

JOHNSON & JOHNSON

FORM 8-K (Current report filing)

Filed 07/18/17 for the Period Ending 07/18/17

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| Address | ONE JOHNSON & JOHNSON PLZ NEW BRUNSWICK, NJ 08933 |
| Telephone | 732-524-2455 |
| CIK | 0000200406 |
| Symbol | JNJ |
| SIC Code | 2834 - Pharmaceutical Preparations |
| Industry | Pharmaceuticals |
| Sector | Healthcare |
| Fiscal Year | 01/01 |

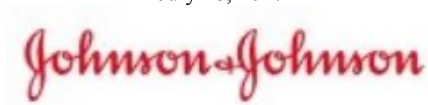
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported):

July 18, 2017



(Exact name of registrant as specified in its charter)

New Jersey
(State or Other Jurisdiction of
Incorporation)

I-3215
(Commission File Number)

22-1024240
(IRS Employer Identification No.)

One Johnson & Johnson Plaza, New Brunswick, New Jersey 08933

(Address of Principal Executive Offices)
(Zip Code)

Registrant's telephone number, including area code:
732-524-0400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On July 18, 2017, Johnson & Johnson issued the attached press release announcing its sales and earnings for the second quarter ended July 2, 2017.

Item 9.01 Financial Statements and Exhibits

| Exhibit No. | Description of Exhibit |
|-------------|---|
| 99.15 | Press Release dated July 18, 2017 for the period ended July 2, 2017. |
| 99.20 | Unaudited Comparative Supplementary Sales Data and Condensed Consolidated Statement of Earnings for the second quarter. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Johnson & Johnson
(Registrant)

Date: July 18, 2017

By: /s/ Ronald A. Kapusta
Ronald A. Kapusta
Controller
(Principal Accounting Officer)

Johnson & Johnson Reports 2017 Second-Quarter Results:

2017 Second-Quarter Sales of \$18.8 Billion Increased 1.9% versus 2016

2017 Second-Quarter EPS was \$1.40

2017 Adjusted Second-Quarter EPS of \$1.83 Increased 5.2%*

Full-Year Adjusted EPS Guidance Increased to a Range of \$7.12 to \$7.22

New Brunswick, N.J. (July 18, 2017) - Johnson & Johnson (NYSE: JNJ) today announced sales of \$18.8 billion for the second quarter of 2017, an increase of 1.9% as compared to the second quarter of 2016. Operational sales results increased 2.9% and the negative impact of currency was 1.0%. Domestic sales increased 1.6%. International sales increased 2.3%, reflecting operational growth of 4.4% and a negative currency impact of 2.1%. Excluding the net impact of acquisitions and divestitures, on an operational basis, worldwide sales increased 0.5%, domestic sales decreased 1.0% and international sales increased 2.0%. *

Net earnings and diluted earnings per share for the second quarter of 2017 were \$3.8 billion and \$1.40, respectively. Second-quarter 2017 net earnings included after-tax intangible amortization expense of approximately \$0.4 billion and a charge for after-tax special items of approximately \$0.8 billion. Second-quarter 2016 net earnings included after-tax intangible amortization expense of approximately \$0.2 billion and a charge for after-tax special items of approximately \$0.7 billion. Excluding after-tax intangible amortization expense and special items, adjusted net earnings for the current quarter were \$5.0 billion and adjusted diluted earnings per share were \$1.83, representing increases of 3.1% and 5.2%, respectively, as compared to the same period in 2016. * On an operational basis, adjusted diluted earnings per share also increased 6.9%. * A reconciliation of non-GAAP financial measures is included as an accompanying schedule.

“Our second-quarter results reflect strong adjusted earnings growth and we are optimistic that the investments we are making will accelerate our sales growth in the second half of this year. Our pharmaceutical pipeline continued its strong momentum with the approval of TREMFYA™ as well as the submission and approval of several key line extensions,” said Alex Gorsky, Chairman and Chief Executive Officer. “The Actelion acquisition establishes a new therapeutic area as well as another engine for growth and we are pleased to welcome the Actelion colleagues to the Johnson & Johnson Family of Companies. Together with all of our businesses, we will continue to transform the lives of patients around the world.”

The Company increased its sales guidance for the full-year 2017 to \$75.8 billion to \$76.1 billion. Additionally, the Company increased its adjusted earnings guidance for full-year 2017 to \$7.12 - \$7.22 per share.*

Worldwide Consumer sales of \$3.5 billion for the second quarter 2017 represented an increase of 1.7% versus the prior year, consisting of an operational increase of 2.3% and a negative impact from currency of 0.6%. Domestic sales increased 7.4%, international sales decreased 2.2%, which reflected an operational decrease of 1.1% and a negative

currency impact of 1.1%. Excluding the net impact of acquisitions and divestitures, on an operational basis, worldwide sales decreased 0.8%, domestic sales increased 1.2% and international sales decreased 2.3%*.

Worldwide operational results, excluding the net impact of acquisitions and divestitures, were negatively impacted by baby care products, partially offset by domestic over-the-counter products, including upper respiratory products and international anti-smoking aids, and NEUTROGENA® beauty products.

Worldwide Pharmaceutical sales of \$8.6 billion for the second quarter 2017 represented a decrease of 0.2% versus the prior year with an operational increase of 1.0% and a negative impact from currency of 1.2%. Domestic sales decreased 2.6%; international sales increased 3.3%, which reflected an operational increase of 6.1% and a negative currency impact of 2.8%. Excluding the net impact of acquisitions and divestitures, on an operational basis, worldwide sales increased 0.5%, domestic sales decreased 2.6% and international sales increased 5.1%*. Worldwide operational sales growth was negatively impacted by approximately 4 points due to a positive adjustment of U.S. rebate accruals in the second quarter of 2016, which did not repeat in the second quarter of 2017.

Worldwide operational results, excluding the net impact of acquisitions and divestitures, were driven by new products and the strength of core products. Strong growth in new products include DARZALEX® (daratumumab), for the treatment of patients with multiple myeloma and IMBRUVICA® (ibrutinib), an oral, once-daily therapy approved for use in treating certain B-cell malignancies, a type of blood or lymph node cancer. Additional contributors to operational sales growth included STELARA® (ustekinumab), a biologic for the treatment of a number of immune-mediated inflammatory diseases, and INVEGA® SUSTENNA®/XEPLION®/TRINZA® (paliperidone palmitate), long-acting, injectable atypical antipsychotics for the treatment of schizophrenia in adults.

During the quarter, the Company announced the completion of the acquisition of Actelion Ltd., a leading biopharmaceutical company, for a total purchase price of approximately \$30 billion in cash.

Also in the quarter, the U.S. Food and Drug Administration (FDA) approved an additional indication for DARZALEX® (daratumumab) in combination with pomalidomide and dexamethasone for the treatment of patients with multiple myeloma who have received at least two prior therapies. The European Commission (EC) granted approval for DARZALEX® (daratumumab) for use in combination with lenalidomide and dexamethasone, or bortezomib (VELCADE®) and dexamethasone, for the treatment of adult patients with multiple myeloma who have received at least one prior therapy.

In addition, a supplemental New Drug Application was submitted to the FDA to update the prescribing information for XARELTO® (rivaroxaban) to add a 10mg dose to reduce patients' risk of recurrent venous thromboembolism (VTE) after at least six months of standard anticoagulation therapy and regulatory submissions were made to both the European Medicines Agency and the FDA for a single-tablet, two-drug regimen of dolutegravir and rilpivirine for the maintenance treatment of HIV-1 infection.

In July, subsequent to the quarter, the FDA approved TREMFYA™ (guselkumab) for the treatment of adults living with moderate to severe plaque psoriasis.

Worldwide Medical Devices sales of \$6.7 billion for the second quarter 2017 represented an increase of 4.9% versus the prior year consisting of an operational increase of 5.9% and a negative currency impact of 1.0%. Domestic sales increased 6.1%; international sales increased 3.9%, which reflected an operational increase of 5.8% and a negative

currency impact of 1.9%. Sales included the impact of the first full quarter of the recently completed acquisition of Abbott Medical Optics which contributed 5.1%, to worldwide operational sales growth. Excluding the net impact of all acquisitions and divestitures, on an operational basis, worldwide sales increased 1.1%, domestic sales increased 0.8% and international sales increased 1.4%. *

Worldwide operational results, excluding the net impact of acquisitions and divestitures, were driven by electrophysiology products in the Cardiovascular business, ACUVUE[®] contact lenses in the Vision Care business, and Advanced Surgery products, partially offset by declines in the Diabetes Care business.

During the quarter, FDA clearance was received for the 30-minute STERRAD VELOCITY[™] Biological Indicator System for low temperature H₂O₂ sterilization as well as approval for the SURGICEL[®] Powder Absorbable Hemostat for adjunctive hemostasis during surgery.

About Johnson & Johnson

Caring for the world, one person at a time, inspires and unites the people of Johnson & Johnson. We embrace research and science - bringing innovative ideas, products and services to advance the health and well-being of people. Our approximately 132,500 employees at more than 250 Johnson & Johnson operating companies work with partners in health care to touch the lives of over a billion people every day, throughout the world.

* Operational sales growth excluding the net impact of acquisitions and divestitures, as well as adjusted net earnings, adjusted diluted earnings per share and operational adjusted diluted earnings per share excluding after-tax intangible amortization expense and special items, are non-GAAP financial measures and should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. Except for guidance measures, reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the accompanying financial schedules of the earnings release and the Investor Relations section of the company's website at www.investor.jnj.com. Johnson & Johnson does not provide GAAP financial measures on a forward-looking basis because the company is unable to predict with reasonable certainty the ultimate outcome of legal proceedings, unusual gains and losses, acquisition-related expenses and purchase accounting fair value adjustments without unreasonable effort. These items are uncertain, depend on various factors, and could be material to Johnson & Johnson's results computed in accordance with GAAP.

Johnson & Johnson will conduct a conference call with investors to discuss this news release today at 8:30 a.m., Eastern Time. A simultaneous webcast of the call for investors and other interested parties may be accessed by visiting the Johnson & Johnson website at www.investor.jnj.com. A replay and podcast will be available approximately two hours after the live webcast by visiting www.investor.jnj.com.

Copies of the financial schedules accompanying this press release are available at www.investor.jnj.com/historical-sales.cfm. These schedules include supplementary sales data, a condensed consolidated statement of earnings, reconciliations of non-GAAP financial measures, and sales of key products/franchises. Additional information on Johnson & Johnson, including adjusted income before tax by segment, a pharmaceutical pipeline of selected compounds

in late stage development and a copy of today's earnings call presentation can be found on the company's website at www.investor.jnj.com.

NOTE TO INVESTORS CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, future operating and financial performance, product development, market position and business strategy. The reader is cautioned not to rely on these forward-looking statements. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the expectations and projections of Johnson & Johnson. Risks and uncertainties include, but are not limited to: economic and financial market factors, such as interest rate and currency exchange rate fluctuations; competition, including technological advances, new products and patents attained by competitors; challenges inherent in product research and development, including uncertainty of clinical success and obtaining regulatory approvals; uncertainty of commercial success for new and existing products; challenges to patents; the impact of patent expirations; the ability of the company to successfully execute strategic plans, including restructuring plans; the impact of business combinations and divestitures, including the Company's ability to successfully integrate Actelion Ltd.'s products and operations and realize the expected benefits and opportunities of the transaction in the expected time frame or at all; significant adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations, including tax laws and global health care reforms; trends toward health care cost containment; changes in behavior and spending patterns of purchasers of health care products and services; financial instability of international economies and legal systems and sovereign risk; manufacturing difficulties or delays, internally or within the supply chain; product efficacy or safety concerns resulting in product recalls or regulatory action; increased scrutiny of the health care industry by government agencies; and the potential failure to meet obligations in compliance agreements with government bodies. A further list and descriptions of these risks, uncertainties and other factors can be found in Johnson & Johnson's Annual Report on Form 10-K for the fiscal year ended January 1, 2017, including under "Item 1A. Risk Factors," its most recently filed Quarterly Report on Form 10-Q, including in the section captioned "Cautionary Note Regarding Forward-Looking Statements," and the company's subsequent filings with the Securities and Exchange Commission. Copies of these filings are available online at www.sec.gov, www.investor.jnj.com, or on request from Johnson & Johnson. Any forward-looking statement made in this release speaks only as of the date of this release. Johnson & Johnson does not undertake to update any forward-looking statement as a result of new information or future events or developments.

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

SECOND QUARTER

| | 2017 | | 2016 | | Percent Increase (Decrease) |
|---|-----------|------------------|-----------|------------------|-----------------------------|
| | Amount | Percent to Sales | Amount | Percent to Sales | |
| Sales to customers | \$ 18,839 | 100.0 | \$ 18,482 | 100.0 | 1.9 |
| Cost of products sold | 5,823 | 30.9 | 5,336 | 28.9 | 9.1 |
| Selling, marketing and administrative expenses | 5,262 | 28.0 | 5,176 | 28.0 | 1.7 |
| Research and development expense | 2,285 | 12.1 | 2,264 | 12.2 | 0.9 |
| In-process research and development | — | — | 29 | 0.2 | |
| Interest (income) expense, net | 122 | 0.6 | 102 | 0.6 | |
| Other (income) expense, net | 588 | 3.1 | 557 | 3.0 | |
| Restructuring | 11 | 0.1 | 114 | 0.6 | |
| Earnings before provision for taxes on income | 4,748 | 25.2 | 4,904 | 26.5 | (3.2) |
| Provision for taxes on income | 921 | 4.9 | 907 | 4.9 | 1.5 |
| Net earnings | \$ 3,827 | 20.3 | \$ 3,997 | 21.6 | (4.3) |
| Net earnings per share (Diluted) | \$ 1.40 | | \$ 1.43 | | (2.1) |
| Average shares outstanding (Diluted) | 2,741.5 | | 2,794.2 | | |
| Effective tax rate | 19.4 % | | 18.5 % | | |
| Adjusted earnings before provision for taxes and net earnings ^{(1) (A)} | | | | | |
| Earnings before provision for taxes on income | \$ 6,285 | 33.4 | \$ 6,024 | 32.6 | 4.3 |
| Net earnings | \$ 5,017 | 26.6 | \$ 4,866 | 26.3 | 3.1 |
| Net earnings per share (Diluted) | \$ 1.83 | | \$ 1.74 | | 5.2 |
| Effective tax rate | 20.2 % | | 19.2 % | | |

⁽¹⁾ See Reconciliation of Non-GAAP Financial Measures.

^(A) NON-GAAP FINANCIAL MEASURES "Adjusted earnings before provision for taxes on income," "adjusted net earnings," "adjusted net earnings per share (diluted)," and "adjusted effective tax rate" are non-GAAP financial measures and should not be considered replacements for GAAP results. The Company provides earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate on an adjusted basis because management believes that these measures provide useful information to investors. Among other things, these measures may assist investors in evaluating the Company's results of operations period over period. In various periods, these measures may exclude such items as intangible asset amortization expense, significant costs associated with acquisitions, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters). Special items may be highly variable, difficult to predict, and of a size that sometimes has substantial impact on the Company's reported results of operations for a period. Management uses these measures internally for planning, forecasting and evaluating the performances of the Company's businesses, including allocating resources and evaluating results relative to employee performance compensation targets. Unlike earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate prepared in accordance with GAAP, adjusted earnings before provision for taxes on income, adjusted net earnings, adjusted net earnings per share (diluted), and adjusted effective tax rate may not be comparable with the calculation of similar measures for other companies. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of the Company's results of operations without including all events during a period, such as intangible asset amortization expense, the effects of an acquisition, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters) and do not provide a comparable view of the Company's performance to other companies in the health care industry. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP.

Johnson & Johnson and Subsidiaries
Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

SIX MONTHS

| | 2017 | | 2016 | | Percent Increase (Decrease) |
|--|-----------|------------------|-----------|------------------|-----------------------------|
| | Amount | Percent to Sales | Amount | Percent to Sales | |
| Sales to customers | \$ 36,605 | 100.0 | \$ 35,964 | 100.0 | 1.8 |
| Cost of products sold | 11,209 | 30.6 | 10,665 | 29.6 | 5.1 |
| Selling, marketing and administrative expenses | 9,999 | 27.3 | 9,864 | 27.4 | 1.4 |
| Research and development expense | 4,345 | 11.9 | 4,277 | 11.9 | 1.6 |
| In-process research and development | — | — | 29 | 0.1 | |
| Interest (income) expense, net | 205 | 0.6 | 179 | 0.5 | |
| Other (income) expense, net | 428 | 1.2 | 518 | 1.4 | |
| Restructuring | 96 | 0.2 | 234 | 0.7 | |
| Earnings before provision for taxes on income | 10,323 | 28.2 | 10,198 | 28.4 | 1.2 |
| Provision for taxes on income | 2,074 | 5.7 | 1,744 | 4.9 | 18.9 |
| Net earnings | \$ 8,249 | 22.5 | \$ 8,454 | 23.5 | (2.4) |
| Net earnings per share (Diluted) | \$ 3.00 | | \$ 3.02 | | (0.7) |
| Average shares outstanding (Diluted) | 2,749.4 | | 2,800.9 | | |
| Effective tax rate | 20.1 % | | 17.1 % | | |

| Adjusted earnings before provision for taxes and net earnings ^{(1) (A)} | | | | | |
|--|-----------|------|-----------|------|-----|
| Earnings before provision for taxes on income | \$ 12,388 | 33.8 | \$ 11,825 | 32.9 | 4.8 |
| Net earnings | \$ 10,055 | 27.5 | \$ 9,720 | 27.0 | 3.4 |
| Net earnings per share (Diluted) | \$ 3.66 | | \$ 3.47 | | 5.5 |
| Effective tax rate | 18.8 % | | 17.8 % | | |

⁽¹⁾ See Reconciliation of Non-GAAP Financial Measures.

^(A) NON-GAAP FINANCIAL MEASURES "Adjusted earnings before provision for taxes on income," "adjusted net earnings," "adjusted net earnings per share (diluted)," and "adjusted effective tax rate" are non-GAAP financial measures and should not be considered replacements for GAAP results. The Company provides earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate on an adjusted basis because management believes that these measures provide useful information to investors. Among other things, these measures may assist investors in evaluating the Company's results of operations period over period. In various periods, these measures may exclude such items as intangible asset amortization expense, significant costs associated with acquisitions, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters). Special items may be highly variable, difficult to predict, and of a size that sometimes has substantial impact on the Company's reported results of operations for a period. Management uses these measures internally for planning, forecasting and evaluating the performances of the Company's businesses, including allocating resources and evaluating results relative to employee performance compensation targets. Unlike earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate prepared in accordance with GAAP, adjusted earnings before provision for taxes on income, adjusted net earnings, adjusted net earnings per share (diluted), and adjusted effective tax rate may not be comparable with the calculation of similar measures for other companies. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of the Company's results of operations without including all events during a period, such as intangible asset amortization expense, the effects of an acquisition, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters) and do not provide a comparable view of the Company's performance to other companies in the health care industry. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP.

Johnson & Johnson and Subsidiaries**Supplementary Sales Data**

(Unaudited; Dollars in Millions)

SECOND QUARTER

| | | | | Percent Change | |
|--|------------------|---------------|-------|----------------|----------|
| | 2017 | 2016 | Total | Operations | Currency |
| Sales to customers by segment of business | | | | | |
| Consumer | | | | | |
| U.S. | \$ 1,487 | 1,384 | 7.4 % | 7.4 | — |
| International | 1,991 | 2,035 | (2.2) | (1.1) | (1.1) |
| | 3,478 | 3,419 | 1.7 | 2.3 | (0.6) |
| Pharmaceutical | | | | | |
| U.S. | 5,010 | 5,144 | (2.6) | (2.6) | — |
| International | 3,625 | 3,510 | 3.3 | 6.1 | (2.8) |
| | 8,635 | 8,654 | (0.2) | 1.0 | (1.2) |
| Medical Devices | | | | | |
| U.S. | 3,229 | 3,044 | 6.1 | 6.1 | — |
| International | 3,497 | 3,365 | 3.9 | 5.8 | (1.9) |
| | 6,726 | 6,409 | 4.9 | 5.9 | (1.0) |
| U.S. | 9,726 | 9,572 | 1.6 | 1.6 | — |
| International | 9,113 | 8,910 | 2.3 | 4.4 | (2.1) |
| Worldwide | \$ 18,839 | 18,482 | 1.9 % | 2.9 | (1.0) |

Johnson & Johnson and Subsidiaries**Supplementary Sales Data**

(Unaudited; Dollars in Millions)

SIX MONTHS

| | | | | Percent Change | |
|--|------------------|---------------|-------|----------------|----------|
| | 2017 | 2016 | Total | Operations | Currency |
| Sales to customers by segment of business | | | | | |
| Consumer | | | | | |
| U.S. | \$ 2,901 | 2,742 | 5.8 % | 5.8 | — |
| International | 3,805 | 3,872 | (1.7) | (1.3) | (0.4) |
| | 6,706 | 6,614 | 1.4 | 1.6 | (0.2) |
| Pharmaceutical | | | | | |
| U.S. | 9,882 | 10,081 | (2.0) | (2.0) | — |
| International | 6,998 | 6,751 | 3.7 | 5.9 | (2.2) |
| | 16,880 | 16,832 | 0.3 | 1.2 | (0.9) |
| Medical Devices | | | | | |
| U.S. | 6,321 | 6,070 | 4.1 | 4.1 | — |
| International | 6,698 | 6,448 | 3.9 | 5.3 | (1.4) |
| | 13,019 | 12,518 | 4.0 | 4.7 | (0.7) |
| U.S. | 19,104 | 18,893 | 1.1 | 1.1 | — |
| International | 17,501 | 17,071 | 2.5 | 4.0 | (1.5) |
| Worldwide | \$ 36,605 | 35,964 | 1.8 % | 2.5 | (0.7) |

Johnson & Johnson and Subsidiaries**Supplementary Sales Data**

(Unaudited; Dollars in Millions)

SECOND QUARTER

| | 2017 | 2016 | Total | Percent Change | |
|--|-----------|--------|-------|----------------|----------|
| | | | | Operations | Currency |
| Sales to customers by geographic area | | | | | |
| U.S. | \$ 9,726 | 9,572 | 1.6 % | 1.6 | — |
| Europe | 4,232 | 4,090 | 3.5 | 6.7 | (3.2) |
| Western Hemisphere excluding U.S. | 1,499 | 1,542 | (2.8) | (2.7) | (0.1) |
| Asia-Pacific, Africa | 3,382 | 3,278 | 3.2 | 4.9 | (1.7) |
| International | 9,113 | 8,910 | 2.3 | 4.4 | (2.1) |
| Worldwide | \$ 18,839 | 18,482 | 1.9 % | 2.9 | (1.0) |

Johnson & Johnson and Subsidiaries**Supplementary Sales Data**

(Unaudited; Dollars in Millions)

SIX MONTHS

| | 2017 | 2016 | Total | Percent Change | |
|--|-----------|--------|-------|----------------|----------|
| | | | | Operations | Currency |
| Sales to customers by geographic area | | | | | |
| U.S. | \$ 19,104 | 18,893 | 1.1 % | 1.1 | — |
| Europe | 8,090 | 7,937 | 1.9 | 5.4 | (3.5) |
| Western Hemisphere excluding U.S. | 2,953 | 2,873 | 2.8 | (0.2) | 3.0 |
| Asia-Pacific, Africa | 6,458 | 6,261 | 3.1 | 4.1 | (1.0) |
| International | 17,501 | 17,071 | 2.5 | 4.0 | (1.5) |
| Worldwide | \$ 36,605 | 35,964 | 1.8 % | 2.5 | (0.7) |

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

| <i>(Dollars in Millions Except Per Share Data)</i> | Second Quarter | | % Incr. / |
|---|----------------|-------|-----------|
| | 2017 | 2016 | (Decr.) |
| Earnings before provision for taxes on income - as reported | \$ 4,748 | 4,904 | (3.2) % |
| Intangible asset amortization expense | 480 | 326 | |
| Litigation expense, net | 493 | 600 | |
| Restructuring/Other ⁽¹⁾ | 128 | 141 | |
| Actelion acquisition related cost | 213 | — | |
| Diabetes asset impairment | 182 | — | |
| AMO acquisition related cost | 41 | — | |
| In-process research and development | — | 29 | |
| Other | — | 24 | |
| Earnings before provision for taxes on income - as adjusted | \$ 6,285 | 6,024 | 4.3 % |
| Net Earnings - as reported | \$ 3,827 | 3,997 | (4.3) % |
| Intangible asset amortization expense | 378 | 238 | |
| Litigation expense, net | 352 | 493 | |
| Restructuring/Other | 101 | 97 | |
| Actelion acquisition related cost | 199 | — | |
| Diabetes asset impairment | 125 | — | |
| AMO acquisition related cost | 35 | — | |
| In-process research and development | — | 23 | |
| Other | — | 18 | |
| Net Earnings - as adjusted | \$ 5,017 | 4,866 | 3.1 % |
| Diluted Net Earnings per share - as reported | \$ 1.40 | 1.43 | (2.1) % |
| Intangible asset amortization expense | 0.14 | 0.08 | |
| Litigation expense, net | 0.13 | 0.18 | |
| Restructuring/Other | 0.03 | 0.03 | |
| Actelion acquisition related cost | 0.07 | — | |
| Diabetes asset impairment | 0.05 | — | |
| AMO acquisition related cost | 0.01 | — | |
| In-process research and development | — | 0.01 | |
| Other | — | 0.01 | |
| Diluted Net Earnings per share - as adjusted | \$ 1.83 | 1.74 | 5.2 % |
| Operational Diluted Net Earnings per share - as adjusted at 2015 foreign currency exchange rates | | 1.74 | |

Impact of currency at 2016 foreign currency exchange rates

0.03

—

Operational Diluted Net Earnings per share - as adjusted

at 2016 foreign currency exchange rates

\$ 1.86

1.74

6.9 %

⁽¹⁾ Includes \$13M recorded in cost of products sold and \$104M recorded in other (income) expense for the second quarter 2017. Includes \$7M recorded in cost of products sold and \$20M recorded in other (income) expense for the second quarter 2016.

Johnson & Johnson and Subsidiaries

Reconciliation of Non-GAAP Financial Measures

| <i>(Dollars in Millions Except Per Share Data)</i> | Six Months YTD | | % Incr. / (Decr.) |
|---|----------------|--------|----------------------|
| | 2017 | 2016 | |
| Earnings before provision for taxes on income - as reported | \$ 10,323 | 10,198 | 1.2 % |
| Intangible asset amortization expense | 809 | 608 | |
| Litigation expense, net | 493 | 666 | |
| Restructuring/Other ⁽¹⁾ | 289 | 278 | |
| Actelion acquisition related cost | 213 | — | |
| Diabetes asset impairment | 182 | — | |
| AMO acquisition related cost | 79 | — | |
| In-process research and development | — | 29 | |
| Other | — | 46 | |
| Earnings before provision for taxes on income - as adjusted | \$ 12,388 | 11,825 | 4.8 % |
| Net Earnings - as reported | \$ 8,249 | 8,454 | (2.4) % |
| Intangible asset amortization expense | 622 | 443 | |
| Litigation expense, net | 352 | 549 | |
| Restructuring/Other | 222 | 217 | |
| Actelion acquisition related cost | 199 | — | |
| Diabetes asset impairment | 125 | — | |
| AMO acquisition related cost | 286 | — | |
| In-process research and development | — | 23 | |
| Other | — | 34 | |
| Net Earnings - as adjusted | \$ 10,055 | 9,720 | 3.4 % |
| Diluted Net Earnings per share - as reported | \$ 3.00 | 3.02 | (0.7) % |
| Intangible asset amortization expense | 0.23 | 0.16 | |
| Litigation expense, net | 0.13 | 0.19 | |
| Restructuring/Other | 0.08 | 0.08 | |
| Actelion acquisition related cost | 0.07 | — | |
| Diabetes asset impairment | 0.05 | — | |
| AMO acquisition related cost | 0.10 | — | |
| In-process research and development | — | 0.01 | |
| Other | — | 0.01 | |
| Diluted Net Earnings per share - as adjusted | \$ 3.66 | 3.47 | 5.5 % |
| Operational Diluted Net Earnings per share - as adjusted at 2015 foreign currency exchange rates | | 3.51 | |

Impact of currency at 2016 foreign currency exchange rates

0.06

(0.04)

Operational Diluted Net Earnings per share - as adjusted

at 2016 foreign currency exchange rates

\$ 3.72

3.47

7.2 %

⁽¹⁾ Includes \$17M recorded in cost of products sold and \$176M recorded in other (income) expense for six months 2017 YTD. Includes \$24M recorded in cost of products sold and \$20M recorded in other (income) expense for six months 2016 YTD.

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

Operational Sales Growth Excluding Acquisitions and Divestitures ^(A)
SECOND QUARTER 2017 ACTUAL vs. 2016 ACTUAL

| | Segments | | | |
|---|------------------------------|----------------|-----------------|--------------|
| | Consumer | Pharmaceutical | Medical Devices | Total |
| | Operational % ⁽¹⁾ | | | |
| WW As Reported: | 2.3% | 1.0% | 5.9% | 2.9% |
| U.S. | 7.4% | (2.6)% | 6.1% | 1.6% |
| International | (1.1)% | 6.1% | 5.8% | 4.4% |
| Beauty | | | | |
| <i>Vogue</i> | (2.7) | | | (0.5) |
| U.S. | (5.9) | | | (0.9) |
| International | (0.6) | | | (0.1) |
| Other Neuroscience | | | | |
| <i>Controlled Substance Raw Material and API Business</i> | | 0.6 | | 0.3 |
| U.S. | | 0.8 | | 0.4 |
| International | | 0.5 | | 0.2 |
| Diagnostics | | | | |
| <i>Ortho-Clinical Diagnostics</i> | | | 0.5 | 0.2 |
| U.S. | | | 0.0 | 0.0 |
| International | | | 1.0 | 0.3 |
| Vision Care | | | | |
| <i>Abbott Medical Optics</i> | | | (5.1) | (1.8) |
| U.S. | | | (4.6) | (1.5) |
| International | | | (5.6) | (2.1) |
| Pulmonary Hypertension | | | | |
| <i>Actelion</i> | | (1.1) | | (0.5) |
| U.S. | | (0.8) | | (0.4) |
| International | | (1.5) | | (0.6) |
| All Other Acquisitions and Divestitures | (0.4) | | (0.2) | (0.1) |
| U.S. | (0.3) | | (0.7) | (0.2) |
| International | (0.6) | | 0.2 | (0.1) |
| WW Ops excluding Acquisitions and Divestitures | (0.8)% | 0.5% | 1.1% | 0.5% |
| U.S. | 1.2% | (2.6)% | 0.8% | (1.0)% |
| International | (2.3)% | 5.1% | 1.4% | 2.0% |

⁽¹⁾ Operational growth excludes the effect of translational currency

^(A) NON-GAAP FINANCIAL MEASURE "Operational sales growth excluding the net impact of acquisitions and divestitures" is a non-GAAP financial measure. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP. Due to the variable nature of acquisitions and divestitures, and the impact they may have on the analysis of underlying business performance and trends, management believes that providing this measure enhances an investor's understanding of the Company's performance and may assist in the evaluation of ongoing business operations period over period. This non-GAAP financial measure is presented to permit investors to more fully understand how management assesses the performance of the Company, including for internal evaluation of the performance of the Company's businesses and planning and forecasting for future periods. The use of this non-GAAP financial measure as a performance measure is limited in that it provides a view of the Company's results of operations

without including all events during a period and may not provide a comparable view of the Company's performance to that of other companies in the health care industry.

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

Operational Sales Growth Excluding Acquisitions and Divestitures ^(A)
SIX MONTHS 2017 ACTUAL vs. 2016 ACTUAL

| | Segments | | | |
|---|------------------------------|----------------|-----------------|-------------|
| | Consumer | Pharmaceutical | Medical Devices | Total |
| | Operational % ⁽¹⁾ | | | |
| WW As Reported: | 1.6% | 1.2% | 4.7% | 2.5% |
| U.S. | 5.8% | (2.0)% | 4.1% | 1.1% |
| International | (1.3)% | 5.9% | 5.3% | 4.0% |
| Beauty | | | | |
| <i>Vogue</i> | (2.9) | | | (0.5) |
| U.S. | (6.1) | | | (0.9) |
| International | (0.7) | | | (0.2) |
| Other Neuroscience | | | | |
| <i>Controlled Substance Raw Material and API Business</i> | | 0.7 | | 0.3 |
| U.S. | | 0.9 | | 0.5 |
| International | | 0.4 | | 0.2 |
| Diagnostics | | | | |
| <i>Ortho-Clinical Diagnostics</i> | | | 0.5 | 0.2 |
| U.S. | | | 0.0 | 0.0 |
| International | | | 1.0 | 0.4 |
| Vision Care | | | | |
| <i>Abbott Medical Optics</i> | | | (3.6) | (1.3) |
| U.S. | | | (3.2) | (1.0) |
| International | | | (4.0) | (1.5) |
| Pulmonary Hypertension | | | | |
| <i>Actelion</i> | | (0.6) | | (0.3) |
| U.S. | | (0.4) | | (0.2) |
| International | | (0.8) | | (0.3) |
| All Other Acquisitions and Divestitures | (0.3) | | (0.2) | (0.1) |
| U.S. | (0.5) | | (0.7) | (0.4) |
| International | (0.1) | | 0.2 | 0.1 |
| WW Ops excluding Acquisitions and Divestitures | (1.6)% | 1.3% | 1.4% | 0.8% |
| U.S. | (0.8)% | (1.5)% | 0.2% | (0.9)% |
| International | (2.1)% | 5.5% | 2.5% | 2.7% |

⁽¹⁾ Operational growth excludes the effect of translational currency

^(A) NON-GAAP FINANCIAL MEASURE "Operational sales growth excluding the net impact of acquisitions and divestitures" is a non-GAAP financial measure. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP. Due to the variable nature of acquisitions and divestitures, and the impact they may have on the analysis of underlying business performance and trends, management believes that providing this measure enhances an investor's understanding of the Company's performance and may assist in the evaluation of ongoing business operations period over period. This non-GAAP financial measure is presented to permit investors to more fully understand how management assesses the performance of the Company, including for internal evaluation of the performance of the Company's businesses and planning and forecasting for future periods. The use of this non-GAAP financial measure as a performance measure is limited in that it provides a view of the Company's results of operations without including all events during a period and may not provide a comparable view of the Company's performance to that of other companies in the health care industry.

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SECOND QUARTER

| | 2017 | 2016 | % Change | | |
|---|----------|-------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| CONSUMER SEGMENT ⁽²⁾⁽³⁾ | | | | | |
| BABY CARE | | | | | |
| US | \$ 113 | 126 | (10.3)% | (10.3)% | —% |
| Intl | 381 | 404 | (5.7) | (5.3) | (0.4) |
| WW | 494 | 530 | (6.8) | (6.5) | (0.3) |
| BEAUTY | | | | | |
| US | 649 | 554 | 17.1 | 17.1 | — |
| Intl | 427 | 422 | 1.2 | 3.1 | (1.9) |
| WW | 1,076 | 976 | 10.2 | 11.0 | (0.8) |
| ORAL CARE | | | | | |
| US | 150 | 159 | (5.7) | (5.7) | — |
| Intl | 244 | 244 | 0.0 | 0.8 | (0.8) |
| WW | 394 | 403 | (2.2) | (1.7) | (0.5) |
| OTC | | | | | |
| US | 432 | 405 | 6.7 | 6.7 | — |
| Intl | 574 | 591 | (2.9) | (1.1) | (1.8) |
| WW | 1,006 | 996 | 1.0 | 2.1 | (1.1) |
| WOMEN'S HEALTH | | | | | |
| US | 3 | 7 | (57.1) | (57.1) | — |
| Intl | 273 | 276 | (1.1) | (1.9) | 0.8 |
| WW | 276 | 283 | (2.5) | (3.3) | 0.8 |
| WOUND CARE/OTHER | | | | | |
| US | 140 | 133 | 5.3 | 5.3 | — |
| Intl | 92 | 98 | (6.1) | (4.8) | (1.3) |
| WW | 232 | 231 | 0.4 | 0.9 | (0.5) |
| TOTAL CONSUMER | | | | | |
| US | 1,487 | 1,384 | 7.4 | 7.4 | — |
| Intl | 1,991 | 2,035 | (2.2) | (1.1) | (1.1) |
| WW | \$ 3,478 | 3,419 | 1.7% | 2.3% | (0.6)% |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SECOND QUARTER

PHARMACEUTICAL SEGMENT ^{(2) (3)}

IMMUNOLOGY

| | 2017 | 2016 | % Change | | |
|-------------------------------|----------|-------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| US | \$ 2,101 | 2,224 | (5.5)% | (5.5)% | — % |
| Intl | 858 | 814 | 5.4 | 8.0 | (2.6) |
| WW | 2,959 | 3,038 | (2.6) | (1.9) | (0.7) |
| <u>REMICADE</u> | | | | | |
| US | 1,064 | 1,236 | (13.9) | (13.9) | — |
| US Exports ⁽⁴⁾ | 127 | 185 | (31.4) | (31.4) | — |
| Intl | 339 | 359 | (5.6) | (3.4) | (2.2) |
| WW | 1,530 | 1,780 | (14.0) | (13.6) | (0.4) |
| <u>SIMPONI / SIMPONI ARIA</u> | | | | | |
| US | 230 | 244 | (5.7) | (5.7) | — |
| Intl | 209 | 204 | 2.5 | 4.6 | (2.1) |
| WW | 439 | 448 | (2.0) | (1.0) | (1.0) |
| <u>STELARA</u> | | | | | |
| US | 680 | 559 | 21.6 | 21.6 | — |
| Intl | 303 | 245 | 23.7 | 27.5 | (3.8) |
| WW | 983 | 804 | 22.3 | 23.4 | (1.1) |
| <u>OTHER IMMUNOLOGY</u> | | | | | |
| US | — | — | — | — | — |
| Intl | 7 | 6 | 16.7 | 15.8 | 0.9 |
| WW | 7 | 6 | 16.7 | 15.8 | 0.9 |

INFECTIOUS DISEASES

| | | | | | |
|--|-----|-----|--------|--------|-------|
| US | 341 | 362 | (5.8) | (5.8) | — |
| Intl | 451 | 467 | (3.4) | (1.5) | (1.9) |
| WW | 792 | 829 | (4.5) | (3.4) | (1.1) |
| <u>EDURANT</u> | | | | | |
| US | 17 | 14 | 21.4 | 21.4 | — |
| Intl | 162 | 126 | 28.6 | 30.9 | (2.3) |
| WW | 179 | 140 | 27.9 | 30.0 | (2.1) |
| <u>PREZISTA / PREZCOBIX / REZOLSTA</u> | | | | | |
| US | 278 | 273 | 1.8 | 1.8 | — |
| Intl | 176 | 186 | (5.4) | (2.9) | (2.5) |
| WW | 454 | 459 | (1.1) | (0.1) | (1.0) |
| <u>OTHER INFECTIOUS DISEASES</u> | | | | | |
| US | 46 | 75 | (38.7) | (38.7) | — |
| Intl | 113 | 155 | (27.1) | (26.3) | (0.8) |
| WW | 159 | 230 | (30.9) | (30.4) | (0.5) |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

| | SECOND QUARTER | | | | |
|--|----------------|-------|----------|----------------------------|----------|
| | 2017 | 2016 | % Change | | |
| | | | Reported | Operational ⁽¹⁾ | Currency |
| PHARMACEUTICAL SEGMENT ^{(2) (3)} (Continued) | | | | | |
| NEUROSCIENCE | | | | | |
| US | \$ 620 | 695 | (10.8)% | (10.8)% | — % |
| Intl | 847 | 907 | (6.6) | (4.1) | (2.5) |
| WW | 1,467 | 1,602 | (8.4) | (7.0) | (1.4) |
| <u>CONCERTA / METHYLPHENIDATE</u> | | | | | |
| US | 76 | 129 | (41.1) | (41.1) | — |
| Intl | 105 | 109 | (3.7) | (1.3) | (2.4) |
| WW | 181 | 238 | (23.9) | (22.8) | (1.1) |
| <u>INVEGA SUSTENNA / XEPLION / TRINZA</u> | | | | | |
| US | 387 | 339 | 14.2 | 14.2 | — |
| Intl | 242 | 221 | 9.5 | 13.1 | (3.6) |
| WW | 629 | 560 | 12.3 | 13.7 | (1.4) |
| <u>RISPERDAL CONSTA</u> | | | | | |
| US | 91 | 100 | (9.0) | (9.0) | — |
| Intl | 116 | 130 | (10.8) | (8.1) | (2.7) |
| WW | 207 | 230 | (10.0) | (8.5) | (1.5) |
| <u>OTHER NEUROSCIENCE</u> | | | | | |
| US | 66 | 127 | (48.0) | (48.0) | — |
| Intl | 384 | 447 | (14.1) | (12.1) | (2.0) |
| WW | 450 | 574 | (21.6) | (20.0) | (1.6) |
| ONCOLOGY | | | | | |
| US | 697 | 569 | 22.5 | 22.5 | — |
| Intl | 1,030 | 905 | 13.8 | 17.0 | (3.2) |
| WW | 1,727 | 1,474 | 17.2 | 19.2 | (2.0) |
| <u>DARZALEX</u> | | | | | |
| US | 212 | 95 | * | * | — |
| Intl | 87 | 13 | * | * | ** |
| WW | 299 | 108 | * | * | ** |
| <u>IMBRUVICA</u> | | | | | |
| US | 202 | 144 | 40.3 | 40.3 | — |
| Intl | 248 | 151 | 64.2 | 69.4 | (5.2) |
| WW | 450 | 295 | 52.5 | 55.1 | (2.6) |
| <u>VELCADE</u> | | | | | |
| US | — | — | — | — | — |
| Intl | 290 | 342 | (15.2) | (12.6) | (2.6) |
| WW | 290 | 342 | (15.2) | (12.6) | (2.6) |
| <u>ZYTIGA</u> | | | | | |
| US | 241 | 286 | (15.7) | (15.7) | — |
| Intl | 317 | 315 | 0.6 | 3.2 | (2.6) |
| WW | 558 | 601 | (7.2) | (5.8) | (1.4) |
| <u>OTHER ONCOLOGY</u> | | | | | |
| US | 42 | 44 | (4.5) | (4.5) | — |
| Intl | 88 | 84 | 4.8 | 7.1 | (2.3) |
| WW | 130 | 128 | 1.6 | 3.1 | (1.5) |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SECOND QUARTER

| | 2017 | 2016 | % Change | | |
|--|-----------|----------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| PHARMACEUTICAL SEGMENT ^{(2) (3) (Continued)} | | | | | |
| PULMONARY HYPERTENSION ⁽⁵⁾ | | | | | |
| US | \$ 40 | — | ** | ** | — |
| Intl | 51 | — | ** | ** | — |
| WW | <u>91</u> | <u>—</u> | ** | ** | — |
| <u>OPSUMIT</u> | | | | | |
| US | 24 | — | ** | ** | — |
| Intl | 21 | — | ** | ** | — |
| WW | <u>45</u> | <u>—</u> | ** | ** | — |
| <u>TRACLEER</u> | | | | | |
| US | 2 | — | ** | ** | — |
| Intl | 24 | — | ** | ** | — |
| WW | <u>26</u> | <u>—</u> | ** | ** | — |
| <u>UPTRAVI</u> | | | | | |
| US | 8 | — | ** | ** | — |
| Intl | 1 | — | ** | ** | — |
| WW | <u>9</u> | <u>—</u> | ** | ** | — |
| <u>OTHER ⁽⁶⁾</u> | | | | | |
| US | 6 | — | ** | ** | — |
| Intl | 5 | — | ** | ** | — |
| WW | <u>11</u> | <u>—</u> | ** | ** | — |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SECOND QUARTER

PHARMACEUTICAL SEGMENT ^{(2) (3)} (Continued)

CARDIOVASCULAR / METABOLISM / OTHER

| | 2017 | 2016 | % Change | | |
|-----------------------------|----------|-------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| US | \$ 1,211 | 1,294 | (6.4)% | (6.4)% | — % |
| Intl | 388 | 417 | (7.0) | (3.0) | (4.0) |
| WW | 1,599 | 1,711 | (6.5) | (5.5) | (1.0) |
| <u>XARELTO</u> | | | | | |
| US | 642 | 594 | 8.1 | 8.1 | — |
| Intl | — | — | — | — | — |
| WW | 642 | 594 | 8.1 | 8.1 | — |
| <u>INVOKANA / INVOKAMET</u> | | | | | |
| US | 256 | 348 | (26.4) | (26.4) | — |
| Intl | 39 | 35 | 11.4 | 16.8 | (5.4) |
| WW | 295 | 383 | (23.0) | (22.5) | (0.5) |
| <u>PROCIT / EPREX</u> | | | | | |
| US | 174 | 230 | (24.3) | (24.3) | — |
| Intl | 81 | 92 | (12.0) | (9.7) | (2.3) |
| WW | 255 | 322 | (20.8) | (20.1) | (0.7) |
| <u>OTHER</u> | | | | | |
| US | 139 | 122 | 13.9 | 13.9 | — |
| Intl | 268 | 290 | (7.6) | (3.3) | (4.3) |
| WW | 407 | 412 | (1.2) | 1.9 | (3.1) |
| TOTAL PHARMACEUTICAL | | | | | |
| US | 5,010 | 5,144 | (2.6) | (2.6) | — |
| Intl | 3,625 | 3,510 | 3.3 | 6.1 | (2.8) |
| WW | \$ 8,635 | 8,654 | (0.2)% | 1.0 % | (1.2)% |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SECOND QUARTER

| | 2017 | 2016 | % Change | | |
|---|--------|-------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| MEDICAL DEVICES SEGMENT ⁽²⁾ | | | | | |
| CARDIOVASCULAR | | | | | |
| US | \$ 265 | 235 | 12.8 % | 12.8 % | — % |
| Intl | 258 | 235 | 9.8 | 12.3 | (2.5) |
| WW | 523 | 470 | 11.3 | 12.6 | (1.3) |
| DIABETES CARE | | | | | |
| US | 160 | 177 | (9.6) | (9.6) | — |
| Intl | 261 | 294 | (11.2) | (9.5) | (1.7) |
| WW | 421 | 471 | (10.6) | (9.5) | (1.1) |
| DIAGNOSTICS | | | | | |
| US | — | — | — | — | — |
| Intl | — | 31 | ** | ** | ** |
| WW | — | 31 | ** | ** | ** |
| ORTHOPAEDICS | | | | | |
| US | 1,387 | 1,364 | 1.7 | 1.7 | — |
| Intl | 956 | 991 | (3.5) | (1.4) | (2.1) |
| WW | 2,343 | 2,355 | (0.5) | 0.4 | (0.9) |
| <u>HIPS</u> | | | | | |
| US | 208 | 197 | 5.6 | 5.6 | — |
| Intl | 142 | 152 | (6.6) | (4.3) | (2.3) |
| WW | 350 | 349 | 0.3 | 1.3 | (1.0) |
| <u>KNEES</u> | | | | | |
| US | 236 | 229 | 3.1 | 3.1 | — |
| Intl | 149 | 156 | (4.5) | (2.5) | (2.0) |
| WW | 385 | 385 | 0.0 | 0.8 | (0.8) |
| <u>TRAUMA</u> | | | | | |
| US | 390 | 381 | 2.4 | 2.4 | — |
| Intl | 253 | 255 | (0.8) | 1.1 | (1.9) |
| WW | 643 | 636 | 1.1 | 1.9 | (0.8) |
| <u>SPINE & OTHER</u> | | | | | |
| US | 553 | 557 | (0.7) | (0.7) | — |
| Intl | 412 | 428 | (3.7) | (1.6) | (2.1) |
| WW | 965 | 985 | (2.0) | (1.1) | (0.9) |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SECOND QUARTER

| | 2017 | 2016 | % Change | | |
|---|----------|-------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| MEDICAL DEVICES SEGMENT ⁽²⁾ (Continued) | | | | | |
| SURGERY | | | | | |
| US | \$ 1,012 | 1,020 | (0.8)% | (0.8)% | — % |
| Intl | 1,372 | 1,377 | (0.4) | 1.6 | (2.0) |
| WW | 2,384 | 2,397 | (0.5) | 0.6 | (1.1) |
| <u>ADVANCED</u> | | | | | |
| US | 400 | 389 | 2.8 | 2.8 | — |
| Intl | 533 | 520 | 2.5 | 4.9 | (2.4) |
| WW | 933 | 909 | 2.6 | 4.0 | (1.4) |
| <u>GENERAL</u> | | | | | |
| US | 423 | 421 | 0.5 | 0.5 | — |
| Intl | 691 | 706 | (2.1) | (0.2) | (1.9) |
| WW | 1,114 | 1,127 | (1.2) | 0.0 | (1.2) |
| <u>SPECIALTY</u> | | | | | |
| US | 189 | 210 | (10.0) | (10.0) | — |
| Intl | 148 | 151 | (2.0) | (1.0) | (1.0) |
| WW | 337 | 361 | (6.6) | (6.2) | (0.4) |
| VISION CARE | | | | | |
| US | 405 | 248 | 63.3 | 63.3 | — |
| Intl | 650 | 437 | 48.7 | 50.3 | (1.6) |
| WW | 1,055 | 685 | 54.0 | 55.0 | (1.0) |
| <u>CONTACT LENSES / OTHER</u> | | | | | |
| US | 274 | 248 | 10.5 | 10.5 | — |
| Intl | 479 | 437 | 9.6 | 11.2 | (1.6) |
| WW | 753 | 685 | 9.9 | 10.9 | (1.0) |
| <u>SURGICAL</u> | | | | | |
| US | 131 | — | ** | ** | — |
| Intl | 171 | — | ** | ** | — |
| WW | 302 | — | ** | ** | — |
| TOTAL MEDICAL DEVICES | | | | | |
| US | 3,229 | 3,044 | 6.1 | 6.1 | — |
| Intl | 3,497 | 3,365 | 3.9 | 5.8 | (1.9) |
| WW | \$ 6,726 | 6,409 | 4.9 % | 5.9 % | (1.0)% |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SIX MONTHS

| | 2017 | 2016 | % Change | | |
|---|-----------------|--------------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| CONSUMER SEGMENT ⁽²⁾⁽³⁾ | | | | | |
| BABY CARE | | | | | |
| US | \$ 226 | 247 | (8.5)% | (8.5)% | — % |
| Intl | 723 | 766 | (5.6) | (5.7) | 0.1 |
| WW | <u>949</u> | <u>1,013</u> | (6.3) | (6.3) | 0.0 |
| BEAUTY | | | | | |
| US | 1,216 | 1,038 | 17.1 | 17.1 | — |
| Intl | 841 | 817 | 2.9 | 4.0 | (1.1) |
| WW | <u>2,057</u> | <u>1,855</u> | 10.9 | 11.4 | (0.5) |
| ORAL CARE | | | | | |
| US | 306 | 329 | (7.0) | (7.0) | — |
| Intl | 450 | 459 | (2.0) | (1.7) | (0.3) |
| WW | <u>756</u> | <u>788</u> | (4.1) | (3.9) | (0.2) |
| OTC | | | | | |
| US | 909 | 871 | 4.4 | 4.4 | — |
| Intl | 1,110 | 1,124 | (1.2) | (0.2) | (1.0) |
| WW | <u>2,019</u> | <u>1,995</u> | 1.2 | 1.8 | (0.6) |
| WOMEN'S HEALTH | | | | | |
| US | 6 | 13 | (53.8) | (53.8) | — |
| Intl | 512 | 521 | (1.7) | (3.0) | 1.3 |
| WW | <u>518</u> | <u>534</u> | (3.0) | (4.2) | 1.2 |
| WOUND CARE/OTHER | | | | | |
| US | 238 | 244 | (2.5) | (2.5) | — |
| Intl | 169 | 185 | (8.6) | (8.3) | (0.3) |
| WW | <u>407</u> | <u>429</u> | (5.1) | (5.0) | (0.1) |
| TOTAL CONSUMER | | | | | |
| US | 2,901 | 2,742 | 5.8 | 5.8 | — |
| Intl | 3,805 | 3,872 | (1.7) | (1.3) | (0.4) |
| WW | <u>\$ 6,706</u> | <u>6,614</u> | 1.4 % | 1.6 % | (0.2)% |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

| | SIX MONTHS | | | | |
|--|------------|-------|----------|----------------------------|----------|
| | 2017 | 2016 | % Change | | |
| | | | Reported | Operational ⁽¹⁾ | Currency |
| PHARMACEUTICAL SEGMENT ^{(2) (3)} | | | | | |
| IMMUNOLOGY | | | | | |
| US | \$ 4,224 | 4,395 | (3.9)% | (3.9)% | — % |
| Intl | 1,665 | 1,553 | 7.2 | 8.5 | (1.3) |
| WW | 5,889 | 5,948 | (1.0) | (0.7) | (0.3) |
| <u>REMICADE</u> | | | | | |
| US | 2,246 | 2,447 | (8.2) | (8.2) | — |
| US Exports ⁽⁴⁾ | 292 | 418 | (30.1) | (30.1) | — |
| Intl | 664 | 694 | (4.3) | (4.0) | (0.3) |
| WW | 3,202 | 3,559 | (10.0) | (9.9) | (0.1) |
| <u>SIMPONI / SIMPONI ARIA</u> | | | | | |
| US | 459 | 460 | (0.2) | (0.2) | — |
| Intl | 408 | 378 | 7.9 | 8.6 | (0.7) |
| WW | 867 | 838 | 3.5 | 3.8 | (0.3) |
| <u>STELARA</u> | | | | | |
| US | 1,227 | 1,070 | 14.7 | 14.7 | — |
| Intl | 579 | 469 | 23.5 | 26.8 | (3.3) |
| WW | 1,806 | 1,539 | 17.3 | 18.3 | (1.0) |
| <u>OTHER IMMUNOLOGY</u> | | | | | |
| US | — | — | — | — | — |
| Intl | 14 | 12 | 16.7 | 14.0 | 2.7 |
| WW | 14 | 12 | 16.7 | 14.0 | 2.7 |
| INFECTIOUS DISEASES | | | | | |
| US | 667 | 720 | (7.4) | (7.4) | — |
| Intl | 874 | 885 | (1.2) | 0.6 | (1.8) |
| WW | 1,541 | 1,605 | (4.0) | (3.0) | (1.0) |
| <u>EDURANT</u> | | | | | |
| US | 29 | 25 | 16.0 | 16.0 | — |
| Intl | 299 | 234 | 27.8 | 30.6 | (2.8) |
| WW | 328 | 259 | 26.6 | 29.2 | (2.6) |
| <u>PREZISTA / PREZCOBIX / REZOLSTA</u> | | | | | |
| US | 537 | 550 | (2.4) | (2.4) | — |
| Intl | 347 | 361 | (3.9) | (1.4) | (2.5) |
| WW | 884 | 911 | (3.0) | (2.0) | (1.0) |
| <u>OTHER INFECTIOUS DISEASES</u> | | | | | |
| US | 101 | 145 | (30.3) | (30.3) | — |
| Intl | 228 | 290 | (21.4) | (21.5) | 0.1 |
| WW | 329 | 435 | (24.4) | (24.4) | 0.0 |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

| | SIX MONTHS | | | | |
|--|------------|-------|----------|----------------------------|----------|
| | 2017 | 2016 | % Change | | |
| | | | Reported | Operational ⁽¹⁾ | Currency |
| PHARMACEUTICAL SEGMENT ^{(2) (3)} (Continued) | | | | | |
| NEUROSCIENCE | | | | | |
| US | \$ 1,284 | 1,375 | (6.6)% | (6.6)% | — % |
| Intl | 1,680 | 1,776 | (5.4) | (3.5) | (1.9) |
| WW | 2,964 | 3,151 | (5.9) | (4.9) | (1.0) |
| <u>CONCERTA / METHYLPHENIDATE</u> | | | | | |
| US | 184 | 263 | (30.0) | (30.0) | — |
| Intl | 206 | 206 | 0.0 | 1.3 | (1.3) |
| WW | 390 | 469 | (16.8) | (16.2) | (0.6) |
| <u>INVEGA SUSTENNA / XEPLION / TRINZA</u> | | | | | |
| US | 759 | 644 | 17.9 | 17.9 | — |
| Intl | 474 | 429 | 10.5 | 13.7 | (3.2) |
| WW | 1,233 | 1,073 | 14.9 | 16.2 | (1.3) |
| <u>RISPERDAL CONSTA</u> | | | | | |
| US | 186 | 195 | (4.6) | (4.6) | — |
| Intl | 228 | 266 | (14.3) | (12.0) | (2.3) |
| WW | 414 | 461 | (10.2) | (8.9) | (1.3) |
| <u>OTHER NEUROSCIENCE</u> | | | | | |
| US | 155 | 273 | (43.2) | (43.2) | — |
| Intl | 772 | 875 | (11.8) | (10.6) | (1.2) |
| WW | 927 | 1,148 | (19.3) | (18.4) | (0.9) |
| ONCOLOGY | | | | | |
| US | 1,361 | 1,118 | 21.7 | 21.7 | — |
| Intl | 1,960 | 1,710 | 14.6 | 17.6 | (3.0) |
| WW | 3,321 | 2,828 | 17.4 | 19.2 | (1.8) |
| <u>DARZALEX</u> | | | | | |
| US | 413 | 196 | * | * | — |
| Intl | 141 | 13 | * | * | ** |
| WW | 554 | 209 | * | * | ** |
| <u>IMBRUVICA</u> | | | | | |
| US | 392 | 276 | 42.0 | 42.0 | — |
| Intl | 467 | 280 | 66.8 | 71.4 | (4.6) |
| WW | 859 | 556 | 54.5 | 56.8 | (2.3) |
| <u>VELCADE</u> | | | | | |
| US | — | — | — | — | — |
| Intl | 570 | 646 | (11.8) | (9.0) | (2.8) |
| WW | 570 | 646 | (11.8) | (9.0) | (2.8) |
| <u>ZYTIGA</u> | | | | | |
| US | 474 | 558 | (15.1) | (15.1) | — |
| Intl | 607 | 601 | 1.0 | 3.0 | (2.0) |
| WW | 1,081 | 1,159 | (6.7) | (5.7) | (1.0) |
| <u>OTHER ONCOLOGY</u> | | | | | |
| US | 82 | 88 | (6.8) | (6.8) | — |
| Intl | 175 | 170 | 2.9 | 5.5 | (2.6) |
| WW | 257 | 258 | (0.4) | 1.3 | (1.7) |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SIX MONTHS

| | 2017 | 2016 | % Change | | |
|--|-----------|----------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| PHARMACEUTICAL SEGMENT ^{(2) (3) (Continued)} | | | | | |
| PULMONARY HYPERTENSION ⁽⁵⁾ | | | | | |
| US | \$ 40 | — | ** | ** | — |
| Intl | 51 | — | ** | ** | — |
| WW | <u>91</u> | <u>—</u> | ** | ** | — |
| <u>OPSUMIT</u> | | | | | |
| US | 24 | — | ** | ** | — |
| Intl | 21 | — | ** | ** | — |
| WW | <u>45</u> | <u>—</u> | ** | ** | — |
| <u>TRACLEER</u> | | | | | |
| US | 2 | — | ** | ** | — |
| Intl | 24 | — | ** | ** | — |
| WW | <u>26</u> | <u>—</u> | ** | ** | — |
| <u>UPTRAVI</u> | | | | | |
| US | 8 | — | ** | ** | — |
| Intl | 1 | — | ** | ** | — |
| WW | <u>9</u> | <u>—</u> | ** | ** | — |
| <u>OTHER</u> ⁽⁶⁾ | | | | | |
| US | 6 | — | ** | ** | — |
| Intl | 5 | — | ** | ** | — |
| WW | <u>11</u> | <u>—</u> | ** | ** | — |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SIX MONTHS

PHARMACEUTICAL SEGMENT ^{(2) (3)} (Continued)

CARDIOVASCULAR / METABOLISM / OTHER

| | 2017 | 2016 | % Change | | |
|-----------------------------|------------------|---------------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| US | \$ 2,306 | 2,473 | (6.8)% | (6.8)% | — % |
| Intl | 768 | 827 | (7.1) | (3.7) | (3.4) |
| WW | <u>3,074</u> | <u>3,300</u> | (6.8) | (6.0) | (0.8) |
| <u>XARELTO</u> | | | | | |
| US | 1,155 | 1,161 | (0.5) | (0.5) | — |
| Intl | — | — | — | — | — |
| WW | <u>1,155</u> | <u>1,161</u> | (0.5) | (0.5) | — |
| <u>INVOKANA / INVOKAMET</u> | | | | | |
| US | 503 | 645 | (22.0) | (22.0) | — |
| Intl | 76 | 63 | 20.6 | 23.9 | (3.3) |
| WW | <u>579</u> | <u>708</u> | (18.2) | (17.9) | (0.3) |
| <u>PROCIT / EPREX</u> | | | | | |
| US | 343 | 413 | (16.9) | (16.9) | — |
| Intl | 159 | 183 | (13.1) | (11.3) | (1.8) |
| WW | <u>502</u> | <u>596</u> | (15.8) | (15.3) | (0.5) |
| <u>OTHER</u> | | | | | |
| US | 305 | 254 | 20.1 | 20.1 | — |
| Intl | 533 | 581 | (8.3) | (4.4) | (3.9) |
| WW | <u>838</u> | <u>835</u> | 0.4 | 3.1 | (2.7) |
| TOTAL PHARMACEUTICAL | | | | | |
| US | 9,882 | 10,081 | (2.0) | (2.0) | — |
| Intl | 6,998 | 6,751 | 3.7 | 5.9 | (2.2) |
| WW | <u>\$ 16,880</u> | <u>16,832</u> | 0.3 % | 1.2 % | (0.9)% |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SIX MONTHS

| | 2017 | 2016 | % Change | | |
|---|--------|-------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| MEDICAL DEVICES SEGMENT ⁽²⁾ | | | | | |
| CARDIOVASCULAR | | | | | |
| US | \$ 524 | 466 | 12.4 % | 12.4 % | — % |
| Intl | 498 | 447 | 11.4 | 13.2 | (1.8) |
| WW | 1,022 | 913 | 11.9 | 12.8 | (0.9) |
| DIABETES CARE | | | | | |
| US | 314 | 357 | (12.0) | (12.0) | — |
| Intl | 506 | 543 | (6.8) | (5.5) | (1.3) |
| WW | 820 | 900 | (8.9) | (8.1) | (0.8) |
| DIAGNOSTICS | | | | | |
| US | — | — | — | — | — |
| Intl | 1 | 59 | ** | ** | ** |
| WW | 1 | 59 | ** | ** | ** |
| ORTHOPAEDICS | | | | | |
| US | 2,766 | 2,756 | 0.4 | 0.4 | — |
| Intl | 1,902 | 1,940 | (2.0) | (0.3) | (1.7) |
| WW | 4,668 | 4,696 | (0.6) | 0.1 | (0.7) |
| <u>HIPS</u> | | | | | |
| US | 417 | 400 | 4.3 | 4.3 | — |
| Intl | 285 | 291 | (2.1) | (0.1) | (2.0) |
| WW | 702 | 691 | 1.6 | 2.4 | (0.8) |
| <u>KNEES</u> | | | | | |
| US | 482 | 473 | 1.9 | 1.9 | — |
| Intl | 301 | 301 | 0.0 | 2.1 | (2.1) |
| WW | 783 | 774 | 1.2 | 2.0 | (0.8) |
| <u>TRAUMA</u> | | | | | |
| US | 781 | 762 | 2.5 | 2.5 | — |
| Intl | 504 | 516 | (2.3) | (1.0) | (1.3) |
| WW | 1,285 | 1,278 | 0.5 | 1.0 | (0.5) |
| <u>SPINE & OTHER</u> | | | | | |
| US | 1,086 | 1,121 | (3.1) | (3.1) | — |
| Intl | 812 | 832 | (2.4) | (0.7) | (1.7) |
| WW | 1,898 | 1,953 | (2.8) | (2.1) | (0.7) |

See footnotes at end of schedule

Johnson & Johnson

Segment Sales
(Dollars in Millions)

SIX MONTHS

| | 2017 | 2016 | % Change | | |
|---|-----------|--------|----------|----------------------------|----------|
| | | | Reported | Operational ⁽¹⁾ | Currency |
| MEDICAL DEVICES SEGMENT ⁽²⁾ (Continued) | | | | | |
| SURGERY | | | | | |
| US | \$ 2,007 | 2,001 | 0.3 % | 0.3 % | — % |
| Intl | 2,648 | 2,624 | 0.9 | 2.4 | (1.5) |
| WW | 4,655 | 4,625 | 0.6 | 1.5 | (0.9) |
| <u>ADVANCED</u> | | | | | |
| US | 792 | 741 | 6.9 | 6.9 | — |
| Intl | 1,018 | 984 | 3.5 | 5.4 | (1.9) |
| WW | 1,810 | 1,725 | 4.9 | 6.0 | (1.1) |
| <u>GENERAL</u> | | | | | |
| US | 846 | 840 | 0.7 | 0.7 | — |
| Intl | 1,342 | 1,357 | (1.1) | 0.4 | (1.5) |
| WW | 2,188 | 2,197 | (0.4) | 0.5 | (0.9) |
| <u>SPECIALTY</u> | | | | | |
| US | 369 | 420 | (12.1) | (12.1) | — |
| Intl | 288 | 283 | 1.8 | 1.7 | 0.1 |
| WW | 657 | 703 | (6.5) | (6.5) | 0.0 |
| VISION CARE | | | | | |
| US | 710 | 490 | 44.9 | 44.9 | — |
| Intl | 1,143 | 835 | 36.9 | 37.6 | (0.7) |
| WW | 1,853 | 1,325 | 39.8 | 40.2 | (0.4) |
| <u>CONTACT LENSES / OTHER</u> | | | | | |
| US | 530 | 490 | 8.2 | 8.2 | — |
| Intl | 906 | 835 | 8.5 | 9.2 | (0.7) |
| WW | 1,436 | 1,325 | 8.4 | 8.8 | (0.4) |
| <u>SURGICAL</u> | | | | | |
| US | 180 | — | ** | ** | — |
| Intl | 237 | — | ** | ** | — |
| WW | 417 | — | ** | ** | — |
| TOTAL MEDICAL DEVICES | | | | | |
| US | 6,321 | 6,070 | 4.1 | 4.1 | — |
| Intl | 6,698 | 6,448 | 3.9 | 5.3 | (1.4) |
| WW | \$ 13,019 | 12,518 | 4.0 % | 4.7 % | (0.7)% |

* Percentage greater than 100%

** Not meaningful

⁽¹⁾ Operational growth excludes the effect of translational currency

⁽²⁾ Unaudited

⁽³⁾ Prior year amounts have been reclassified to conform to current year product disclosure

⁽⁴⁾ Reported as U.S. sales

⁽⁵⁾ Actelion acquisition completed June 16, 2017

⁽⁶⁾ Includes Non-Pulmonary Hypertension Products