

CHAIRMAN'S LETTER



To Our Shareholders,

First and foremost, I would like to thank you for investing in Johnson & Johnson. We strive to achieve excellence in our future and we hope that you will continue along for the journey.

2010 was a year in which Johnson & Johnson was tested in various ways. We strived to find new ways to care for the health of people around the world. However, not all experiences were pleasant. We endured the scratchy experience of the McNeil Consumer Healthcare product recalls.

Although 2010 had its shares of hardships, we also made significant gains. Johnson & Johnson released new products, expanded our business in developing markets and advanced our pipelines. We kept our morals and values close to home by making it our top priority to care for the health of others. We are excited for the long-term growth that 2011 will bring.

2010 Recap

Johnson & Johnson is pleased to announce, we have delivered an earnings growth in 2010 even while working against an economic downturn. The U.S. health care reform increased costs early in the year. We understand the current status of our economy and anticipate feeling those affects in 2011. We will continue to maintain investments. Because of this, Johnson & Johnson is able to develop new products that will benefit health care needs.

In 2010, our worldwide sales were \$61.2 billion, a 1.3 percent decrease. We had \$13.1 in adjusted earnings, which resulted in an increase of 2.9 percent. We are happy to see a 2.9 increase of adjusted earnings per share. We held our AAA credit rating and produced a cash flow of \$1.4 billion.

McNeil Consumer Healthcare

Johnson & Johnson prides itself on high quality products. Even more, we take pride in the trusted relationship that we have with our costumers, shareholders and families. The McNeil Consumer Healthcare recall was a gloomy event for all of us.

We are in progress to rebuilding McNeil Consumer Healthcare to its potential greatness. We expect nothing less. Johnson & Johnson believes each product should maintain the same level of trust and value as the next.

2010 Highlights

As numerous challenges arose throughout the year, we maintained our core morals and values. We put emphasis on our key missions that have remained consistent for decades. To focus on growth, we highlight four important priorities, products, pipeline, global presence and people.

We are pleased to announce that we released products that fulfilled healthcare needs such as JOHNSON & JOHNSON NATURAL baby products and LISTERINE ZERO mouthwash. We strengthen our role in medical devices by creating more than 50 products from Medical Devices and Diagnostics (MD&D). Approximately one quarter of sales came from our new products.

Throughout Johnson & Johnson, we invested almost \$7 billion in research and development to advance our newest pipeline compounds. We are excited to be awarded one of the best Pharmaceutical pipelines in the industry.

Johnson & Johnson is excited to continue its growth with emerging markets in Brazil, Russia, India and China, where sales grew 14 percent operationally. We are going to continue building and maintaining research and development centers in these regions into 2011 and the future.

In order to continue forward, we continue to develop a well-qualified team to contribute to economic growth. We are happy to announce our new extended Office of the Chairman. Alex Gorsky is a past Worldwide Chairman for MD&D. Alongside us will be Sheri McCoy, past Worldwide Chairman of Pharmaceuticals. We are honored to have them join the Office of the Chairman.

Moving Forward

2011 marks our 125th anniversary and a perfect opportunity to reflect our legacy. We remind our selves of what we stand for and where we come from.

We believe in supporting a very vital piece to our society, the health and care of other mothers and children. Johnson & Johnson has a unique, intimate and privileged relationship with mothers. Mothers trust our products on their children, their babies, and their newborns. We feel honored to be entrusted with this special time in a family's life and hope to provide as much health care support as possible.

Our commitment to our shareholders stays close to our heart. Because of you, Johnson & Johnson has been able to impact the

community in various ways. We cannot thank you enough for that. We expect future growth in the 2011-year.

In the upcoming year, we cannot guarantee that we will not make mistakes; however, we will take responsibility for any errors that occur. We hope that you will believe in us to push forward into an economically growing, 2011 year.

Warm Wishes,

William C. Weldon
Johnson & Johnson
Chairman, Board of Directors
Chief Executive Officer

Ashley Aronson
Shareholder Letter
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