

Johnson & Johnson and Subsidiaries  
Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

FOURTH QUARTER

|   | 2016     |                  | 2015     |                  | Percent Increase<br>(Decrease) |
|---|----------|------------------|----------|------------------|--------------------------------|
|   | Amount   | Percent to Sales | Amount   | Percent to Sales |                                |
| Sales to customers  | \$18,106 | 100.0            | \$17,811 | 100.0            | 1.7                            |
| Cost of products sold   | 5,534    | 30.5             | 5,673    | 31.8             | (2.5)                          |
| Selling, marketing and administrative expenses                                      | 5,309    | 29.3             | 5,891    | 33.1             | (9.9)                          |
| Research and development expense  | 2,640    | 14.6             | 2,864    | 16.1             | (7.8)                          |
| In-process research and development   | -        | -                | 214      | 1.2              |                                |
| Interest (income) expense, net  | 84       | 0.5              | 107      | 0.6              |                                |
| Other (income) expense, net   | 20       | 0.1              | (1,205)  | (6.8)            |                                |
| Restructuring   | 195      | 1.1              | 509      | 2.9              |                                |
| Earnings before provision for taxes on income                                       | 4,324    | 23.9             | 3,758    | 21.1             | 15.1                           |
| Provision for taxes on income   | 510      | 2.8              | 543      | 3.0              | (6.1)                          |
| Net earnings  | \$ 3,814 | 21.1             | \$ 3,215 | 18.1             | 18.6                           |
| Net earnings per share (Diluted)  | \$ 1.38  |                  | \$ 1.15  |                  | 20.0                           |
| Average shares outstanding (Diluted)  | 2,764.5  |                  | 2,803.3  |                  |                                |
| Effective tax rate  | 11.8 %   |                  | 14.4 %   |                  |                                |
| <b>Adjusted earnings before provision for taxes and net earnings <sup>(1)</sup></b> |          |                  |          |                  |                                |
| Earnings before provision for taxes on income                                       | \$ 5,103 | 28.2             | \$ 4,913 | 27.6             | 3.9                            |
| Net earnings  | \$ 4,361 | 24.1             | \$ 4,043 | 22.7             | 7.9                            |
| Net earnings per share (Diluted)  | \$ 1.58  |                  | \$ 1.44  |                  | 9.7                            |
| Effective tax rate  | 14.5 %   |                  | 17.7 %   |                  |                                |

<sup>(1)</sup> See Reconciliation of Non-GAAP Financial Measures.

**Johnson & Johnson and Subsidiaries**  
**Condensed Consolidated Statement of Earnings**

(Unaudited; in Millions Except Per Share Figures)

TWELVE MONTHS

|   | 2016     |                  | 2015     |                  | Percent Increase<br>(Decrease) |
|---|----------|------------------|----------|------------------|--------------------------------|
|   | Amount   | Percent to Sales | Amount   | Percent to Sales |                                |
| Sales to customers  | \$71,890 | 100.0            | \$70,074 | 100.0            | 2.6                            |
| Cost of products sold   | 21,685   | 30.2             | 21,536   | 30.7             | 0.7                            |
| Selling, marketing and administrative expenses                                      | 19,945   | 27.7             | 21,203   | 30.3             | (5.9)                          |
| Research and development expense  | 9,095    | 12.7             | 9,046    | 12.9             | 0.5                            |
| In-process research and development   | 29       | 0.0              | 224      | 0.3              |                                |
| Interest (income) expense, net  | 358      | 0.5              | 424      | 0.6              |                                |
| Other (income) expense, net   | 484      | 0.7              | (2,064)  | (2.9)            |                                |
| Restructuring   | 491      | 0.7              | 509      | 0.7              |                                |
| Earnings before provision for taxes on income                                       | 19,803   | 27.5             | 19,196   | 27.4             | 3.2                            |
| Provision for taxes on income   | 3,263    | 4.5              | 3,787    | 5.4              | (13.8)                         |
| Net earnings  | \$16,540 | 23.0             | \$15,409 | 22.0             | 7.3                            |
| Net earnings per share (Diluted)  | \$ 5.93  |                  | \$ 5.48  |                  | 8.2                            |
| Average shares outstanding (Diluted)  | 2,788.9  |                  | 2,812.9  |                  |                                |
| Effective tax rate  | 16.5 %   |                  | 19.7 %   |                  |                                |
| <b>Adjusted earnings before provision for taxes and net earnings <sup>(1)</sup></b> |          |                  |          |                  |                                |
| Earnings before provision for taxes on income                                       | \$22,759 | 31.7             | \$22,003 | 31.4             | 3.4                            |
| Net earnings  | \$18,764 | 26.1             | \$17,445 | 24.9             | 7.6                            |
| Net earnings per share (Diluted)  | \$ 6.73  |                  | \$ 6.20  |                  | 8.5                            |
| Effective tax rate  | 17.6 %   |                  | 20.7 %   |                  |                                |

<sup>(1)</sup> See Reconciliation of Non-GAAP Financial Measures.