



Energy Efficiency Conference - April 2010

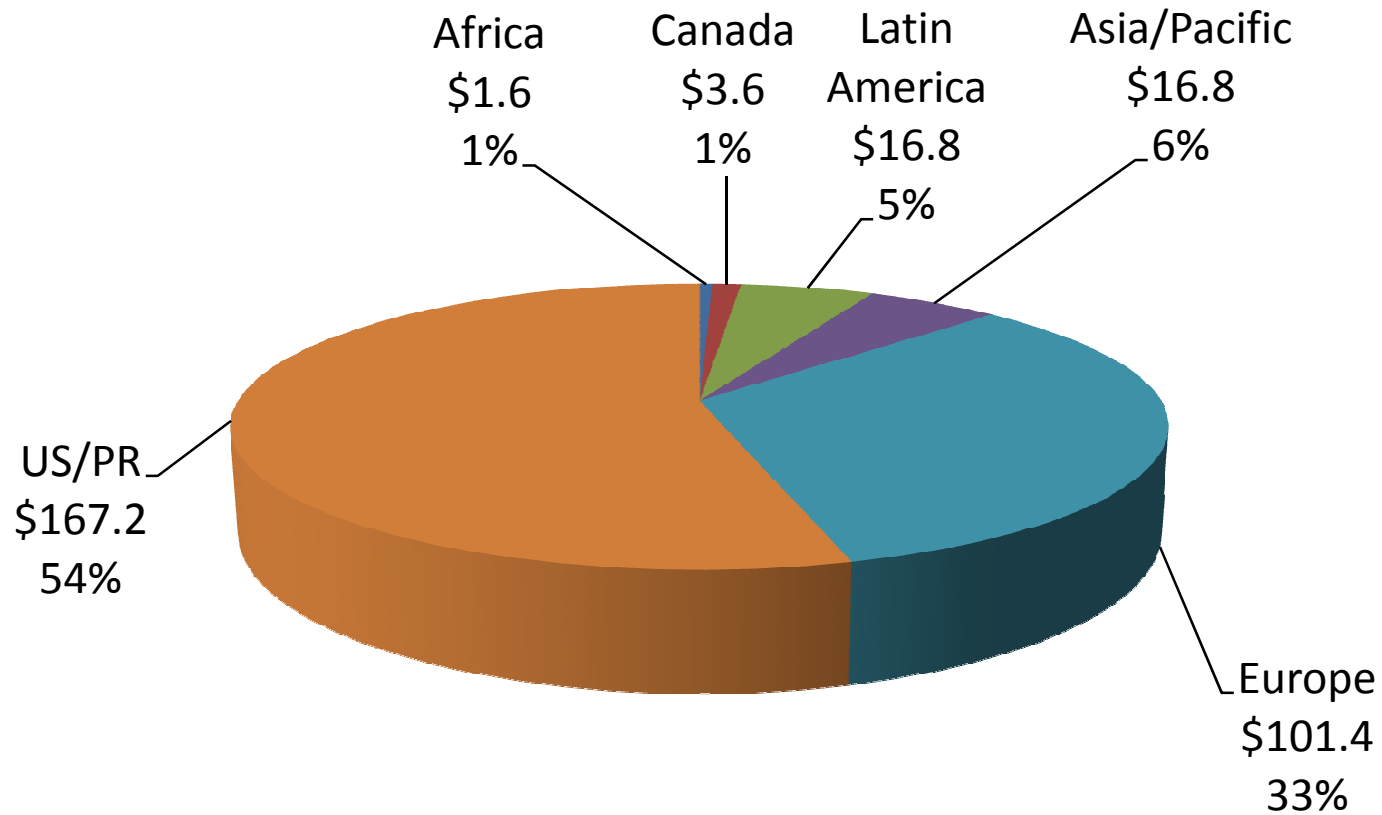
From Shop Floor to Top Floor: Best Business Practices in Energy Efficiency

**Financial Barriers: Show me the Money!
Overcoming Financial Barriers to Energy Efficiency**

**Dan Usas
Global Energy Manager**



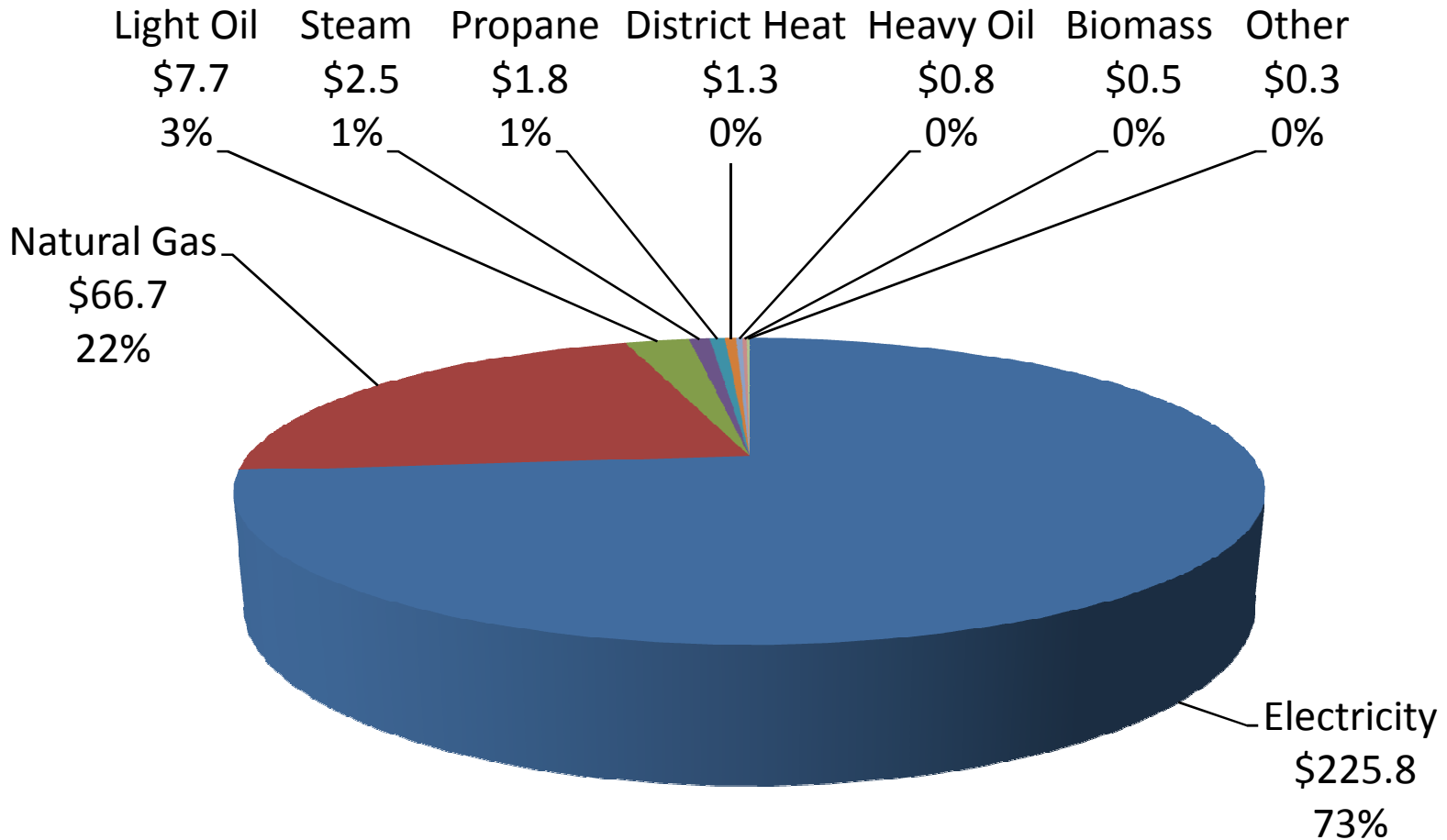
2009 ENERGY COSTS BY REGION (Million)



TOTAL ENERGY COSTS: \$307.4 MILLION



2009 ENERGY COSTS BY TYPE WORLDWIDE (Million)



TOTAL ENERGY COSTS: \$307.4 MILLION



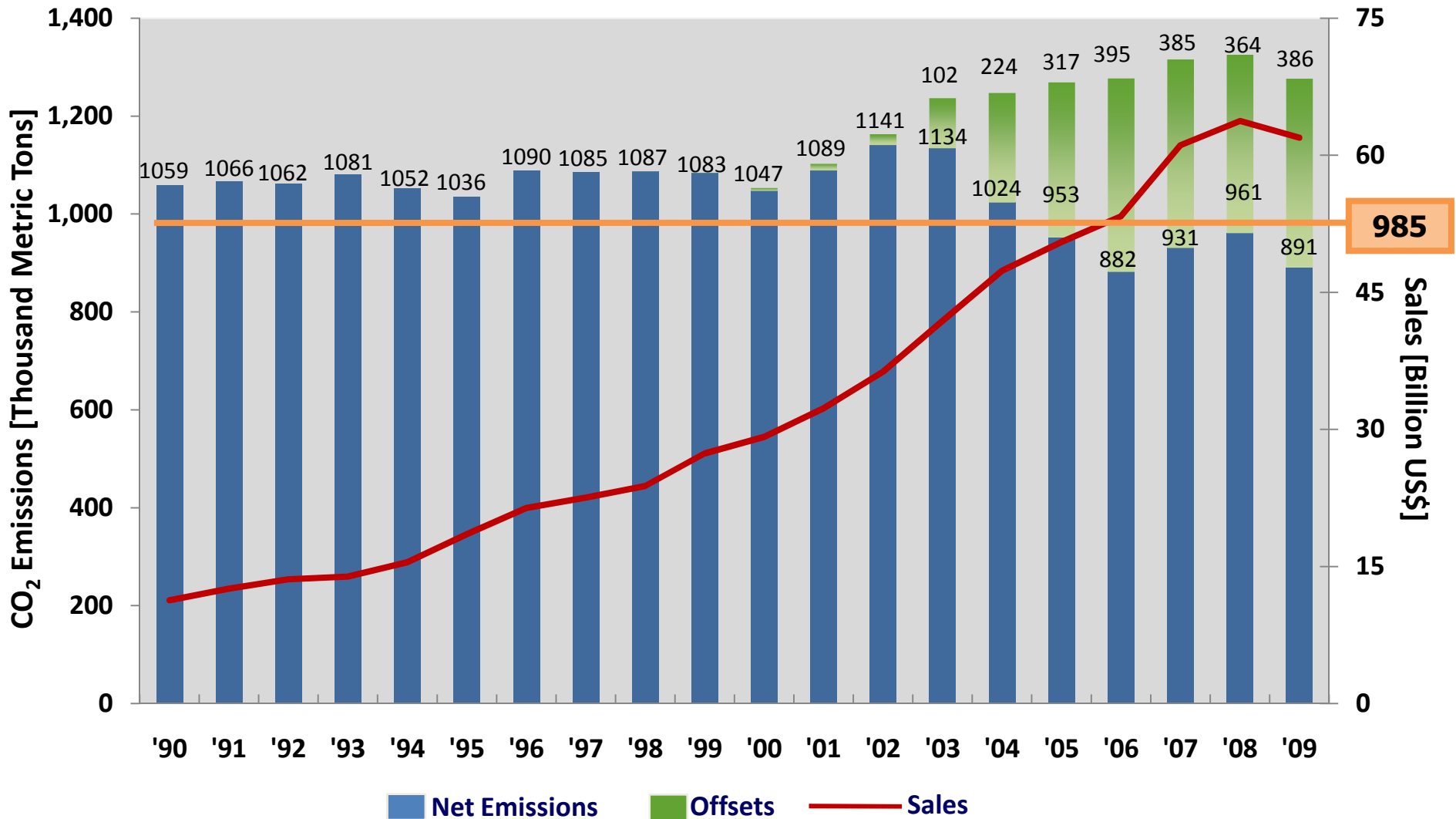
CO₂ Reduction Strategy

- Energy Efficiency – Best Practices
- On-site cogeneration
- On-site renewables: solar, biomass, landfill gas
- Green power purchases
- Carbon offsets



Worldwide Results
CO₂ Emissions 1990-2009 vs. Sales

2010 Goal: -7%
2009 Status: -15.9%

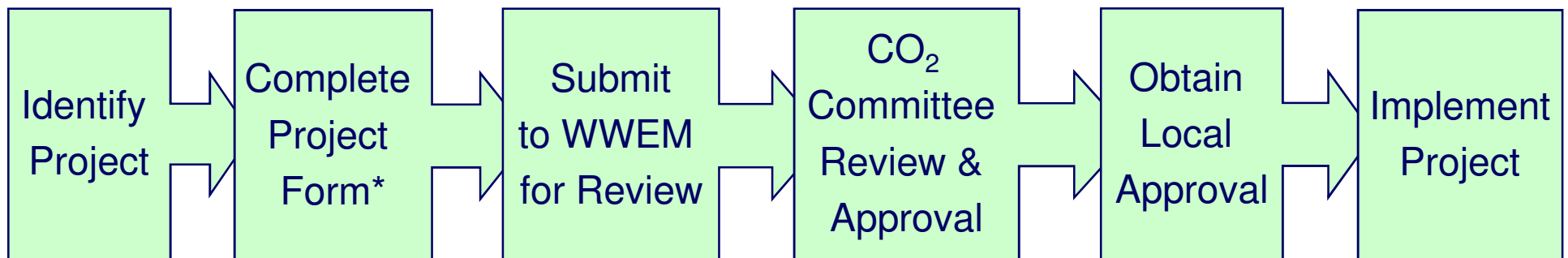


985



J&J Group Finance CO₂ Capital Funding Process August, 2004

- \$40 million per year in capital relief for Projects Worldwide
- Projects provide good financial returns: 15% Internal Rate of Return
- Projects >\$500K Capital (Bundling Allowed)
- Projects provide meaningful CO₂ reduction: \$1000/Metric Ton
- 2010 Budget Increased to \$71 million
- Continued endorsement by CFO & Group Finance Team



*Must include Finance Approved IRR Calculation



Our Credo

Johnson & Johnson

CO₂ Reduction Project Summary

Company	Ortho-McNeil Pharm USA	Project Type	CHP: Combined Heat & Power
Operating Group	Pharmaceuticals & Nutritionals	Description	1 - 4.6MW, 13,500#/hr Solar Mercury
Address	1000 Route 202	Start Date	15-Nov-04
City	Raritan	Completion Date	31-Dec-05
State	NJ	Project Life [years]	20
Country	UNITED STATES		

	2005	2006	2007	2008	2009	2010	Total (2005-2010)
Appropriation Capital [US\$]	\$350,000	\$2,150,000	\$6,300,000	\$0	\$0	\$0	\$8,800,000
Appropriation Expense [US\$]	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Cost [US\$]	\$350,000	\$2,150,000	\$6,300,000	\$0	\$0	\$0	\$8,800,000
CO ₂ Reduction [tons CO ₂]	0	0	7,048	7,048	7,048	7,048	28,192
Capital Cost/CO ₂ Reduction [US\$ / tons CO ₂]	-	#DIV/0!	\$894	\$0	\$0	\$0	\$312
Internal Rate of Return (IRR)							15.0%

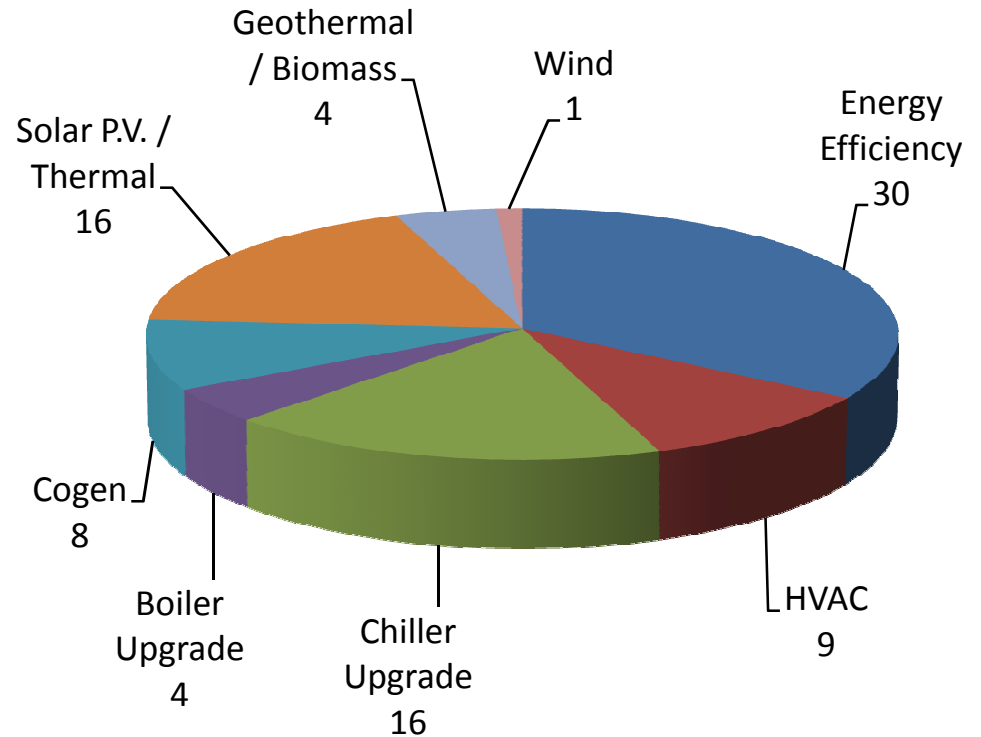
	2005	2006	2007	2008	2009	2010	Total (2005-2010)
Electricity Usage Savings [kWh]	0	33,638,184	33,638,184	33,638,184	33,638,184	33,638,184	168,190,920
Fuel Usage Savings	0	216,579	216,579	216,579	216,579	216,579	1,082,695
Fuel Type							Natural Gas
Electricity Unit Cost [US\$ per kWh]	\$0.084	\$0.092	\$0.092	\$0.095	\$0.098	\$0.101	\$0.094
Fuel Unit Cost [US\$ per unit]	\$7.910	\$8.150	\$8.390	\$8.640	\$8.900	\$9.170	\$8.527
Electricity Cost Savings [US\$]	\$0	\$3,094,713	\$3,094,713	\$3,195,627	\$3,296,542	\$3,397,457	\$16,079,052
Fuel Cost Savings [US\$]	\$0	\$1,765,119	\$1,817,098	\$1,871,243	\$1,927,553	\$1,986,029	\$9,367,042
Total Energy Cost Savings [US\$]	\$0	\$1,329,594	\$1,277,615	\$1,324,385	\$1,368,989	\$1,411,427	\$6,712,010

Comments
 Total project cost assumes a \$1MM rebate from NJ BPU through the Clean Energy Program, which this project has a good chance of receiving. Without the rebate, Capital Cost/CO₂ Reduction is \$376 and IRR = 13.7%.



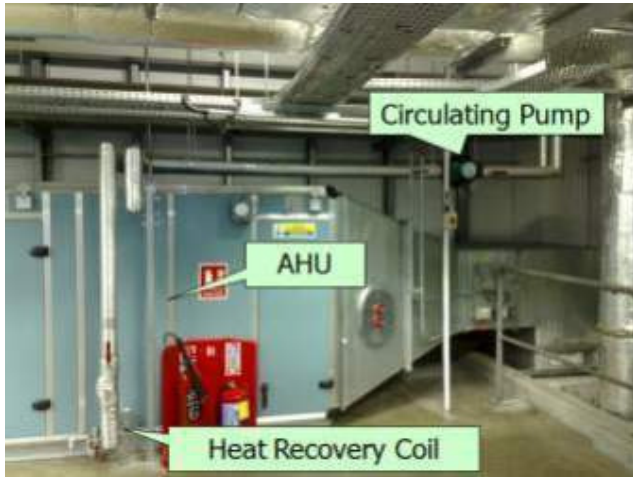
CO₂ Reduction Projects (2/23/10)

- 88 projects approved
- \$208.7 million US
- 141,631 metric tons CO₂/yr
- Average IRR: 18.8%
- 62 Projects Complete



	2005	2006	2007	2008	2009	2010	2011
Actual Spending [\$ MM]	\$21.4	\$26.4	\$38.3	\$12.0	\$44.0	\$62.3	\$4.4





Alza
Cashel, Ireland
HVAC – Heat Recovery

Janssen
Beerse, Belgium
Stack Gas Economizer



Healthcare Systems
Memphis, TN
Cool Roof Coating



Ethicon
Cornelia, GA
Boiler Upgrade

PRD
High Wycombe, UK
Ammonia Chillers



Cogeneration Projects



OCD
Raritan, NJ

1.6 mW Kawasaki
Gas Fired Turbine



Ortho-McNeil
Raritan, NJ

3.0 mW Jenbacher
Reciprocating engine

Biomass Projects



Cilag, Schaffhausen, Switzerland
Wood Chip Boiler
350 kW boiler



Centocor Cork, Ireland
Biomass Boiler
2.1 mW boiler



ALZA
Mountain View, CA
Landfill Gas Generation
3 mW of electrical power



DePuy - St. Priest, France
Geothermal Heating / Cooling System



Vistakon – Limerick, Ireland
Geothermal Cooling System



Solar PV Projects

Over 4 MW installed, 8 MW of new solar PV capacity is underway in 2009-2010;
tripling our capacity



**Johnson & Johnson Consumer Companies
Skillman, NJ—505 kW**



Questions?