

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

Johnson & Johnson and Subsidiaries
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

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

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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Reconciliation of Non-GAAP Financial Measures

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.