

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

<i>(Dollars in Millions Except Per Share Data)</i>	Second Quarter		% Incr. / (Decr.)	Six Months YTD		% Incr. / (Decr.)
	2017	2016		2017	2016	
Earnings before provision for taxes on income - as reported	\$ 4,748	4,904	(3.2) %	\$ 10,323	10,198	1.2 %
Intangible asset amortization expense	480	326		809	608	
Litigation expense, net	493	600		493	666	
Restructuring/Other ⁽¹⁾	128	141		289	278	
Actelion acquisition related cost	213	-		213	-	
Diabetes asset impairment	182	-		182	-	
AMO acquisition related cost	41	-		79	-	
In-process research and development	-	29		-	29	
Other	-	24		-	46	
Earnings before provision for taxes on income - as adjusted	<u>\$ 6,285</u>	<u>6,024</u>	<u>4.3 %</u>	<u>\$ 12,388</u>	<u>11,825</u>	<u>4.8 %</u>
Net Earnings - as reported	\$ 3,827	3,997	(4.3) %	\$ 8,249	8,454	(2.4) %
Intangible asset amortization expense	378	238		622	443	
Litigation expense, net	352	493		352	549	
Restructuring/Other	101	97		222	217	
Actelion acquisition related cost	199	-		199	-	
Diabetes asset impairment	125	-		125	-	
AMO acquisition related cost	35	-		286	-	
In-process research and development	-	23		-	23	
Other	-	18		-	34	
Net Earnings - as adjusted	<u>\$ 5,017</u>	<u>4,866</u>	<u>3.1 %</u>	<u>\$ 10,055</u>	<u>9,720</u>	<u>3.4 %</u>
Diluted Net Earnings per share - as reported	\$ 1.40	1.43	(2.1) %	\$ 3.00	3.02	(0.7) %
Intangible asset amortization expense	0.14	0.08		0.23	0.16	
Litigation expense, net	0.13	0.18		0.13	0.19	
Restructuring/Other	0.03	0.03		0.08	0.08	
Actelion acquisition related cost	0.07	-		0.07	-	
Diabetes asset impairment	0.05	-		0.05	-	
AMO acquisition related cost	0.01	-		0.10	-	
In-process research and development	-	0.01		-	0.01	
Other	-	0.01		-	0.01	
Diluted Net Earnings per share - as adjusted	<u>\$ 1.83</u>	<u>1.74</u>	<u>5.2 %</u>	<u>\$ 3.66</u>	<u>3.47</u>	<u>5.5 %</u>
Operational Diluted Net Earnings per share - as adjusted at 2015 foreign currency exchange rates		1.74			3.51	
Impact of currency at 2016 foreign currency exchange rates	0.03	-		0.06	(0.04)	
Operational Diluted Net Earnings per share - as adjusted at 2016 foreign currency exchange rates	<u>\$ 1.86</u>	<u>1.74</u>	<u>6.9 %</u>	<u>\$ 3.72</u>	<u>3.47</u>	<u>7.2 %</u>

⁽¹⁾ Includes \$13M recorded in cost of products sold and \$104M recorded in other (income) expense for the second quarter 2017. Includes \$17M recorded in cost of products sold and \$176M recorded in other (income) expense for six months 2017 YTD. Includes \$7M recorded in cost of products sold and \$20M recorded in other (income) expense for the second quarter 2016. Includes \$24M recorded in cost of products sold and \$20M recorded in other (income) expense for six months 2016 YTD.

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Operational Sales Growth Excluding Acquisitions and Divestitures
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				
Vogue	(2.7)			(0.5)
U.S.	(5.9)			(0.9)
International	(0.6)			(0.1)
Other Neuroscience				
Controlled Substance Raw Material and API Business		0.6		0.3
U.S.		0.8		0.4
International		0.5		0.2
Diagnostics				
Ortho-Clinical Diagnostics			0.5	0.2
U.S.			0.0	0.0
International			1.0	0.3
Vision Care				
Abbott Medical Optics			(5.1)	(1.8)
U.S.			(4.6)	(1.5)
International			(5.6)	(2.1)
Pulmonary Hypertension				
Actelion		(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

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Operational Sales Growth Excluding Acquisitions and Divestitures
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				
Vogue	(2.9)			(0.5)
U.S.	(6.1)			(0.9)
International	(0.7)			(0.2)
Other Neuroscience				
Controlled Substance Raw Material and API Business		0.7		0.3
U.S.		0.9		0.5
International		0.4		0.2
Diagnostics				
Ortho-Clinical Diagnostics			0.5	0.2
U.S.			0.0	0.0
International			1.0	0.4
Vision Care				
Abbott Medical Optics			(3.6)	(1.3)
U.S.			(3.2)	(1.0)
International			(4.0)	(1.5)
Pulmonary Hypertension				
Actelion		(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

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Q2 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 <i>% to Sales</i>	\$ 658 18.9%	571 16.7%	3,414 39.5%	3,687 42.6%	992 14.7%	939 14.7%	(316) -1.7%	(293) -1.6%	4,748 25.2%	4,904 26.5%
Intangible asset amortization expense	56	33	156	76	268	217	-	-	480	326
Litigation expense / (gain)	-	5	62	25	431	570	-	-	493	600
Restructuring / Other	-	-	-	-	128	141	-	-	128	141
Actelion acquisition related cost	-	-	213	-	-	-	-	-	213	-
Diabetes asset impairment	-	-	-	-	182	-	-	-	182	-
AMO acquisition related cost	-	-	-	-	41	-	-	-	41	-
In-process research and development	-	-	-	29	-	-	-	-	-	29
Other	-	-	-	-	-	24	-	-	-	24
Adjusted Income Before Tax by Segment <i>% to Sales</i>	\$ <u>714</u> 20.5%	<u>609</u> 17.8%	<u>3,845</u> 44.5%	<u>3,817</u> 44.1%	<u>2,042</u> 30.4%	<u>1,891</u> 29.5%	<u>(316)</u> -1.7%	<u>(293)</u> -1.6%	<u>6,285</u> 33.4%	<u>6,024</u> 32.6%

*Estimated as of 7/18/17.