



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

February 2, 2018

Marc S. Gerber
Skadden, Arps, Slate, Meagher & Flom LLP
marc.gerber@skadden.com

Re: Johnson & Johnson
Incoming letter dated December 18, 2017

Dear Mr. Gerber:

This letter is in response to your correspondence dated December 18, 2017 and January 9, 2018 concerning the shareholder proposal (the "Proposal") submitted to Johnson & Johnson (the "Company") by The City of Philadelphia Public Employees Retirement System (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence on the Proponent's behalf dated January 5, 2018. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair
Senior Special Counsel

Enclosure

cc: Maureen O'Brien
Segal Marco Advisors
mobrien@segalmarco.com

February 2, 2018

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Johnson & Johnson
Incoming letter dated December 18, 2017

The Proposal urges the board to adopt a policy that no financial performance metric shall be adjusted to exclude legal or compliance costs when evaluating performance for purposes of determining the amount or vesting of any senior executive incentive compensation award.

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(7). We note that the Proposal focuses on senior executive compensation. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Lisa Krestynick
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

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BY EMAIL (shareholderproposals@sec.gov)

January 9, 2018

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RE: Johnson & Johnson – 2018 Annual Meeting
Supplement to Letter dated December 18, 2017
Relating to Shareholder Proposal of
The City of Philadelphia
Public Employees Retirement System

Ladies and Gentlemen:

We refer to our letter dated December 18, 2017 (the “No-Action Request”), submitted on behalf of our client, Johnson & Johnson, pursuant to which we requested that the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) concur with Johnson & Johnson’s view that the shareholder proposal and supporting statement (the “Proposal”) submitted by The City of Philadelphia Public Employees Retirement System (the “Proponent”) may be excluded from the proxy materials to be distributed by Johnson & Johnson in connection with its 2018 annual meeting of shareholders (the “2018 proxy materials”).

This letter is in response to the letter to the Staff, dated January 5, 2018, submitted on behalf of the Proponent (the “Proponent’s Letter”), and supplements

the No-Action Request. In accordance with Rule 14a-8(j), a copy of this letter also is being sent to the Proponent.

The Proponent's Letter takes no issue with the principle that shareholder proposals relating to a company's general legal compliance program are excludable under Rule 14a-8(i)(7) as dealing with matters of ordinary business. Nor does the Proponent's Letter dispute that the Staff has long permitted exclusion under Rule 14a-8(i)(7) of proposals couched as relating to executive compensation but whose thrust and focus is on an ordinary business matter. Left with no alternative, the Proponent's Letter attempts the unenviable task of trying to distinguish the instant Proposal from the proposal in *Apple Inc.* (Dec. 30, 2014), an attempt that, in our view, falls short of the mark.

In fact, aside from the phrasing of one as a positive request and the other as a negative request, the Proposal and the proposal in *Apple* are indistinguishable for purposes of the Rule 14a-8(i)(7) analysis. The proposal in *Apple* requested that the metrics used to determine incentive compensation for Apple senior executives include a metric related to the effectiveness of Apple's policies and procedures designed to promote adherence to laws and regulations, referred to as a "compliance metric." In making this request, the supporting statement noted that Apple "must navigate a complex legal and regulatory environment," that "compliance failures can be costly . . . in financial terms [as well as] in damaged relationships with employees, customers and governments," that Apple had adopted various publicly disclosed policies that addressed compliance, and the proponent's view that it is "important for incentive compensation formulas to reward senior executives for ensuring that Apple maintains effective compliance policies and procedures." At no point in the supporting statement did the proponent call for changes to Apple's compliance policies or procedures. Rather, the request was to include a compliance metric to determinations of senior executive incentive compensation so as to further incentivize legal compliance.

Similarly, the Proposal requests board adoption of a policy that financial metrics used in determining Incentive Compensation awards not be adjusted to exclude Legal or Compliance Costs – stated in the positive, a request that financial metrics used to determine Incentive Compensation determinations for Johnson & Johnson senior executives include Legal or Compliance Costs. Similar to the supporting statement in *Apple*, the supporting statement contained in the Proposal notes that shareholders support compensation arrangements that incentivize executives to drive long-term growth, notes the legal and regulatory risks facing the company and states that the company is well positioned "to incentivize executives to mitigate these risks by ensuring their compensation is tied to effective [management

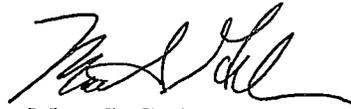
Office of Chief Counsel
January 9, 2018
Page 3

of those risks].” Like the proposal in *Apple*, the clear thrust and focus of the Proposal is how to better achieve legal and compliance goals. Moreover, the Proponent’s Letter removes any doubt as to the thrust and focus of the Proposal when it states that “[t]he aim of the Proposal is that executives . . . see the impact of legal and compliance costs.” In other words, the request in the Proposal is to include legal and compliance costs in the metrics used to determine senior executive incentive compensation so as to further incentivize legal compliance.

Accordingly, Johnson & Johnson believes that the Proposal is excludable under Rule 14a-8(i)(7) as relating to Johnson & Johnson’s ordinary business operations.

For the reasons stated above and in the No-Action Request, we respectfully request that the Staff concur that it will take no action if Johnson & Johnson excludes the Proposal from its 2018 proxy materials. Should the Staff disagree with the conclusions set forth in this letter, or should any additional information be desired in support of Johnson & Johnson’s position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff’s response. Please do not hesitate to contact the undersigned at (202) 371-7233.

Very truly yours,



Marc S. Gerber

Enclosures

cc: Thomas J. Spellman III
Assistant General Counsel and Corporate Secretary
Johnson & Johnson

Christopher DiFusco
Chief Investment Officer
The City of Philadelphia Public Employees Retirement System

January 5, 2018

VIA EMAIL

U.S. Securities and Exchange Commission
Office of the Chief Counsel
Division of Corporation Finance
100 F Street, NE
Washington, DC 20549

Re: Shareholder proposal submitted to Johnson & Johnson by The City of Philadelphia Public Employees Retirement System

Ladies and Gentlemen,

By letter dated December 18, 2017, Johnson & Johnson (“Johnson & Johnson” or the “Company”) asked that the Office of the Chief Counsel of the Division of Corporation Finance (the “Staff”) confirm that it will not recommend enforcement action if the Company omits a shareholder proposal (the “Proposal”) submitted pursuant to the Commission’s Rule 14a-8 by The City of Philadelphia Public Employees Retirement System (the “Proponent”).

In accordance with Securities and Exchange Commission (“SEC”) Staff Legal Bulletin No. 14D (Nov. 7, 2008), this response is being emailed to shareholderproposals@sec.gov. A copy of this response is also being emailed to the Company’s representative.

The Proposal requests that Johnson & Johnson adopt a policy that no financial performance metric shall be adjusted to exclude Legal or Compliance Costs when evaluating performance for purposes of determining the amount or vesting of any senior executive Incentive Compensation award. The Company seeks to exclude the Proposal in reliance on Rule 14a-8(i)(7) as relating to ordinary business. Johnson & Johnson has failed to satisfy its burden of showing it is entitled to exclude the Proposal. The aim of the Proposal is that executives have their interests tied to shareholders so that they too see the impact of legal and compliance costs rather than having them adjusted out of the equation. Historically, Staff has determined that proposals dealing with executive compensation are not excludable.

The Proposal Does Not Relate to Ordinary Business

The Company argues unconvincingly that the proposal may be excluded under Rule 14a-8(i)(7) for dealing with a matter of ordinary business. As the Company acknowledges, the Staff historically has determined that proposals relating to executive compensation generally *are not* excludable while proposals relating to ethical business practices or the conduct of legal compliance programs *are* excludable. Johnson & Johnson therefore argues in an attempt to exclude the Proposal that its thrust is how the Company conducts its legal compliance.

The Proposal makes no comment on the conduct of the Company’s ethical business practices or its legal compliance program. The Proponent offers no suggestions for changing how Johnson & Johnson handles legal compliance or ethical business practices, nor does it ask for

disclosure on those matters. Instead, the Proposal requests a single senior executive compensation reform. As stated in Staff Legal Bulletin No. 14A (July 12, 2002), the SEC Staff “do not agree with the view of companies that they may exclude proposals that concern only senior executive and director compensation in reliance on rule 14a-8(i)(7).”

Each of the determinations cited in the Company’s request for no action relief centers squarely on the question of whether the companies have sufficiently ethical business practices or adequate legal compliance programs. In *Sprint Nextel Corp.* (Mar. 16, 2010, recon denied Apr. 20, 2010), the proponent’s request related to the company’s **ethics code**. In *FedEx Corp.* (July 14, 2009), the proponent asked for a report on the company’s **legal compliance with state and federal laws**. In *The Coca-Cola Co.* (Jan. 9, 2008) the proposal asked for a report **comparing quality standards against national laws**. In *Verizon Communications, Inc.* (Jan. 7, 2008), the proposal asked for reporting on **potential illegal trespass actions**. In *AES Corp.* (Jan. 9, 2007), the shareholders requested an ethics oversight committee to monitor **legal compliance** of business practices.

Johnson & Johnson cites further precedents where a proposal referenced both legal compliance and executive compensation but in all cases the request of the proposals center squarely on the question of whether the companies have sufficiently ethical business practices or adequate legal compliance programs. In *Apple Inc.* (Dec. 30, 2014), the proposal asks for a compensation metric **designed to promote adherence to laws and regulations**. In *Delta Air Lines, Inc.* (Mar. 27, 2012), the proposal relates to the Company’s **provision of employee benefits**. In *Exelon Corp.* (Feb. 21, 2007) and *Wal-Mart Stores, Inc.* (Mar. 17, 2003), the proponents ultimate aim was a change in the Company’s **provision of employee benefits**. The determination in *General Electric Co.* (Jan. 10, 2005) likewise is distinct from the Proposal because the proponents sought a change in executive compensation in an effort to indirectly **instigate a change in the companies’ content programming and film production**.

The Proposal, on the other hand, accepts Johnson & Johnson’s legal compliance program as adequate. The Proponent does not ask the Company to “bolster” the program as Johnson & Johnson argues. The change requested by the Proponent is to the Company’s executive compensation program. Earnings per share (“EPS”) is a calculation that includes legal costs such as litigation under generally accepted accounting principles (“GAAP”). However, Johnson & Johnson adjusts its EPS metric when calculating incentive compensation to exclude legal costs such as litigation. The Proponent asks that Johnson & Johnson use the GAAP standard and include legal and compliance costs when calculating EPS.

In the precedents cited by the Company the proponents sought an outcome that would alter either the legal compliance program or ethical business practices. Ultimately the proponents wanted changes to employee benefits, film content, quality standards on product ingredients and similar matters relating to the companies’ ordinary business operations. In other words, the proponents’ desired outcome was tangential or unrelated to senior executive compensation. In this Proposal, the Proponent seeks to alter how a metric used for executive compensation is defined. Should the Proposal be implemented, the legal compliance program would remain as is and the senior executive compensation might decrease. Shareholders do not see gains on an adjusted EPS basis. Again, the aim of the Proposal is that executives have their interests tied to shareholders so that they too see the impact of legal and compliance costs rather than having them adjusted out of the equation.



For the foregoing reasons, the Proponent believes that the relief sought by Johnson & Johnson should not be granted. If you have any questions, please feel free to contact the undersigned at 312-612-8446 or mobrien@segalmarco.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Maureen O'Brien", written in a cursive style.

Maureen O'Brien
Vice President, Corporate Governance Director
Segal Marco Advisors

CC: Marc S. Gerber; Christopher DiFusco

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BY EMAIL (shareholderproposals@sec.gov)

December 18, 2017

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RE: Johnson & Johnson – 2018 Annual Meeting
Omission of Shareholder Proposal of
The City of Philadelphia
Public Employees Retirement System

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are writing on behalf of our client, Johnson & Johnson, a New Jersey corporation, to request that the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) concur with Johnson & Johnson’s view that, for the reasons stated below, it may exclude the shareholder proposal and supporting statement (the “Proposal”) submitted by The City of Philadelphia Public Employees Retirement System (the “Proponent”) from the proxy materials to be distributed by Johnson & Johnson in connection with its 2018 annual meeting of shareholders (the “2018 proxy materials”).

In accordance with Section C of Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”), we are emailing this letter and its attachments to the Staff at shareholderproposals@sec.gov. In accordance with Rule 14a-8(j), we are

simultaneously sending a copy of this letter and its attachments to the Proponent as notice of Johnson & Johnson's intent to omit the Proposal from the 2018 proxy materials.

Rule 14a-8(k) and Section E of SLB 14D provide that shareholder proponents are required to send companies a copy of any correspondence that the shareholder proponents elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to remind the Proponent that if the Proponent submits correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should concurrently be furnished to Johnson & Johnson.

I. The Proposal

The text of the resolution in the Proposal is copied below:

RESOLVED that shareholders of Johnson & Johnson ("JNJ") urge the Board of Directors to adopt a policy that no financial performance metric shall be adjusted to exclude Legal or Compliance Costs when evaluating performance for purposes of determining the amount or vesting of any senior executive Incentive Compensation award. "Legal or Compliance Costs" are expenses or charges associated with any investigation, litigation or enforcement action related to drug manufacturing, sales, marketing or distribution, including legal fees; amounts paid in fines, penalties or damages; and amounts paid in connection with monitoring required by any settlement or judgment of claims of the kind described above. "Incentive Compensation" is compensation paid pursuant to short-term and long-term incentive compensation plans and programs. The policy should be implemented in a way that does not violate any existing contractual obligation of the Company or the terms of any compensation or benefit plan.

II. Basis for Exclusion

We hereby respectfully request that the Staff concur in Johnson & Johnson's view that it may exclude the Proposal from the 2018 proxy materials pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters relating to Johnson & Johnson's ordinary business operations.

III. Background

On November 8, 2017, Johnson & Johnson received the Proposal, accompanied by a cover letter from the Proponent. On November 14, 2017, Johnson & Johnson received a letter from JPMorgan Chase Bank, N.A. verifying the Proponent's stock ownership. Copies of the Proposal, cover letter and related correspondence are attached hereto as Exhibit A.

IV. The Proposal May be Excluded Pursuant to Rule 14a-8(i)(7) Because the Proposal Deals with Matters Relating to Johnson & Johnson's Ordinary Business Operations.

Under Rule 14a-8(i)(7), a shareholder proposal may be excluded from a company's proxy materials if the proposal "deals with matters relating to the company's ordinary business operations." In Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release"), the Commission stated that the policy underlying the ordinary business exclusion rests on two central considerations. The first recognizes that certain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight. The second consideration relates to the degree to which the proposal seeks to "micro-manage" the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.

In accordance with these principles, the Staff consistently has permitted exclusion of shareholder proposals under Rule 14a-8(i)(7) relating to a company's general legal compliance program. *See, e.g., Sprint Nextel Corp.* (Mar. 16, 2010, *recon. denied* Apr. 20, 2010) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board explain why the company has not adopted an ethics code designed to, among other things, promote securities law compliance, noting that proposals relating to "the conduct of legal compliance programs are generally excludable under rule 14a-8(i)(7)"); *FedEx Corp.* (July 14, 2009) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on compliance by the company and its contractors with federal and state laws governing the proper classification of employees and contractors, noting that the proposal related to the ordinary business matter of a company's "general legal compliance program"); *The Coca-Cola Co.* (Jan. 9, 2008) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking an annual report comparing laboratory tests of the company's products against national laws and the company's global quality standards, noting that the proposal related to the ordinary business matter of the "general conduct of a legal compliance program"); *Verizon Communications Inc.*

(Jan. 7, 2008) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking the adoption of policies to ensure the company does not illegally trespass on private property and a report on company policies for preventing and handling such incidents, noting that the proposal related to the ordinary business matter of a company's "general legal compliance program"); *The AES Corp.* (Jan. 9, 2007) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board create an ethics committee to monitor the company's compliance with, among other things, federal and state laws, noting that the proposal related to the ordinary business matter of the "general conduct of a legal compliance program").

In addition, the Staff has permitted exclusion of a shareholder proposal that focused on a company's legal compliance program even when the proposal also related to executive compensation. Specifically, in *Apple Inc.* (Dec. 30, 2014), the proposal urged the compensation committee to determine incentive compensation for Apple's five most-highly compensated executives in part based on "a metric related to the effectiveness of Apple's policies and procedures designed to promote adherence to laws and regulations." The proposal's supporting statement stressed the risks related to compliance failures, including financial and reputational risks, and the importance of designing "incentive compensation formulas to reward senior executives for ensuring that Apple maintains effective compliance policies and procedures." In granting relief to exclude the proposal under Rule 14a-8(i)(7), the Staff concluded that "although the proposal relates to executive compensation, the thrust and focus of the proposal [was] on the ordinary business matter of the company's legal compliance program."

The decision in *Apple* was consistent with the Staff's approach of permitting exclusion under Rule 14a-8(i)(7) of proposals couched as relating to executive compensation but whose thrust and focus is on an ordinary business matter. *See, e.g., Delta Air Lines, Inc.* (Mar. 27, 2012) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board prohibit payment of incentive compensation to executive officers unless the company first adopts a process to fund the retirement accounts of its pilots, noting that "although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of employee benefits"); *Exelon Corp.* (Feb. 21, 2007) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking to prohibit bonus payments to executives to the extent performance goals were achieved through a reduction in retiree benefits, noting that "although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of general employee benefits"); *General Electric Co.* (Jan. 10, 2005) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the compensation committee include social responsibility and environmental criteria among

executives' incentive compensation goals, where the supporting statement demonstrated that the goal of the proposal was to address a purported link between teen smoking and the presentation of smoking in movies produced by the company's media subsidiary, noting that "although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the nature, presentation and content of programming and film production"); *The Walt Disney Co.* (Dec. 14, 2004) (same); *Wal-Mart Stores, Inc.* (Mar. 17, 2003) (permitting exclusion under Rule 14a-8(i)(7) of a proposal urging the board to account for increases in the percentage of the company's employees covered by health insurance in determining executive compensation, noting that "while the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of general employee benefits").

In this instance, the thrust and focus of the Proposal is on Johnson & Johnson's legal compliance program, which is an ordinary business matter. Specifically, the Proposal urges Johnson & Johnson's board of directors to adopt a policy requiring that performance measures used to determine executive incentive compensation take into account legal and compliance costs. The Proposal goes on to define those legal and compliance costs to include, among other things, expenses associated with investigations and litigation relating to drug manufacturing, sales, marketing and distribution. In addition, the Proposal's supporting statement stresses the importance of "incentiviz[ing] senior executives to drive growth while safeguarding company operations and reputation over the long-term" and encouraging legal compliance by avoiding incentive compensation metrics that "may insulate senior executives from legal risk [and] associated costs" incurred by the company.

Thus, while the Proposal's request relates to executive compensation, the thrust and focus of the Proposal clearly is on incentivizing senior executives to maintain and bolster Johnson & Johnson's legal and compliance program so as to minimize legal and compliance costs, which falls squarely within Johnson & Johnson's ordinary business operations. Therefore, consistent with *Apple* and the other precedent described above, the Proposal is excludable under Rule 14a-8(i)(7) as having a thrust and focus relating to Johnson & Johnson's ordinary business matters (*i.e.*, its legal compliance program).

Finally, we note that a proposal may not be excluded under Rule 14a-8(i)(7) if it is determined to focus on a significant policy issue. The fact that a proposal may touch upon potential public policy considerations, however, does not preclude exclusion under Rule 14a-8(i)(7). Instead, the question is whether the proposal focuses primarily on a matter of broad public policy versus matters related to the

company's ordinary business operations. *See* the 1998 Release and Staff Legal Bulletin No. 14E (Oct 27, 2009). The Staff has consistently permitted exclusion of shareholder proposals where the proposal focused on ordinary business matters, even though it also related to a potential significant policy issue. For example, in *Amazon.com, Inc.* (Mar. 27, 2015), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company "disclose to shareholders reputational and financial risks it may face as a result of negative public opinion pertaining to the treatment of animals used to produce products it sells" where the proponent argued that Amazon's sale of foie gras implicated a significant policy issue (animal cruelty). In granting no-action relief, the Staff determined that "the proposal relates to the products and services offered for sale by the company." Similarly, in *PetSmart, Inc.* (Mar. 24, 2011), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal calling for suppliers to certify that they have not violated certain laws regarding the humane treatment of animals, even though the Staff had determined that the humane treatment of animals was a significant policy issue. In its no-action letter, the Staff specifically noted the company's view that the scope of the laws covered by the proposal were "fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping." *See also, e.g., CIGNA Corp.* (Feb. 23, 2011) (permitting exclusion under Rule 14a-8(i)(7) when, although the proposal addressed the potential significant policy issue of access to affordable health care, it also asked CIGNA to report on expense management, an ordinary business matter); *Capital One Financial Corp.* (Feb. 3, 2005) (permitting exclusion under Rule 14a-8(i)(7) when, although the proposal addressed the significant policy issue of outsourcing, it also asked the company to disclose information about how it manages its workforce, an ordinary business matter). In this instance, even if the Proposal were to touch on a potential significant policy issue, similar to the precedent above, the Proposal's focus is on Johnson & Johnson's legal compliance program, an ordinary business matter.

Accordingly, consistent with the precedent described above, Johnson & Johnson believes that the Proposal may be excluded from its 2018 proxy materials pursuant to Rule 14a-8(i)(7) as relating to Johnson & Johnson's ordinary business operations.

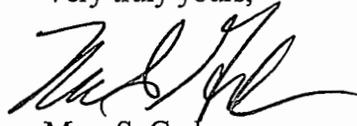
V. Conclusion

Based upon the foregoing analysis, Johnson & Johnson respectfully requests that the Staff concur that it will take no action if Johnson & Johnson excludes the Proposal from its 2018 proxy materials.

Office of Chief Counsel
December 18, 2017
Page 7

Should the Staff disagree with the conclusions set forth in this letter, or should any additional information be desired in support of Johnson & Johnson's position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff's response. Please do not hesitate to contact the undersigned at (202) 371-7233.

Very truly yours,



Marc S. Gerber

Enclosures

cc: Thomas J. Spellman III
Assistant General Counsel and Corporate Secretary
Johnson & Johnson

Christopher DiFusco
Chief Investment Officer
The City of Philadelphia Public Employees Retirement System

EXHIBIT A

(see attached)



BOARD OF PENSIONS AND RETIREMENT
PHILADELPHIA PUBLIC EMPLOYEES
RETIREMENT SYSTEM

BOARD MEMBERS:
ROB DUBOW, Chairperson
ALAN BUTKOVITZ, Esq.
SOZI PEDRO TULANTE, Esq.
MICHAEL DIBERARDINIS, Esq.
PEDRO RODRIGUEZ
VERONICA M. PANKEY
RONALD STAGLIANO, Vice Chair
CAROL G. STUKES-BAYLOR
BRIAN COUGHLIN

CHRISTOPHER DIFUSCO
Chief Investment Officer

Sixteenth Floor
Two Penn Center Plaza
Philadelphia, PA 19102-1712
(215) 496-7461
FAX (215) 496-7460

November 8, 2017

By regular mail and fax:
732-524-2185

Mr. Thomas Spellman
Assistant General Counsel and Corporate Secretary
Johnson & Johnson
One Johnson & Johnson Plaza
New Brunswick, New Jersey 08933

Re: The City of Philadelphia Public Employees Retirement System

Dear Mr. Spellman:

In my capacity as the Chief Investment Officer of The City of Philadelphia Public Employees Retirement System (the "Fund"), I write to give notice that pursuant to the 2017 proxy statement of Johnson & Johnson (the "Company"), the Fund intends to present the attached proposal (the "Proposal") at the 2018 annual meeting of shareholders (the "Annual Meeting"). The Fund requests that the Company include the Proposal in the Company's proxy statement for the Annual Meeting.

A letter from the Fund's custodian documenting the Fund's continuous ownership of the requisite amount of the Company's stock for at least one year prior to the date of this letter is being sent under separate cover. The Fund also intends to continue its ownership of at least the minimum number of shares required by the SEC regulations through the date of the Annual Meeting.

I represent that the Fund or its agent intends to appear in person or by proxy at the Annual Meeting to present the attached Proposal. I declare the Fund has no "material interest" other than that believed to be shared by stockholders of the Company generally.

Sincerely,

Christopher DiFusco
Chief Investment Officer

RESOLVED that shareholders of Johnson & Johnson ("JNJ") urge the Board of Directors to adopt a policy that no financial performance metric shall be adjusted to exclude Legal or Compliance Costs when evaluating performance for purposes of determining the amount or vesting of any senior executive Incentive Compensation award. "Legal or Compliance Costs" are expenses or charges associated with any investigation, litigation or enforcement action related to drug manufacturing, sales, marketing or distribution, including legal fees; amounts paid in fines, penalties or damages; and amounts paid in connection with monitoring required by any settlement or judgment of claims of the kind described above. "Incentive Compensation" is compensation paid pursuant to short-term and long-term incentive compensation plans and programs. The policy should be implemented in a way that does not violate any existing contractual obligation of the Company or the terms of any compensation or benefit plan.

SUPPORTING STATEMENT

As JNJ shareholders, we support compensation arrangements that incentivize senior executives to drive growth while safeguarding company operations and reputation over the long-term. JNJ adjusts certain financial metrics when calculating progress on goals for the purposes of awarding incentive compensation. While some adjustments may be appropriate, we believe senior executives should not be insulated from legal risks, particularly on matters of import.

President Trump has recently declared the opioid epidemic a public health emergency. According to pages 79-80 of the Company's 2017 10-K, JNJ has been named in several lawsuits relating to the marketing of opioid pharmaceuticals and has been subpoenaed by other states for similar claims. Attorneys general of 41 states have opened an investigation of opioid makers and distributors that includes JNJ's subsidiary Janssen Pharmaceuticals.

We believe the opioid emergency presents a heightened level of risk for JNJ investors. We also believe JNJ is well positioned to incentivize senior executives to mitigate these risks by ensuring their compensation is tied to effective management of this crisis. As it is structured now, JNJ may insulate senior executives from legal risk by removing associated costs from the metrics that determine their incentive compensation.

JNJ uses adjusted earnings per share ("EPS") and adjusted operational EPS for incentive compensation according to page 42 of the 2017 proxy statement. The adjusted figures are non-GAAP financial measures whose calculations may exclude litigation.

We believe a superior approach to measuring EPS and operational EPS is to include Legal and Compliance Costs, particularly those associated with opioid litigation.

We urge shareholders to vote for this proposal.



Neil Kleinberg
Client Service
CIB Client Service Americas

11/9/17

By regular mail and fax:
732-524-2185

Mr. Thomas Spellman
Assistant General Counsel and Corporate Secretary
Johnson & Johnson
One Johnson & Johnson Plaza
New Brunswick, New Jersey 08933

Re: The City of Philadelphia Public Employees Retirement System

Dear Mr. Spellman:

As custodian of The City of Philadelphia Public Employees Retirement System (the "Fund"), we are writing to report that as of the close of business on 11/9/17 the Fund held shares of Johnson & Johnson ("Company") stock in our account at Depository Trust Company and registered in its nominee name of Cede & Co. The Fund has held in excess of \$2,000 worth of shares in your Company continuously since 11/9/16.

If there are any other questions or concerns regarding this matter, please feel free to contact me at 212-623-8787.

Sincerely,



Neil Kleinberg