Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)	FIRST QUARTER								
		2011 ACT				2010 ACT			Percent
				Percent				Percent	Increase
		Amount		to Sales		Amount		to Sales	(Decrease)
Sales to customers	\$	16,173		100.0	\$	15,631		100.0	3.5
Cost of products sold		4,778		29.5		4,528		29.0	5.5
Selling, marketing and administrative expenses		5,056		31.3		4,779		30.5	5.8
Research and development expense		1,738		10.8		1,557		10.0	11.6
Interest (income)expense, net		104		0.6		81		0.5	28.4
Other (income)expense, net		(13)		(0.1)		(1,594))	(10.2)	
Earnings before provision for taxes on income		4,510		27.9		6,280		40.2	(28.2)
Provision for taxes on income		1,034		6.4		1,754		11.2	(41.0)
Net earnings	\$	3,476		21.5	\$	4,526		29.0	(23.2)
Net earnings per share (Diluted)	\$	1.25			\$	1.62			(22.8)
Average shares outstanding (Diluted)		2,772.7				2,797.3			
Effective tax rate		22.9	%			27.9	%		
Adjusted earnings before provision for taxes and net earnings									
Earnings before provision for taxes on income	\$	4,856	(1)	30.0	\$	4,783	(2)	30.6	1.5
Net earnings	\$	3,747	(1)	23.2	\$	3,616	(2)	23.1	3.6
Net earnings per share (Diluted)	\$	1.35	(1)		\$	1.29	(2)		4.7
Effective tax rate	22.8 %				24.4 %				

⁽¹⁾ The difference between as reported earnings and as adjusted earnings before provision for taxes on income, net earnings and net earnings per share (diluted) is the exclusion of expense due to litigation (\$291 million) and additional DePuy ASR™ Hip recall costs (\$55 million) of \$346 million, \$271 million and \$0.10 per share, respectively.

⁽²⁾ The difference between as reported earnings and as adjusted earnings before provision for taxes on income, net earnings and net earnings per share (diluted) is the exclusion of income from net litigation of \$1,497 million, \$910 million and \$0.33 per share, respectively.