal action for any reason regarding your benefits, legal action can be served on the Company in care of:

General Counsel  
Johnson & Johnson  
One Johnson & Johnson Plaza  
New Brunswick, NJ 08933

Legal action may also be served on the Plan Administrator or appropriate Plan Trustee. If you have any questions about the Pension Plan, you may contact the Johnson & Johnson Benefit Service Center. If you have any questions about your rights under ERISA, you may contact the Johnson & Johnson Benefit Service Center or the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210.

## GLOSSARY

### **Accrued Benefit**

The amount of benefits associated with a period of employment service. The accrued benefit usually refers to what your pension would be if you left the Company today.

### **Anniversary Year**

The 12-month period following your date of hire. Each following 12-month period is another anniversary year.

### **Annuity**

A series of periodic payments, usually for life, payable monthly.

### **Approved Absences**

Any authorized leave of absence approved by the Company, such as child care leave or elder care, short- or long-term disability, or service in the United States Armed Forces.

### **Beneficiary**

An individual you choose to receive payments from the Pension Plan after your death, if you choose a payment option which provides survivor benefit protection.

### **Benefit Service Center**

The organization responsible for the day-to-day benefit administration activities for employees and retirees under the Johnson & Johnson salaried benefit plans.

### **Break-in-Service**

Occurs when you quit, are discharged, retire, or die, or are on layoff status for more than one year. It also occurs if you do not return to work following the last day of an approved absence of less than one year or the first anniversary of an approved absence (other than disability) of more than one year, or the last day of a layoff of less than one year, or the last day of an approved disability leave (of any length).

### **Credited Service**

The total number of years and months of service used in the pension benefit calculation, measured from the first of the month on or following the later of age 21 or date of hire. Credited Service earned before 1/1/2005 is treated differently than Credited Service earned after 1/1/2005 as described in the Pension Calculation section of this document. Special rules apply to part-time employees and for service with an acquired company before becoming a member of the Plan.

### **Early Retirement**

Retiring the first day of any month on or after your 55<sup>th</sup> birthday, but before your 65<sup>th</sup> birthday.

### **Eligibility Requirements**

Conditions that an employee must satisfy to participate in the Pension Plan—the first of the month on or following your 21<sup>st</sup> birthday or the day you complete one year of service, whichever is later.

### **Employee Retirement Income Security Act of 1974 (ERISA)**

A statute enacted by the federal government regulating most private pension and welfare benefit plans in the U.S. to protect the rights of plan participants.

### **Fiduciary**

An individual who has authority over the management or administration of the Plan or over the investment of the Plan's assets.

**Final Average Earnings**

A measure of earnings used to determine a pension benefit. The Pension Plan uses the average of the yearly Plan Earnings for the highest 5 consecutive years (60 months) during the last 10 years (120 months) of employment or the average of all Plan Earnings, if the employee has less than 5 years of Credited Service.

**Fixed Interest Annuity (FIA) Program**

A program for employees who made contributions to the Pension Plan before January 1, 1976. In 1976, employees were given the option of depositing contributions and interest into a FIA account consisting of fixed interest contracts. Those participating in the FIA Program will be eligible for a FIA benefit in addition to their regular pension.

**Hour of Service**

The basic unit for measuring time as a part-time employee. It includes all hours for which an employee is paid for the performance of duties and includes vacations, holidays, and sick days for which the employee was paid but performed no duties.

**IRA (Individual Retirement Account)**

A retirement savings program for individuals to which yearly tax deductible contributions up to a specific limit can be made. The amounts contributed and any investment earnings are not taxed until withdrawn.

**Joint & Survivor Annuity Options**

Reduced pension payments payable during your lifetime, with full or partial payments (100%, 75%, 66-2/3%, 50%, or 25%) continued to your designated beneficiary after your death. The 50% Joint & Survivor Annuity Option is the automatic payment form for married employees.

**Layoff**

An end of employment whereby the former employee maintains recall rights.

**Level Income (Social Security Adjustment) Option**

A payment option in which your total income from the Pension Plan and Social Security remains approximately level throughout your retirement years. Through this pension payment option you will receive a greater pension benefit from the Plan until age 62, when your Social Security benefits can begin, and a lesser benefit from the Plan after age 62.

**Life & Period Certain Options**

Reduced pension payments for your lifetime guaranteed for 5, 10, 15, 20, or 25 years, whichever you are eligible for and elect. If you die during the guarantee period, your beneficiary will receive monthly payments for the remainder of the guarantee period. If you die after the end of the guarantee period, no further payments will be made. There may be certain legal restrictions on selecting the 20- or 25-year options.

**Life Annuity Option**

A pension payment allowing for equal monthly payments until your death and no survivor payments afterward. The Life Annuity Option is the automatic payment form for unmarried employees.

**Normal Retirement Date**

The first day of the month on or immediately after your 65<sup>th</sup> birthday.

**Partner**

A same sex spouse, civil union partner, registered domestic partner or non-registered domestic partner. Coverage under the Pre-Retirement Joint & Survivor Annuity Options became available to partners effective October 9, 2009.

**Payment Option**

The way in which your retirement benefits will be paid, taking into account the amount of benefit provided to your beneficiary after your death.

**Pension**

A series of periodic retirement payments usually payable monthly for life.

**Pension Benefit Guaranty Corporation (PBGC)**

A government organization that insures, up to a prescribed limit, the benefits under private pension plans. Employers must pay annual premiums to maintain this insurance.

**Plan**

The Consolidated Retirement Plan of Johnson & Johnson, also called the Johnson & Johnson Pension Plan or the Pension Plan.

**Plan Earnings**

Compensation used in determining Pension Plan benefits, including straight-time pay for your regular workweek, non-management salesperson's commissions, overtime, shift differential, expanded cash bonus, executive cash bonus, sales stock (for employees terminating on or after July 1, 2002), and sales management incentive compensation.

**Plan Member**

Any employee or former employee who is or may become eligible to receive a pension benefit.

**Plan Year**

January 1 through December 31.

**Post-1/1/2005 Credited Service**

Complete months and years of Credited Service earned after January 1, 2005.

**Postponed Retirement**

Retiring on the first day of any month after your Normal Retirement Date.

**Pre-1/1/2005 Credited Service**

Complete months and years of Credited Service earned prior to January 1, 2005.

**Pre-retirement Survivor Benefit**

A benefit provided to the spouse/partner or designated beneficiary, if an eligible Plan member dies before pension payments begin.

**Primary Social Security Benefit**

The estimated Social Security Benefit to which you are entitled at age 65 (or at retirement if you retire after age 65). It does not include Social Security Benefits payable to your dependents.

**60-Month Survivor Benefit**

A form of survivor benefit protection that, if in effect when an employee dies at age 55 or later, automatically provides the employee's named beneficiary with benefit payments for 60 months.

**Trustee**

A company responsible for the administration of a plan's assets. Services provided by a trustee include holding securities owned by the trust fund, collecting dividends and interest, and providing recordkeeping services. The trustee of the Pension Plan is State Street Bank and Trust Company.

**Trust Fund**

A fund whose assets are maintained solely for the benefit of the Plan Participants.

**Vesting**

A nonforfeitable entitlement to the benefit you have earned under the Pension Plan. The vested portion of your accrued benefit belongs to you whether or not you remain employed. Under the Plan, you are considered to be vested when you have attained five years of Vesting Service, or have reached age 55 and one year of Vesting Service.

**Vesting Service**

Any employment after age 18 with Johnson & Johnson, including any employment after the age of 18 with a company before it became a member of the Johnson & Johnson Family of Companies. Special rules apply for service with an acquired company before becoming a member of the Plan.

**Your Benefits Resources™**

A Website for information regarding Johnson & Johnson's benefits program, at <http://resources.hewitt.com/injbsc> (all lower case). Through this website, employees can perform tasks such as projecting their future retirement income and making their retirement elections.