

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

<i>(Dollars in Millions Except Per Share Data)</i>	Third Quarter		% Incr. / (Decr.)	Nine Months YTD		% Incr. / (Decr.)
	2017	2016		2017	2016	
Earnings before provision for taxes on income - as reported	\$ 4,790	5,281	(9.3) %	\$ 15,113	15,479	(2.4) %
Intangible asset amortization expense	1,077	319		1,886	927	
Litigation expense, net	118	55		611	721	
Restructuring/Other (1)	187	109		476	387	
Actelion acquisition related cost	367	-		580	-	
Diabetes asset impairment	(2)	-		180	-	
AMO acquisition related cost	36	-		115	-	
In-process research and development	-	-		-	29	
Other	-	67		-	113	
Earnings before provision for taxes on income - as adjusted	<u>\$ 6,573</u>	<u>5,831</u>	<u>12.7 %</u>	<u>\$ 18,961</u>	<u>17,656</u>	<u>7.4 %</u>
Net Earnings - as reported	\$ 3,764	4,272	(11.9) %	\$ 12,013	12,726	(5.6) %
Intangible asset amortization expense	933	236		1,555	679	
Litigation expense, net	97	46		449	595	
Restructuring/Other	136	76		358	293	
Actelion acquisition related cost	255	-		454	-	
Diabetes asset impairment	(5)	-		120	-	
AMO acquisition related cost	28	-		314	-	
In-process research and development	-	-		-	23	
Other	-	53		-	87	
Net Earnings - as adjusted	<u>\$ 5,208</u>	<u>4,683</u>	<u>11.2 %</u>	<u>\$ 15,263</u>	<u>14,403</u>	<u>6.0 %</u>
Diluted Net Earnings per share - as reported	\$ 1.37	1.53	(10.5) %	\$ 4.37	4.55	(4.0) %
Intangible asset amortization expense	0.34	0.08		0.57	0.24	
Litigation expense, net	0.04	0.02		0.16	0.21	
Restructuring/Other	0.05	0.03		0.14	0.11	
Actelion acquisition related cost	0.09	-		0.16	-	
Diabetes asset impairment	-	-		0.05	-	
AMO acquisition related cost	0.01	-		0.11	-	
In-process research and development	-	-		-	0.01	
Other	-	0.02		-	0.03	
Diluted Net Earnings per share - as adjusted	<u>\$ 1.90</u>	<u>1.68</u>	<u>13.1 %</u>	<u>\$ 5.56</u>	<u>5.15</u>	<u>8.0 %</u>
Operational Diluted Net Earnings per share - as adjusted at 2015 foreign currency exchange rates		1.68			5.19	
Impact of currency at 2016 foreign currency exchange rates	(0.05)	-		0.01	(0.04)	
Operational Diluted Net Earnings per share - as adjusted at 2016 foreign currency exchange rates	<u>\$ 1.85</u>	<u>1.68</u>	<u>10.1 %</u>	<u>\$ 5.57</u>	<u>5.15</u>	<u>8.2 %</u>

(1) Includes \$29M recorded in cost of products sold and \$89M recorded in other (income) expense for the third quarter 2017. Includes \$46M recorded in cost of products sold and \$265M recorded in other (income) expense for nine months 2017 YTD. Includes \$3M recorded in cost of products sold and \$44M recorded in other (income) expense for the third quarter 2016. Includes \$27M recorded in cost of products sold and \$64M recorded in other (income) expense for nine months 2016 YTD.

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Operational Sales Growth Excluding Acquisitions and Divestitures
THIRD QUARTER 2017 ACTUAL vs. 2016 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
	<u>Operational %⁽¹⁾</u>			
WW As Reported:	1.6%	14.6%	6.6%	9.5%
U.S.	(0.5)%	15.4%	4.6%	9.7%
International	3.0%	13.5%	8.6%	9.3%
Beauty				
<i>Dr. Ci: Labo</i>	(0.6)			(0.1)
U.S.	0.0			0.0
International	(1.0)			(0.2)
Vision Care				
<i>Abbott Medical Optics</i>			(5.2)	(1.8)
U.S.			(4.6)	(1.5)
International			(5.7)	(2.1)
Pulmonary Hypertension				
<i>Actelion</i>		(7.9)		(3.7)
U.S.		(7.7)		(4.1)
International		(8.4)		(3.3)
All Other Acquisitions and Divestitures	0.1		(0.2)	(0.1)
U.S.	(0.2)		(0.8)	(0.3)
International	0.3		0.3	0.1
WW Ops excluding Acquisitions and Divestitures	1.1%	6.7%	1.2%	3.8%
U.S.	(0.7)%	7.7%	(0.8)%	3.8%
International	2.3%	5.1%	3.2%	3.8%

⁽¹⁾ Operational growth excludes the effect of translational currency

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Reconciliation of Non-GAAP Financial Measure

Operational Sales Growth Excluding Acquisitions and Divestitures
NINE MONTHS 2017 ACTUAL vs. 2016 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
	Operational % ⁽¹⁾			
WW As Reported:	1.6%	5.6%	5.3%	4.8%
U.S.	3.8%	3.8%	4.3%	4.0%
International	0.2%	8.4%	6.3%	5.8%
Beauty				
<i>Vogue</i>	(1.9)			(0.4)
U.S.	(4.1)			(0.6)
International	(0.5)			(0.1)
Other Neuroscience				
<i>Controlled Substance Raw Material and API Business</i>		0.5		0.2
U.S.		0.6		0.3
International		0.3		0.1
Diagnostics				
<i>Ortho-Clinical Diagnostics</i>			0.4	0.1
U.S.			0.0	0.0
International			0.8	0.3
Beauty				
<i>Dr. Ci: Labo</i>	(0.3)			(0.1)
U.S.	0.0			0.0
International	(0.5)			(0.1)
Vision Care				
<i>Abbott Medical Optics</i>			(4.1)	(1.4)
U.S.			(3.7)	(1.2)
International			(4.6)	(1.7)
Pulmonary Hypertension				
<i>Actelion</i>		(3.0)		(1.4)
U.S.		(2.8)		(1.5)
International		(3.3)		(1.3)
All Other Acquisitions and Divestitures	(0.1)		(0.3)	0.0
U.S.	(0.4)		(0.7)	(0.3)
International	0.2		0.2	0.0
WW Ops excluding Acquisitions and Divestitures	(0.7)%	3.1%	1.3%	1.8%
U.S.	(0.7)%	1.6%	(0.1)%	0.7%
International	(0.6)%	5.4%	2.7%	3.0%

⁽¹⁾ Operational growth excludes the effect of translational currency

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Reconciliation of Non-GAAP Financial Measures

Q3 QTD - Income Before Tax by Segment*
Dollars in Millions

	Consumer		Pharmaceutical		Medical Devices		Unallocated		Worldwide Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Reported Income Before Tax by Segment	\$ 878	679	2,857	3,309	1,383	1,526	(328)	(233)	4,790	5,281
% to Sales	26.2%	20.8%	29.5%	39.4%	21.0%	24.8%	-1.7%	-1.3%	24.4%	29.6%
Intangible asset amortization expense	63	59	749	43	265	217	-	-	1,077	319
Litigation expense / (gain)	-	-	-	-	118	55	-	-	118	55
Restructuring / Other	-	-	-	-	187	109	-	-	187	109
Actelion acquisition related cost	-	-	367	-	-	-	-	-	367	-
Diabetes asset impairment	-	-	-	-	(2)	-	-	-	(2)	-
AMO acquisition related cost	-	-	-	-	36	-	-	-	36	-
Other	-	-	-	-	-	67	-	-	-	67
Adjusted Income Before Tax by Segment	\$ 941	738	3,973	3,352	1,987	1,974	(328)	(233)	6,573	5,831
% to Sales	28.0%	22.6%	41.0%	39.9%	30.1%	32.1%	-1.7%	-1.3%	33.5%	32.7%

*Estimated as of 10/17/17.

Johnson & Johnson and Subsidiaries
Net Income and Diluted EPS GAAP to Non-GAAP Reconciliation
\$ in Millions Except Per Share Data

	Third Quarter Oct. 1, 2017			Third Quarter Oct. 1, 2017	
	GAAP	Adjustment		Non-GAAP	Non-GAAP
Cost of products sold	\$ 6,925	(1,433)	A	5,492	
Other (Income) / Expense	(297)	(281)	B	(578)	
Restructuring	69	(69)	C	-	
Provision for taxes on income	1,026	339		1,365	
Net Earnings	3,764	1,444		5,208	
Diluted Net Earnings per Share	\$ 1.37	0.53		1.90	

(A) Includes \$1,077 Intangible asset amortization expense, \$304 Actelion acquisition related cost, \$23 AMO acquisition related cost and \$29 Restructuring/Other

(B) Includes \$118 Litigation expense, \$89 Restructuring/Other, \$63 Actelion acquisition related cost, (\$2) Diabetes Asset Impairment and \$13 AMO acquisition related cost

(C) Includes \$69 Restructuring/Other

	Nine Months Oct. 1, 2017			Nine Months Oct. 1, 2017	
	GAAP	Adjustment		Non-GAAP	Non-GAAP
Cost of products sold	\$ 18,180	(2,340)	A	15,840	
Other (Income) / Expense	11	(1,343)	B	(1,332)	
Restructuring	165	(165)	C	-	
Provision for taxes on income	3,100	598		3,698	
Net Earnings	12,013	3,250		15,263	
Diluted Net Earnings per Share	\$ 4.37	1.19		5.56	

(A) Includes \$1,886 Intangible asset amortization expense, \$351 Actelion acquisition related cost, \$57 AMO acquisition related cost and \$46 Restructuring/Other

(B) Includes \$611 Litigation expense, \$265 Restructuring/Other, \$229 Actelion acquisition related cost, \$180 Diabetes Asset Impairment and \$58 AMO acquisition related cost

(C) Includes \$165 Restructuring/Other

**2017 Statement of Earnings line items have been restated to reflect the impact of ASU 2017-07*

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