

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measures

<i>(Dollars in Millions Except Per Share Data)</i>	Fourth Quarter		% Incr. / (Decr.)	Twelve Months		% Incr. / (Decr.)
	2015	2014		2015	2014	
Earnings before provision for taxes on income - as reported	\$ 3,758	2,703	39.0 %	\$ 19,196	20,563	(6.6) %
Intangible asset amortization expense	301	371		1,570	1,630	
Restructuring ⁽¹⁾	590	-		590	-	
In-process research and development	214	156		224	178	
Synthes integration costs	83	325		196	754	
DePuy ASR™ Hip program	-	-		148	126	
Litigation expense, net	-	692		141	1,253	
Ortho-Clinical Diagnostics divestiture net (gain)/expense	(33)	49		(62)	(1,899)	
Additional year of Branded Prescription Drug Fee	-	-		-	220	
Earnings before provision for taxes on income - as adjusted	<u>\$ 4,913</u>	<u>4,296</u>	<u>14.4 %</u>	<u>\$ 22,003</u>	<u>22,825</u>	<u>(3.6) %</u>
Net Earnings - as reported	\$ 3,215	2,521	27.5 %	\$ 15,409	16,323	(5.6) %
Intangible asset amortization expense	220	275		1,113	1,213	
Restructuring	415	-		415	-	
In-process research and development	156	115		162	131	
Synthes integration costs	59	237		144	555	
DePuy ASR™ Hip program	-	-		130	111	
Litigation expense, net	-	652		118	1,225 ⁽²⁾	
Ortho-Clinical Diagnostics divestiture net (gain)/expense	(22)	87		(46)	(1,062)	
Additional year of Branded Prescription Drug Fee	-	-		-	220	
Tax benefit associated with Conor Medsystems	-	-		-	(398)	
Net Earnings - as adjusted	<u>\$ 4,043</u>	<u>3,887</u>	<u>4.0 %</u>	<u>\$ 17,445</u>	<u>18,318</u>	<u>(4.8) %</u>
Diluted Net Earnings per share - as reported	\$ 1.15	0.89	29.2 %	\$ 5.48	5.70	(3.9) %
Intangible asset amortization expense	0.07	0.10		0.39	0.42	
Restructuring	0.15	-		0.15	-	
In-process research and development	0.06	0.04		0.06	0.04	
Synthes integration costs	0.02	0.08		0.05	0.19	
DePuy ASR™ Hip program	-	-		0.05	0.04	
Litigation expense, net	-	0.23		0.04	0.43	
Ortho-Clinical Diagnostics divestiture net (gain)/expense	(0.01)	0.03		(0.02)	(0.37)	
Additional year of Branded Prescription Drug Fee	-	-		-	0.08	
Tax benefit associated with Conor Medsystems	-	-		-	(0.14)	
Diluted Net Earnings per share - as adjusted	<u>\$ 1.44</u>	<u>1.37</u>	<u>5.1 %</u>	<u>\$ 6.20</u>	<u>6.39</u>	<u>(3.0) %</u>
Operational Diluted Net Earnings per share - as adjusted*	<u>\$ 1.54</u>	<u>1.37</u>	<u>12.4 %</u>	<u>\$ 6.76</u>	<u>6.39</u>	<u>5.8 %</u>

*Excludes the effect of translational currency

⁽¹⁾ Includes \$81 million recorded in cost of products sold

⁽²⁾ Includes adjustment to deferred tax asset related to deductibility by tax jurisdiction

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Reconciliation of Non-GAAP Financial Measure

Operational Sales Growth Excluding Acquisitions, Divestitures and Hepatitis C Sales ⁽¹⁾

FOURTH QUARTER 2015 ACTUAL vs. 2014 ACTUAL

Segments

	<u>Consumer</u>	<u>Pharmaceutical</u>	<u>Medical Devices</u>	<u>Total</u>
	Operational % ⁽²⁾			
WW As Reported:	1.8%	6.5%	3.4%	4.4%
U.S.	(4.9)%	12.7%	6.7%	8.0%
International	5.5%	(0.9)%	0.6%	1.2%
Wound Care/Other				
SPLENDA ®	2.6			0.5
U.S.	6.5			1.0
International	0.3			0.1
Wound Care / Other				
BENECOL ®	0.3			0.1
U.S.	0.1			0.0
International	0.5			0.1
Diagnostics				
Ortho-Clinical Diagnostics			(0.3)	(0.1)
U.S.			0.0	0.0
International			(0.5)	(0.2)
Cardiovascular				
Cordis			2.6	0.9
U.S.			1.3	0.5
International			3.6	1.3
Other Neuroscience				
NUCYNTA ®		0.5		0.2
U.S.		1.1		0.5
International		0.0		0.0
All Other Acquisitions and Divestitures			0.1	0.1
U.S.			0.0	0.0
International			0.2	0.1
WW Ops excluding Acquisitions and Divestitures	4.7%	7.0%	5.8%	6.1%
U.S.	1.7%	13.8%	8.0%	10.0%
International	6.3%	(0.9)%	3.9%	2.6%
Hepatitis C		4.1		1.7
U.S.		7.2		3.4
International		0.7		0.3
WW Ops excluding Hepatitis C only		10.6%		6.1%
U.S.		19.9%		11.4%
International		(0.2)%		1.5%
WW Ops excluding Acquisitions, Divestitures and Hepatitis C	4.7%	11.1%	5.8%	7.8%
U.S.	1.7%	21.0%	8.0%	13.4%
International	6.3%	(0.2)%	3.9%	2.9%

⁽¹⁾ Hepatitis C products include OLYSIO ® /SOVRIAD ® and INCIVO ®

⁽²⁾ Operational growth excludes the effect of translational currency

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Operational Sales Growth Excluding Acquisitions, Divestitures and Hepatitis C Sales ⁽¹⁾

TWELVE MONTHS 2015 ACTUAL vs. 2014 ACTUAL

	Segments			Total
	Consumer	Pharmaceutical	Medical Devices	
	Operational % ⁽²⁾			
WW As Reported:	2.7%	4.2%	(1.4)%	1.8%
U.S.	2.5%	5.2%	(1.0)%	2.6%
International	2.7%	3.0%	(1.7)%	1.1%
Wound Care/Other				
SPLENDA ®	0.6			0.1
U.S.	1.7			0.2
International	0.1			0.0
Women's Health				
K-Y ®	0.3			0.1
U.S.	0.4			0.1
International	0.2			0.0
Wound Care / Other				
BENECOL ®	0.6			0.1
U.S.	0.0			0.0
International	0.9			0.2
Diagnostics				
Ortho-Clinical Diagnostics			3.2	1.2
U.S.			3.9	1.4
International			2.6	1.0
Cardiovascular				
Cordis			0.6	0.3
U.S.			0.4	0.2
International			0.9	0.4
Other Neuroscience				
NUCYNTA ®		0.3		0.2
U.S.		0.6		0.3
International		0.0		0.0
All Other Acquisitions and Divestitures				
	(0.1)		0.1	0.0
U.S.	0.0		0.0	0.0
International	(0.1)		0.2	0.1
WW Ops excluding Acquisitions and Divestitures				
	4.1%	4.5%	2.5%	3.8%
U.S.	4.6%	5.8%	3.3%	4.8%
International	3.8%	3.0%	2.0%	2.8%
Hepatitis C				
		6.5		2.7
U.S.		12.3		5.8
International		0.3		0.2
WW Ops excluding Hepatitis C only				
		10.7%		4.5%
U.S.		17.5%		8.4%
International		3.3%		1.3%
WW Ops excluding Acquisitions, Divestitures and Hepatitis C				
	4.1%	11.0%	2.5%	6.5%
U.S.	4.6%	18.1%	3.3%	10.6%
International	3.8%	3.3%	2.0%	3.0%

⁽¹⁾ Hepatitis C products include OLYSIO ® /SOVRIAD ® and INCIVO ®

⁽²⁾ Operational growth excludes the effect of translational currency

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Income Before Tax by Segment*
Dollars in Millions

	Consumer		Pharmaceutical		Medical Devices		Unallocated		Worldwide Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Reported Income Before Tax by Segment % to Sales	\$ 1,787 13.2%	1,941 13.4%	11,734 37.3%	11,696 36.2%	6,826 27.2%	7,953 28.9%	(1,151) -1.6%	(1,027) -1.4%	19,196 27.4%	20,563 27.7%
Intangible asset amortization expense	142	209	193	490	1,235	931	-	-	1,570	1,630
Restructuring	-	-	-	-	590	-	-	-	590	-
In-process research & development	-	-	214	147	10	31	-	-	224	178
Synthes integration costs	-	-	-	-	196	754	-	-	196	754
DePuy ASR™ Hip program	-	-	-	-	148	126	-	-	148	126
Litigation expense, net	-	87	136	259	5	907	-	-	141	1,253
Ortho-Clinical Diagnostics divestiture net gain	-	-	-	-	(62)	(1,899)	-	-	(62)	(1,899)
Additional year of Branded Prescription Drug Fee	-	-	-	220	-	-	-	-	-	220
Adjusted Income Before Tax by Segment % to Sales	\$ <u>1,929</u> 14.3%	<u>2,237</u> 15.4%	<u>12,277</u> 39.1%	<u>12,812</u> 39.6%	<u>8,948</u> 35.6%	<u>8,803</u> 32.0%	<u>(1,151)</u> -1.6%	<u>(1,027)</u> -1.4%	<u>22,003</u> 31.4%	<u>22,825</u> 30.7%

*Estimated as of 1/26/16.