

# Principles of Corporate Governance

Johnson & Johnson is governed by the values set forth in Our Credo, created by General Robert Wood Johnson in 1943. These values have guided us for many years and will continue to set the tone of integrity for the entire Company. All of us at Johnson & Johnson, the employees, officers and Directors, are committed to the ethical principles embodied in Our Credo.

Our Credo values extend to our corporate governance. In fact, over sixty years ago, General Johnson recognized our responsibility to four groups of stakeholders -- our customers, our employees, our communities and our shareholders. These Principles of Corporate Governance build on the foundation of Our Credo.

We believe that good corporate governance results from sound processes that ensure that our Directors are well supported by accurate and timely information, sufficient time and resources and unrestricted access to management. The business judgment of the Board must be exercised independently and in the long-term interests of our shareholders.

We also believe that ethics and integrity cannot be legislated or mandated by directive or policy. So while we adopt these Principles of Corporate Governance, we reaffirm our belief that the ethical character, integrity and values of our Directors and senior management remain the most important safeguards of corporate governance at Johnson & Johnson.

## 1. Duties and Responsibilities of the Company and the Board of Directors

**Responsibilities of the Board.** All Directors are elected annually by the shareholders as their representatives in providing oversight of the operation of the Company. The Directors select, oversee and monitor the performance of the senior management team, which is charged with the day-to-day conduct of the Company's business. The fundamental responsibility of the Directors is to exercise their business judgment on matters of critical and long-term significance to the Company in furtherance of what they

reasonably believe to be in the best interest of the Company, and therefore its shareholders.

**Board Meetings.** Directors are expected to attend Board meetings and meetings of the Committees on which they serve, to spend the time needed and to meet as frequently as necessary to properly discharge their responsibilities. Meetings should include presentations by management and, when appropriate, outside advisors or consultants, as well as sufficient time for full and open discussion.

**Written Materials.** Written materials that are important to the Board's understanding of the agenda items to be discussed at a Board or Committee meeting should be distributed to the Directors sufficiently in advance of the meeting to allow the Directors the opportunity to prepare. Directors are expected to review these materials thoroughly in advance of the meeting.

**Agenda for Board Meetings.** The Chairman of the Board, with participation by the Lead Director, will set the agenda for Board meetings with the understanding that certain items necessary for appropriate Board oversight will be brought to the Board periodically for review, discussion and decision-making. The Lead Director will review, and ultimately approve, the agenda for each Board meeting in advance of the meeting and may request changes as he or she deems appropriate in order to ensure that the interests and requirements of the independent Directors are appropriately addressed. Any Director may request that an item be included on any meeting agenda.

**Executive Sessions of Independent Directors.** The independent Directors will meet in regular executive sessions without any non-independent Directors or members of management present at least four times each year. The Lead Director will chair these executive sessions. In addition, the independent Directors will hold private meetings with the Chairman and Chief Executive Officer on a regular basis.

**Board Leadership Structure.** On an annual basis, and at such other times as the Nominating & Corporate Governance Committee deems appropriate (including in connection with a Chief Executive Officer transition), the Nominating & Corporate Governance Committee shall review the Board's leadership structure, including whether the roles of Chairman and Chief Executive Officer should be held by one individual or should be separated. In conducting its review, the Nominating & Corporate Governance Committee shall consider such facts and circumstances as it deems appropriate from time to time.

**Chairman of the Board.** On an annual basis, the Board will select a member of the Board to serve as Chairman of the Board of Directors to act in accordance with the By-Laws of the Company. The Chairman shall preside at all meetings of shareholders and all Board meetings. The Chairman will perform such other functions as the Board may direct.

**Lead Director.** On an annual basis, the independent Directors will select an independent member of the Board to serve as Lead Director. The Lead Director will chair executive sessions of the independent Directors and function as the Board may direct. The current duties and responsibilities of the Lead Director, as approved by the Board, are set forth in the attached Annex A.

**Conflicts of Interest.** Every employee and Director has a duty to avoid business, financial or other direct or indirect interests or relationships which conflict with the interests of the Company or which may affect his or her loyalty to the Company. Each Director must deal at arm's length with the Company and should disclose to the Chairman, a Vice Chairman or the Lead Director any conflict or any appearance of a conflict of interest. Any activity which even appears to present such a conflict must be avoided or terminated, unless after appropriate disclosure and discussion, it is determined that the activity is not harmful to the Company or otherwise improper.

**Other Board Seats.** A Director should engage in discussion with the Chairman prior to accepting an invitation to serve on an additional public company board. A Director who serves as a public company chief executive officer (or similar position) should not serve on more than two public company boards (including the Johnson & Johnson board and his or her own board). Other Directors should not serve on more than five public company boards (including the Johnson & Johnson board).

## 2. Director Qualifications

**Independence.** It is our goal that at least two-thirds of our Directors should be "independent," not only as that term may be defined legally or mandated by the New York Stock Exchange, but also without the appearance of any conflict in serving as a Director. To be considered independent under these Principles, the Board must determine that a Director does not have any direct or indirect material relationship with the Company (other than in his or her capacity as a Director). We have established guidelines to assist in determining whether a Director has a direct or indirect material relationship. These guidelines are attached to these Principles as Annex B.

**General Criteria for Nomination to the Board.** Attached to these Principles as Annex C are the General Criteria for Nomination to the Board which has been adopted by the Nominating & Corporate Governance Committee. These General Criteria set the traits, abilities and experience that the Board looks for in determining candidates for election to the Board. Board appointments will be made on merit, in the context of the qualifications which the Board as a whole requires to be effective, including diversity.

**Term Limits.** We do not believe that our Directors should be subject to term limits. Due to the complexity of the businesses of the Company, we value the increasing insight which a Director is able to develop over a period of time. We believe that a lengthy tenure on our Board provides an increasing contribution to the Board and is therefore in the interests of our shareholders. However, renomination to the Board is based on an assessment of each Director's performance and contribution and is not automatic.

**Resignation.** Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities. (Also see Annex D for the Director Resignation Policy for Incumbent Directors in Uncontested Elections.)

### 3. Rights of the Board of Directors

As the elected representatives of the shareholders, the Directors are entitled to certain rights that enable them to fulfill their responsibilities more effectively, including the following:

**Access to Officers and Employees.** Directors have full and free access to officers and employees of the Company. The Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, inform the Chief Executive Officer of any significant communication between a Director and an officer or employee of the Company.

**Compensation.** Non-Employee Directors should be compensated for their time dedicated to and other contributions on behalf of the Company. The Compensation & Benefits Committee will annually review and approve or suggest changes to the compensation of Directors. In fulfilling this responsibility, the members of the Compensation & Benefits Committee should take into consideration the following factors, among others: compensation should fairly pay Directors for the responsibilities and duties undertaken in serving as a director of a company of the size and complexity of the Company; compensation should align the Directors' interests with the long-term interests of shareholders; and Non-Employee Director compensation should be targeted to be consistent with the compensation philosophy applicable to senior management of the Company. Furthermore, Director's fees (which include all fees, share awards, stock options and other consideration given to Directors in their capacity as Directors) are the only compensation that members of the Audit Committee may receive from the Company. Directors who are employees of the Company should receive no additional compensation for their services as Directors.

**Outside Advisors.** The Board and each Committee has the authority to engage independent legal, financial or other advisors as it may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance, but each Committee will notify the Chairman and the Lead Director of any such action. Management of the Company will cooperate with any such engagement and will ensure that the Company provides adequate funding.

### 4. Rights of the Shareholders

Our shareholders are also entitled to certain rights, many of which are mandated by the Securities and Exchange Commission, the New York Stock Exchange and Federal and state laws and regulations. In addition to those rights, we recognize the following rights of our shareholders:

**Management of the Company.** Management of the Company must be ethical, strive to uphold the highest standards of business practice and act in the long-term interests of the Company and its shareholders.

**Annual Election of Directors.** All Directors are elected annually by the shareholders. We do not have staggered terms or elect Directors for longer periods. Any vacancies on the Board may be filled or new Directors appointed by the Board between Annual

Meetings of Shareholders, but any such appointment will only remain in effect until the next Annual Meeting of Shareholders, when any such appointee will be presented to the shareholders for election.

**Access to the CEO at Annual Meetings.** Subject to reasonable constraints of time and topics and the rules of order, shareholders are allowed to direct comments to or ask questions of the Chief Executive Officer during the Annual Meeting of Shareholders.

**Communication with Directors.** Shareholders, employees and others may contact any of our Directors (including our Lead Director) by writing to them c/o Johnson & Johnson, One Johnson & Johnson Plaza, Room WH 3217, New Brunswick, NJ 08933 USA. Employees, and others, who wish to contact the Board (or any member of the Audit Committee) to report any complaint or concern with respect to accounting, internal accounting controls, auditing matters or corporate governance may do so anonymously by using that address. Shareholders, employees and others may also contact any of the directors by sending an e-mail to [LeadDirector@its.jnj.com](mailto:LeadDirector@its.jnj.com). General comments to the Company (including complaints or questions about a product) should be sent to <https://secure-www.jnj.com/wps/wcm/jsp/contactUs.jsp>.

## 5. Election of Directors

The Directors are elected each year by the shareholders at the Annual Meeting of Shareholders. The Board proposes a slate of nominees to the shareholders for election to the Board. The Board also determines the number of Directors on the Board provided that there are at least 9 and not more than 18 Directors. Any vacancies on the Board may be filled or new Directors appointed by the Board between Annual Meetings of Shareholders, but any such appointment will only remain in effect until the next Annual Meeting, when any such appointee would be presented to the shareholders for election. Shareholders may propose nominees for consideration by the Nominating & Corporate Governance Committee by submitting the names and supporting information to: Office of the Corporate Secretary, Johnson & Johnson, One Johnson & Johnson Plaza, New Brunswick, NJ 08933.

## 6. Board Committees

**Committee Structure.** It is the general policy of the Company that all major decisions be considered by the Board as a whole. As a consequence, the committee structure of the Board is limited to those committees which public companies are required to establish and those committees which focus on areas of critical importance to the Company, like science and technology, and utilize the specific talents and expertise of certain members of the Board. Currently, the Board has the following committees: Audit Committee, Compensation & Benefits Committee, Nominating & Corporate Governance Committee, Regulatory Compliance & Sustainability Committee, Science & Technology Committee and Finance Committee. The Board may, from time to time, eliminate committees or establish or maintain additional committees, as it deems necessary or appropriate.

**Committee Members.** The members and chairmen of these committees are appointed annually by the Board, upon recommendation of the Nominating & Corporate Governance Committee. The Audit Committee, Compensation & Benefits Committee, Nominating &

Corporate Governance Committee, Regulatory Compliance & Sustainability Committee and Science & Technology Committee are comprised of independent Directors only.

**Committee Meetings.** The Chairman of each Committee, in consultation with the other Committee members and management, will develop the agendas for and determine the frequency and length of the Committee meetings. Each Committee will meet in executive sessions from time to time, as required or as requested by any member; provided that the Audit Committee, Compensation & Benefits Committee, Nominating & Corporate Governance Committee, Regulatory Compliance & Sustainability Committee and Science & Technology Committee will each hold at least one executive session each year without members of management present.

**Committee Charters.** The Audit Committee, Compensation & Benefits Committee and Nominating & Corporate Governance Committee, Regulatory Compliance & Sustainability Committee and Science & Technology Committee will each have its own charter, which will be adopted, and may be amended, by the Board.

## **7. Annual Performance Evaluations**

The Board and each of the Audit Committee, Compensation & Benefits Committee, Nominating & Corporate Governance Committee, Regulatory Compliance & Sustainability Committee and Science & Technology Committee will conduct an annual self-evaluation. These self-evaluations are intended to facilitate an examination and discussion by the entire Board and each Committee of its effectiveness as a group in fulfilling its Charter requirements and other responsibilities, its performance as measured against these Principles and areas for improvement. The Nominating & Corporate Governance Committee will propose the format for each annual self-evaluation.

## **8. Director Orientation**

The Company has a comprehensive orientation program for all new Non-Employee Directors. All new Directors receive extensive written materials and meet in one-on-one sessions with members of senior management to discuss the Company's business segments, strategic plans, financial statements, significant financial, accounting and legal issues, compliance programs and business conduct policies. All Directors can receive periodic updates throughout their tenure.

## **9. Executive Performance Evaluations and Succession Planning**

**Executive Committee Performance Evaluations.** The independent Directors will conduct an annual review of the performance of the Chief Executive Officer. The Chairman, the Compensation & Benefits Committee and the Lead Director will also provide input to the CEO on the performance of the other Executive Committee members.

**Succession Planning.** In light of the critical importance of executive leadership to the success of the Company, the Board will also work with senior management to ensure that effective plans are in place for management succession. As part of this process, the Chief

Executive Officer will review periodically the succession plan for Executive Committee members and other critical positions with the Nominating & Corporate Governance Committee, which has oversight of the succession planning process for senior management. In addition, the Chief Executive Officer will report at least annually to the full Board on succession planning. The Board will evaluate potential successors to the Chief Executive Officer and any Vice Chairman, and certain other senior management positions.

## **10. Stock Ownership Guidelines**

To further align the interests of the Company's Directors and senior management with shareholders, the Board has established minimum share ownership guidelines that apply to all Non-Employee Directors and designated members of senior management. Each Non-Employee Director is required to retain the shares issued upon the Director's election to the Board (if applicable) and to own Company shares or share units equal in value to five times his or her annual retainer. The Chief Executive Officer is required to own share or share units equal in value to twelve times his or her annual salary, and each Executive Committee member is required to own share or share units equal to six times his or her annual salary. Other executives may become subject to these guidelines as may be determined by the Board.

The Nominating and Corporate Governance Committee of the Board will develop and review from time to time the Share Ownership Guidelines to implement the principles set forth above, and will recommend any proposed changes to those Guidelines to the Board of Directors for approval.

## **11. Periodic Review of These Principles**

These Principles will be reviewed annually by the Nominating & Corporate Governance Committee and may be amended by the Board from time to time.

## Duties and Responsibilities of the Lead Director of the Board of Directors of Johnson & Johnson

<i>Board Agendas, Information and Schedules</i>	<ul style="list-style-type: none"><li>• Approves information sent to the Board and determines timeliness of information flow from management.</li><li>• Periodically provides feedback on quality and quantity of information flow from management.</li><li>• Participates in setting, and ultimately approves, the agenda for each Board meeting.</li><li>• Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items.</li><li>• With the Chair/CEO, determines who attends Board meetings, including management and outside advisors.</li></ul>
<i>Committee Agendas and Schedules</i>	<ul style="list-style-type: none"><li>• Reviews in advance the schedule of committee meetings.</li><li>• Monitors flow of information from Committee Chairs to the full Board.</li></ul>
<i>Board Executive Sessions</i>	<ul style="list-style-type: none"><li>• Has the authority to call meetings and Executive Sessions of the Independent Directors.</li><li>• Presides at all meetings of the Board at which the Chair/CEO is not present, including Executive Sessions of the Independent Directors.</li></ul>
<i>Communicating with Management</i>	<ul style="list-style-type: none"><li>• After each Executive Session of the Independent Directors, communicates with the Chair/CEO to provide feedback and also to effectuate the decisions and recommendations of the Independent Directors.</li><li>• Acts as liaison between the Independent Directors and the Chair/CEO and management on a regular basis and when special circumstances exist or communication out of the ordinary course is necessary.</li></ul>
<i>Communicating with Stakeholders</i>	<ul style="list-style-type: none"><li>• As necessary, meets with major shareholders or other external parties, after discussions with the Chair/CEO.</li><li>• Is regularly apprised of inquiries from shareholders and involved in correspondence responding to these inquiries.</li><li>• Under the Board's guidelines for handling shareholder and employee communications to the Board, is advised promptly of any communications directed to the Board or any member of the Board that allege misconduct on the part of company management, or raise legal, ethical or compliance concerns about company policies or practices.</li></ul>
<i>Chair and CEO Performance Evaluations</i>	<ul style="list-style-type: none"><li>• Leads the annual performance evaluation of the Chair/CEO, distinguishing as necessary between performance as Chair and performance as CEO.</li></ul>
<i>Board Performance Evaluation</i>	<ul style="list-style-type: none"><li>• Leads the annual performance evaluation of the Board.</li></ul>
<i>New Board Member Recruiting</i>	<ul style="list-style-type: none"><li>• Interviews Board candidates, as appropriate.</li></ul>
<i>CEO Succession</i>	<ul style="list-style-type: none"><li>• Leads the CEO succession planning process.</li></ul>
<i>Crisis Management</i>	<ul style="list-style-type: none"><li>• Plays an increased role in crisis management oversight, as appropriate.</li></ul>



*Limits on Leadership  
Positions of Other  
Boards*

- May only serve as chair, lead or presiding director, or similar role, or as CEO or similar role at another public company if approved by the full Board upon recommendation from the Nominating & Corporate Governance Committee.

## **Standards of Independence for Board of Directors of Johnson & Johnson**

As contemplated under the Rules of the New York Stock Exchange, the Board of Directors of Johnson & Johnson (the “Company”) has adopted these Standards of Independence in order to assist it in making determinations of independence.

- (A) *No Material Relationships with the Company.* No Director qualifies as “independent” unless the Board of Directors affirmatively determines that the Director has no material relationship with Johnson & Johnson (other than in his or her capacity as a Director). In making such determinations, the Board will broadly consider all relevant facts and circumstances. In particular, when assessing the materiality of a Director’s relationship with the Company, the Board should consider the issue not merely from the standpoint of the Director, but also from that of persons or organizations with which the Director has an affiliation.
- (B) *Business Relationships.* The New York Stock Exchange has identified specific relationships that automatically preclude a Director from being considered independent. Pursuant to the requirements of the New York Stock Exchange:
- (i) A Director who is an employee, or whose immediate family member is an executive officer, of Johnson & Johnson is not independent until three years after the end of such employment relationship;
  - (ii) A Director who receives, or whose immediate family member receives, more than \$120,000 during any 12-month period in direct compensation from Johnson & Johnson, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to have received more than \$120,000 during any such 12-month period in compensation (provided that this paragraph (B) (ii) shall not include compensation received by an immediate family member for service as an employee of the Company, unless such immediate family member serves as an executive officer);
  - (iii) A Director who is currently employed by or a Partner of, or whose immediate family member is currently a Partner of, the internal or external auditor of Johnson & Johnson is not “independent.” A Director whose immediate family member is currently employed by the internal or external auditor of Johnson & Johnson and who personally works on the Company’s audit is not “independent.” A Director who has been, or who has an immediate family member who has been, a Partner or employee of such internal or external auditor and personally worked on the Company’s audit is not “independent” until three years after the completion of the audit;

- (iv) A Director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of Johnson & Johnson's present executive officers at the same time serve or served on that company's compensation committee is not "independent" until three years after the end of such service or the employment relationship; and
- (v) A Director who is an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, Johnson & Johnson for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1,000,000, or two percent (2%) of such other company's consolidated gross revenues, is not "independent" until three years after falling below such threshold.

(C) *Charitable Relationships.*

- (i) The Board recognizes that the relationship between the Company and a charitable (i.e., tax exempt) organization of which a Director serves as an executive officer, director or trustee could be deemed to be a material relationship. For purposes of these Standards of Independence, such a relationship will not be considered a "material relationship" if the Company's contributions to any such organization in each of the past three fiscal years are equal to or less than two percent (2%) (or \$1,000,000, if greater) of that organization's consolidated gross revenues. (The amount of any "match" of Director or employee charitable contributions will not be included in calculating the amount of the Company's contributions for this purpose.)
- (ii) For charitable relationships that do not fall within the guidelines in paragraph (C)(i) above, the determination as to whether a Director has a material relationship with the Company, and therefore may not be independent, will be made in good faith by the other Directors who satisfy all of these Standards of Independence. For example, if a Director is an officer of a charitable foundation that receives greater than two percent (2%) of its revenues from Johnson & Johnson, the other independent Directors could determine, after considering all of the relevant circumstances, that such relationship was nonetheless not material, and that the Director could therefore be considered independent. If the independent Directors so determine that any such charitable relationship is not material and would not otherwise impair the Director's independence or judgment, then the Company will disclose in its next proxy statement the basis for such determination.

(D) *Other Relationships.* In addition to the business and charitable relationships described in paragraphs (B) and (C) above, the Board should consider any other relationships between each Director and the Company, including:

- If the Director provides banking, consulting, legal, accounting or similar services to the Company;

- If the Director is a partner or shareholder with an ownership interest of 5% or more of any organization that provides such services to or otherwise has a significant relationship with the Company; and
- If a similar relationship exists between the Company and an immediate family member of the Director.

Any such relationship will not be deemed a material relationship if such relationship is at arm's length, does not conflict with the interests of the Company and would not impair the Director's independence or judgment.

- (E) *Definitions.* As used in these Standards of Independence, the terms "Company" and "Johnson & Johnson" will be deemed to include Johnson & Johnson and any subsidiaries in a consolidated group with Johnson & Johnson, except that an "executive officer" of Johnson & Johnson shall be deemed to refer only to an individual who is an executive officer of Johnson & Johnson, the parent company; the term "immediate family member" of a Director will mean his or her spouse, parents, children, siblings, mother- and father-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than domestic employees) who share such Director's home, but does not include adult stepchildren who do not share a stepparent's home or the in-laws of such stepchildren.

## **General Criteria for Nomination to the Board of Directors of Johnson & Johnson**

1. Directors should be of the highest ethical character and share the values of Johnson & Johnson as reflected in the Credo.
2. Directors should have reputations, both personal and professional, consistent with the image and reputation of Johnson & Johnson.
3. Directors should be highly accomplished in their respective fields, with superior credentials and recognition.
4. In selecting Directors, the Board should generally seek active and former chief executive officers of public companies and leaders of major complex organizations, including scientific, government, educational and other non-profit institutions.
5. At the same time, in recognition of the fact that the foundation of the Company is in medical science and technology, the Board should also seek some Directors who are widely recognized as leaders in the fields of medicine or the biological sciences, including those who have received the most prestigious awards and honors in their field.
6. Each Director should have relevant expertise and experience, and be able to offer advice and guidance to the Chief Executive Officer based on that expertise and experience.
7. All outside Directors on the Board should be and remain “independent,” not only as that term may be legally defined in SEC and New York Stock Exchange rules and regulations, but also without the appearance of any conflict in serving as a Director. In addition, Directors should be independent of any particular constituency and be able to represent all shareholders of the Company.
8. Each Director should have the ability to exercise sound business judgment.
9. Directors should be selected so that the Board of Directors is a diverse body, with diversity reflecting differences in skills, regional and industry experience, background, race, ethnicity, gender and other unique characteristics. Accordingly, the Board is committed to seeking out highly qualified women and minority candidates as well as candidates with diverse backgrounds, skills and experiences as part of the search process for each Director.
10. The Board also reconfirms the mandatory retirement age of 72.

Approved: January 17, 2017

## **Director Resignation Policy for Incumbent Directors in Uncontested Elections**

Under the Company's By-Laws and in accordance with New Jersey law, a Director's term extends until his or her successor is duly elected and qualified, or until he or she resigns or is removed from office, with cause, by a majority vote of shareholders entitled to vote. Thus, an incumbent Director who fails to receive the required vote for re-election at the Company's Annual Meeting of Shareholders would continue serving as a Director (sometimes referred to as a "holdover" director), generally until the next meeting of shareholders.

In order to address the situation where an incumbent member of the Company's Board of Directors receives more votes "against" his or her re-election than votes "for" his or her re-election (hereinafter referred to as a "Majority Against Vote") in an uncontested election of Directors, the Board has adopted a policy whereby such incumbent Director receiving a Majority Against Vote must promptly tender an offer of his or her resignation following certification of the shareholder vote.

The Nominating & Corporate Governance Committee will consider and recommend to the Board whether to accept the resignation offer. Following the recommendation of the Nominating & Corporate Governance Committee, the independent members of the Board will decide the action to take with respect to the offer of resignation within 90 days following certification of the shareholder vote.

The Nominating & Corporate Governance Committee and Board of Directors will evaluate any such tendered resignation in the best interests of the Company and its shareholders. When deciding the action to take, the Board could accept or turn down the offer of resignation or decide to pursue additional actions such as the following:

- allow the incumbent Director to remain on the Board but not be nominated for re-election to the Board at the next election of Directors;
- defer acceptance of the resignation until such vacancy can be filled by the Board of Directors in accordance with the Company's By-Laws with a replacement Director with certain necessary qualifications held by the subject incumbent Director (for example, audit committee financial expertise); or
- defer acceptance of the resignation if the incumbent Director can cure the underlying cause of the Majority Against Vote within a specified period of time (for example, if the withheld votes were due to another board directorship, by resigning from that other board).

The Board's decision will be disclosed in a Form 8-K furnished by the Company to the SEC within four business days of the decision. If the Board has decided to turn down the tendered resignation, or to pursue any additional action (as described above or otherwise), then the Form 8-K will fully disclose the Board's reasons for doing so.

Any incumbent Director who offers his or her resignation pursuant to this provision will not participate in any discussions with or actions by either the Nominating & Corporate

Governance Committee or the Board of Directors with respect to accepting or turning down his or her own resignation offer, but will otherwise continue to serve as a Director during this period. However, if enough members of the Nominating & Corporate Governance Committee receive a Majority Against Vote in the same uncontested election, so that a quorum of the Nominating & Corporate Governance Committee cannot be attained, then the other independent Directors who received a greater number of votes “for” than “against” in that election will be asked to consider and decide whether to accept the resignation offer of each incumbent Director who received a Majority Against Vote. If only three or fewer independent Directors did not receive a Majority Against Vote in the same election, then all independent Directors may participate in any discussions or actions with respect to accepting or turning down the resignation offers (except that no Director will vote to accept or turn down his or her own resignation offer).

For purposes of this Policy, an “uncontested election” will be any election of Directors where the number of nominees for election is less than or equal to the number of Directors to be elected.