

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.)
	2016	2015		2016	2015	
Earnings before provision for taxes on income - as reported	\$4,324	3,758	15.1 %	\$19,803	19,196	3.2 %
Intangible asset amortization expense	344	301		1,271	1,570	
Restructuring/Other ⁽¹⁾	298	590		685	590	
Litigation expense, net	96	-		817	141	
DePuy ASR™ Hip program	9	-		9	148	
In-process research and development	-	214		29	224	
Other	32	50		145	134	
Earnings before provision for taxes on income - as adjusted	<u>\$5,103</u>	<u>4,913</u>	<u>3.9 %</u>	<u>\$22,759</u>	<u>22,003</u>	<u>3.4 %</u>
Net Earnings - as reported	\$3,814	3,215	18.6 %	\$16,540	15,409	7.3 %
Intangible asset amortization expense	252	220		931	1,113	
Restructuring/Other	251	415		544	415	
Litigation expense, net	80	-		675	118	
DePuy ASR™ Hip program	7	-		7	130	
In-process research and development	-	156		23	162	
Other	(43)	37		44	98	
Net Earnings - as adjusted	<u>\$4,361</u>	<u>4,043</u>	<u>7.9 %</u>	<u>\$18,764</u>	<u>17,445</u>	<u>7.6 %</u>
Diluted Net Earnings per share - as reported	\$ 1.38	1.15	20.0 %	\$ 5.93	5.48	8.2 %
Intangible asset amortization expense	0.09	0.07		0.33	0.39	
Restructuring/Other	0.09	0.15		0.20	0.15	
Litigation expense, net	0.03	-		0.24	0.04	
DePuy ASR™ Hip program	-	-		-	0.05	
In-process research and development	-	0.06		0.01	0.06	
Other	(0.01)	0.01		0.02	0.03	
Diluted Net Earnings per share - as adjusted	<u>\$ 1.58</u>	<u>1.44</u>	<u>9.7 %</u>	<u>\$ 6.73</u>	<u>6.20</u>	<u>8.5 %</u>
Operational Diluted Net Earnings per share - as adjusted at 2014 foreign currency exchange rates		1.54			6.76	
Impact of currency at 2015 foreign currency exchange rates	0.01	(0.10)		0.05	(0.56)	
Operational Diluted Net Earnings per share - as adjusted at 2015 foreign currency exchange rates	<u>\$ 1.59</u>	<u>1.44</u>	<u>10.4 %</u>	<u>\$ 6.78</u>	<u>6.20</u>	<u>9.4 %</u>

(1) Includes \$18M recorded in cost of products sold and \$85M recorded in other (income) expense for the fourth quarter 2016, and \$81M recorded in cost of products sold for the fourth quarter 2015.

Includes \$45M recorded in cost of products sold and \$149M recorded in other (income) expense for twelve months YTD 2016, and \$81M recorded in cost of products sold for twelve months YTD 2015.

**Operational Sales Growth Excluding Acquisitions, Divestitures, Hepatitis C Sales⁽¹⁾, Venezuela and Additional 2015 Shipping Days
 FOURTH QUARTER 2016 ACTUAL vs. 2015 ACTUAL**

Segments				
	<u>Consumer</u>	<u>Pharmaceutical</u>	<u>Medical Devices</u>	<u>Total</u>
	Operational % ⁽²⁾			
WW As Reported:	4.9%	2.6%	0.6%	2.3%
U.S.	12.7%	1.9%	(0.1)%	2.6%
International	0.2%	3.7%	1.3%	1.9%
Wound Care/Other				
SPLENDA[®]	0.5			0.1
U.S.	0.0			0.0
International	0.8			0.2
Cardiovascular				
Cordis			0.0	0.0
U.S.			0.1	0.0
International			(0.1)	0.0
Beauty				
Vogue	(2.7)			(0.5)
U.S.	(5.7)			(0.8)
International	(1.0)			(0.3)
Other Neuroscience				
Controlled Substance Raw Material and API Business		1.2		0.5
U.S.		1.4		0.8
International		0.8		0.3
All Other Acquisitions and Divestitures	(0.1)	0.0	0.3	0.1
U.S.	(0.3)	(0.1)	(0.4)	(0.2)
International	0.1	0.0	1.0	0.4
WW Ops excluding Acquisitions and Divestitures	2.6%	3.8%	0.9%	2.5%
U.S.	6.7%	3.2%	(0.4)%	2.4%
International	0.1%	4.5%	2.2%	2.5%
Hepatitis C		0.4		0.2
U.S.		(0.1)		0.0
International		1.2		0.5
Venezuela	0.4	0.0	0.1	0.1
U.S.	0.0	0.0	0.0	0.0
International	0.7	0.2	0.2	0.3
Additional 2015 Shipping Days	4.6	5.7	3.7	4.8
U.S.	7.0	8.7	4.9	7.1
International	3.3	1.2	2.6	2.3
WW Ops excluding Acquisitions, Divestitures, Hepatitis C, Venezuela & Shipping Days	7.6%	9.9%	4.7%	7.6%
U.S.	13.7%	11.8%	4.5%	9.5%
International	4.1%	7.1%	5.0%	5.6%

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

⁽²⁾ Operational growth excludes the effect of translational currency

Operational Sales Growth Excluding Acquisitions, Divestitures, Hepatitis C Sales⁽¹⁾, Venezuela and Additional 2015 Shipping Days
TWELVE MONTHS 2016 ACTUAL vs. 2015 ACTUAL

Segments				
	Consumer	Pharmaceutical	Medical Devices	Total
	Operational %⁽²⁾			
WW As Reported:	1.5%	7.4%	0.9%	3.9%
U.S.	3.8%	9.8%	1.1%	6.0%
International	0.1%	4.0%	0.7%	1.8%
Wound Care/Other				
SPLENDA®	1.8			0.3
U.S.	3.4			0.5
International	0.8			0.2
Cardiovascular				
Cordis			1.7	0.7
U.S.			0.8	0.3
International			2.6	1.0
Beauty	(1.2)			
Vogue	(2.8)			(0.2)
U.S.	(0.3)			(0.4)
International				0.0
Other Neuroscience				
Controlled Substance Raw Material and API Business		0.5		0.2
U.S.		0.7		0.3
International		0.2		0.1
All Other Acquisitions and Divestitures	(0.1)	0.1	0.1	0.1
U.S.	(0.3)	0.2	(0.2)	0.0
International	0.1	0.1	0.3	0.1
WW Ops excluding Acquisitions and Divestitures	2.0%	8.0%	2.7%	5.0%
U.S.	4.1%	10.7%	1.7%	6.7%
International	0.7%	4.3%	3.6%	3.2%
Hepatitis C		1.9		0.8
U.S.		0.7		0.4
International		3.4		1.2
Venezuela	1.2	0.1	0.2	0.3
U.S.	0.0	0.0	0.0	0.0
International	1.9	0.3	0.4	0.7
Additional 2015 Shipping Days	1.1	1.5	0.9	1.3
U.S.	1.5	2.4	1.2	1.8
International	0.8	0.3	0.7	0.6
WW Ops excluding Acquisitions, Divestitures, Hepatitis C, Venezuela & Shipping Days	4.3%	11.5%	3.8%	7.4%
U.S.	5.6%	13.8%	2.9%	8.9%
International	3.4%	8.3%	4.7%	5.7%

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

⁽²⁾ Operational growth excludes the effect of translational currency

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Q4 YTD - Income Before Tax by Segment*
Dollars in Millions

	Consumer		Pharmaceutical		Medical Devices		Unallocated		Worldwide Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Reported Income Before Tax by Segment	\$ 2,441	1,787	12,827	11,734	5,578	6,826	(1,043)	(1,151)	19,803	19,196
% to Sales	18.3%	13.2%	38.3%	37.3%	22.2%	27.2%	-1.5%	-1.6%	27.5%	27.4%
Intangible asset amortization expense	202	142	214	193	855	1,235	-	-	1,271	1,570
Restructuring/Other	-	-	-	-	685	590	-	-	685	590
Litigation expense, net	5	-	6	136	806	5	-	-	817	141
DePuy ASR™ Hip program	-	-	-	-	9	148	-	-	9	148
In-process research & development	-	-	29	214	-	10	-	-	29	224
Other	-	-	-	-	145	134	-	-	145	134
Adjusted Income Before Tax by Segment	\$ <u>2,648</u>	<u>1,929</u>	<u>13,076</u>	<u>12,277</u>	<u>8,078</u>	<u>8,948</u>	<u>(1,043)</u>	<u>(1,151)</u>	<u>22,759</u>	<u>22,003</u>
% to Sales	19.9%	14.3%	39.1%	39.1%	32.2%	35.6%	-1.5%	-1.6%	31.7%	31.4%

*Estimated as of 1/24/17.