

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.)
	2017	2016		2017	2016	
Earnings before provision for taxes on income - as reported	\$ 2,560	4,324	(40.8) %	\$ 17,673	19,803	(10.8) %
Intangible asset amortization expense	1,077	344		2,963	1,271	
Litigation expense, net	645	96		1,256	817	
Actelion acquisition related cost	217	-		797	-	
Restructuring/Other ⁽¹⁾	284	298		760	685	
In-process research and development	408	-		408	29	
Diabetes asset impairment	35	-		215	-	
AMO acquisition related cost	25	-		140	-	
DePuy ASR™ Hip program	-	9		-	9	
Other	-	32		-	145	
Earnings before provision for taxes on income - as adjusted	\$ 5,251	5,103	2.9 %	\$ 24,212	22,759	6.4 %
Net Earnings/(Loss) - as reported	\$ (10,713)	3,814	(380.9) %	\$ 1,300	16,540	(92.1) %
Impact of tax legislation	13,556	-		13,556	-	
Intangible asset amortization expense	926	252		2,481	931	
Litigation expense, net	506	80		955	675	
Actelion acquisition related cost	313	-		767	-	
Restructuring/Other	237	251		595	544	
In-process research and development	266	-		266	23	
Diabetes asset impairment	(116)	-		4	-	
AMO acquisition related cost	(198)	-		116	-	
DePuy ASR™ Hip program	-	7		-	7	
Other	-	(43)		-	44	
Net Earnings - as adjusted	\$ 4,777	4,361	9.5 %	\$ 20,040	18,764	6.8 %
Diluted Net Earnings/(Loss) per share - as reported	\$ (3.99)	1.38	(389.1) %	\$ 0.47	5.93	(92.1) %
Dilutive impact of shares excluded due to net loss position	0.08	-		-	-	
Impact of tax legislation	4.94	-		4.94	-	
Intangible asset amortization expense	0.34	0.09		0.90	0.33	
Litigation expense, net	0.19	0.03		0.35	0.24	
Actelion acquisition related cost	0.11	-		0.28	-	
Restructuring/Other	0.08	0.09		0.22	0.20	
In-process research and development	0.10	-		0.10	0.01	
Diabetes asset impairment	(0.04)	-		-	-	
AMO acquisition related cost	(0.07)	-		0.04	-	
DePuy ASR™ Hip program	-	-		-	-	
Other	-	(0.01)		-	0.02	
Diluted Net Earnings per share - as adjusted	\$ 1.74	1.58	10.1 %	\$ 7.30	6.73	8.5 %
Operational Diluted Net Earnings per share - as adjusted at 2015 foreign currency exchange rates		1.59			6.78	
Impact of currency at 2016 foreign currency exchange rates	(0.07)	(0.01)		(0.06)	(0.05)	
Operational Diluted Net Earnings per share - as adjusted at 2016 foreign currency exchange rates	\$ 1.67	1.58	5.7 %	\$ 7.24	6.73	7.6 %

(1) Includes \$42M recorded in cost of products sold and \$98M recorded in other (income) expense for the fourth quarter 2017, and \$18M recorded in cost of products sold and \$85M recorded in other (income) expense for the fourth quarter 2016.

Includes \$88M recorded in cost of products sold and \$363M recorded in other (income) expense for twelve months YTD 2017, and \$45M recorded in cost of products sold and \$149M recorded in other (income) expense for twelve months YTD 2016.

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

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
	Operational % ⁽¹⁾			
WW As Reported:	0.4%	15.5%	6.5%	9.4%
U.S.	(0.6)%	15.5%	5.3%	9.8%
International	1.2%	15.5%	7.5%	9.0%
Vision Care				
Abbott Medical Optics			(5.4)	(1.9)
U.S.			(4.9)	(1.7)
International			(5.8)	(2.2)
Pulmonary Hypertension				
Actelion		(7.4)		(3.4)
U.S.		(7.3)		(3.8)
International		(7.6)		(2.8)
Cardiovascular / Metabolism / Other				
Actelion		(0.5)		(0.2)
U.S.		(0.3)		(0.2)
International		(0.7)		(0.3)
Spine & Other			1.2	0.5
Codman Neuroscience			0.8	0.2
U.S.			1.6	0.6
International				
All Other Acquisitions and Divestitures	(0.2)		(0.3)	(0.2)
U.S.	0.0		(0.9)	(0.2)
International	(0.5)		0.3	0.0
WW Ops excluding Acquisitions and Divestitures	0.2%	7.6%	2.0%	4.2%
U.S.	(0.6)%	7.9%	0.3%	4.1%
International	0.7%	7.2%	3.6%	4.3%

⁽¹⁾ Operational growth excludes the effect of translational currency

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

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

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
	Operational % ⁽¹⁾			
WW As Reported:	1.3%	8.0%	5.7%	6.0%
U.S.	2.7%	6.7%	4.5%	5.4%
International	0.4%	10.1%	6.7%	6.6%
Beauty				
Vogue	(1.5)			(0.3)
U.S.	(3.1)			(0.4)
International	(0.4)			(0.1)
Other Neuroscience				
Controlled Substance Raw Material and API Business		0.4		0.2
U.S.		0.5		0.2
International		0.2		0.1
Diagnostics				
Ortho-Clinical Diagnostics			0.2	0.0
U.S.			0.0	0.0
International			0.5	0.1
Beauty				
Dr. Ci: Labo	(0.3)			(0.1)
U.S.	0.0			0.0
International	(0.6)			(0.1)
Vision Care				
Abbott Medical Optics			(4.5)	(1.5)
U.S.			(4.0)	(1.3)
International			(4.9)	(1.8)
Pulmonary Hypertension				
Actelion		(4.0)		(1.9)
U.S.		(3.8)		(2.0)
International		(4.2)		(1.7)
Cardiovascular / Metabolism / Other				
Actelion		(0.2)		(0.1)
U.S.		(0.3)		(0.1)
International		(0.3)		(0.1)
Spine & Other				
Codman Neuroscience			0.3	0.1
U.S.			0.2	0.1
International			0.5	0.2
All Other Acquisitions and Divestitures	0.0		(0.2)	0.0
U.S.	(0.3)		(0.7)	(0.3)
International	0.3		0.2	0.1
WW Ops excluding Acquisitions and Divestitures	(0.5)%	4.2%	1.5%	2.4%
U.S.	(0.7)%	3.1%	0.0%	1.6%
International	(0.3)%	5.8%	3.0%	3.3%

⁽¹⁾ Operational growth excludes the effect of translational currency

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

Q4 YTD - 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	\$ 2,524	2,441	11,083	12,827	5,392	5,578	(1,326)	(1,043)	17,673	19,803
% to Sales	18.6%	18.3%	30.6%	38.3%	20.3%	22.2%	-1.7%	-1.5%	23.1%	27.5%
Intangible asset amortization expense	239	202	1,688	214	1,036	855	-	-	2,963	1,271
Litigation expense, net	-	5	117	6	1,139	806	-	-	1,256	817
Actelion acquisition related cost	-	-	797	-	-	-	-	-	797	-
Restructuring / Other	-	-	-	-	760	685	-	-	760	685
In-process research and development	-	-	396	29	12	-	-	-	408	29
Diabetes asset impairment	-	-	-	-	215	-	-	-	215	-
AMO acquisition related cost	-	-	-	-	140	-	-	-	140	-
DePuy ASR™ Hip program	-	-	-	-	-	9	-	-	-	9
Other	-	-	-	-	-	145	-	-	-	145
Adjusted Income Before Tax by Segment	\$ 2,763	2,648	14,081	13,076	8,694	8,078	(1,326)	(1,043)	24,212	22,759
% to Sales	20.3%	19.9%	38.8%	39.1%	32.7%	32.2%	-1.7%	-1.5%	31.7%	31.7%

*Estimated as of 01/23/2018

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

	Fourth Quarter Dec. 31, 2017			Fourth Quarter Dec. 31, 2017	
	GAAP	Adjustment		Non-GAAP	Non-GAAP
Cost of products sold	\$ 7,259	(1,300)	A	5,959	
Other (Income) / Expense	(53)	(839)	B	(892)	
In-process research and development	408	(408)	C	-	
Restructuring	144	(144)	D	-	
Provision for taxes on income	13,273	(12,799)	E	474	
Net Earnings/(Loss)	(10,713)	15,490		4,777	
Diluted Net Earnings/(Loss) per Share	\$ (3.99)	5.73		1.74	

(A) Includes \$1,077 Intangible asset amortization expense, \$180 Actelion acquisition related cost, \$1 AMO acquisition related cost and \$42 Restructuring/Other

(B) Includes \$645 Litigation expense, \$98 Restructuring/Other, \$37 Actelion acquisition related cost, \$35 Diabetes Asset Impairment and \$24 AMO acquisition related cost

(C) Includes \$408 In-process research and development

(D) Includes \$144 Restructuring/Other

(E) Includes \$13,556 related to impact of tax legislation

	Twelve Months Dec. 31, 2017			Twelve Months Dec. 31, 2017	
	GAAP	Adjustment		Non-GAAP	Non-GAAP
Cost of products sold	\$ 25,439	(3,640)	A	21,799	
Other (Income) / Expense	(42)	(2,182)	B	(2,224)	
In-process research and development	408	(408)	C	-	
Restructuring	309	(309)	D	-	
Provision for taxes on income	16,373	(12,201)	E	4,172	
Net Earnings	1,300	18,740		20,040	
Diluted Net Earnings per Share	\$ 0.47	6.83		7.30	

(A) Includes \$2,963 Intangible asset amortization expense, \$531 Actelion acquisition related cost, \$58 AMO acquisition related cost and \$88 Restructuring/Other

(B) Includes \$1,256 Litigation expense, \$363 Restructuring/Other, \$266 Actelion acquisition related cost, \$215 Diabetes Asset Impairment and \$82 AMO acquisition related cost

(C) Includes \$408 In-process research and development

(D) Includes \$309 Restructuring/Other

(E) Includes \$13,556 related to impact of tax legislation

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

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