

Johnson & Johnson and Subsidiaries
Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

FOURTH QUARTER

| | 2010 | | 2009 | | Percent Increase (Decrease) |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------------------|
| | Amount | Percent to Sales | Amount | Percent to Sales | |
| Sales to customers | \$ 15,644 | 100.0 | \$ 16,551 | 100.0 | (5.5) |
| Cost of products sold | 5,040 | 32.2 | 5,312 | 32.1 | (5.1) |
| Selling, marketing and administrative expenses | 5,180 | 33.1 | 5,629 | 34.0 | (8.0) |
| Research expense | 1,982 | 12.7 | 2,213 | 13.4 | (10.4) |
| Interest (income)expense, net | 114 | 0.7 | 81 | 0.5 | |
| Other (income)expense, net | 1,100 | 7.1 | (361) | (2.2) | |
| Restructuring expense | - | - | 1,073 | 6.5 | |
| Earnings before provision for taxes on income | 2,228 | 14.2 | 2,604 | 15.7 | (14.4) |
| Provision for taxes on income | 286 | 1.8 | 398 | 2.4 | (28.1) |
| Net earnings | \$ 1,942 | 12.4 | \$ 2,206 | 13.3 | (12.0) |
| | | | | | |
| Net earnings per share (Diluted) | \$ 0.70 | | \$ 0.79 | | (11.4) |
| | | | | | |
| Average shares outstanding (Diluted) | 2,781.6 | | 2,796.5 | | |
| | | | | | |
| Effective tax rate | 12.8 % | | 15.3 % | | |
| | | | | | |
| Adjusted earnings before provision for taxes and net earnings | | | | | |
| Earnings before provision for taxes on income | \$ 3,451 (1) | 22.1 | \$ 3,404 (2) | 20.6 | 1.4 |
| Net earnings | \$ 2,864 (1) | 18.3 | \$ 2,846 (2) | 17.2 | 0.6 |
| Net earnings per share (Diluted) | \$ 1.03 (1) | | \$ 1.02 (2) | | 1.0 |
| Effective tax rate | 17.0% | | 16.4% | | |

(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 from net litigation settlements of \$374 million, \$279 million and \$0.10 per share, respectively, the exclusion of product liability expense of \$569 million, \$404 million and \$0.14 per share, respectively, and the exclusion of expense for the cost associated with the DePuy ASR® Hip recall program of \$280 million, \$239 million and \$0.09 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 restructuring expense of \$1,186 million (\$1,073 million restructuring expense and \$113 million related to restructuring included in cost of products sold), \$852 million and \$0.31 per share, respectively, and the exclusion of income from net litigation settlements of \$386 million, \$212 million and \$0.08 per share, respectively.

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Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

TWELVE MONTHS

| | 2010 | | 2009 | | Percent Increase (Decrease) |
|--|------------------|------------------|------------------|------------------|-----------------------------|
| | Amount | Percent to Sales | Amount | Percent to Sales | |
| Sales to customers | \$ 61,587 | 100.0 | \$ 61,897 | 100.0 | (0.5) |
| Cost of products sold | 18,792 | 30.5 | 18,447 | 29.8 | 1.9 |
| Selling, marketing and administrative expenses | 19,424 | 31.5 | 19,801 | 32.0 | (1.9) |
| Research expense | 6,844 | 11.1 | 6,986 | 11.3 | (2.0) |
| Interest (income)expense, net | 348 | 0.6 | 361 | 0.6 | |
| Other (income)expense, net | (768) | (1.2) | (526) | (0.8) | |
| Restructuring expense | - | - | 1,073 | 1.7 | |
| Earnings before provision for taxes on income | 16,947 | 27.5 | 15,755 | 25.4 | 7.6 |
| Provision for taxes on income | 3,613 | 5.8 | 3,489 | 5.6 | 3.6 |
| Net earnings | \$ 13,334 | 21.7 | \$ 12,266 | 19.8 | 8.7 |

| | | | |
|---|----------------|----------------|------------|
| Net earnings per share (Diluted) | \$ 4.78 | \$ 4.40 | 8.6 |
| Average shares outstanding (Diluted) | 2,788.8 | 2,789.1 | |
| Effective tax rate | 21.3 % | 22.1 % | |

| Adjusted earnings before provision for taxes and net earnings | | | | | | | |
|---|------------------|------------|--------------|------------------|------------|--------------|------------|
| Earnings before provision for taxes on income | \$ 16,830 | (1) | 27.3 | \$ 16,555 | (2) | 26.7 | 1.7 |
| Net earnings | \$ 13,279 | (1) | 21.6 | \$ 12,906 | (2) | 20.9 | 2.9 |
| Net earnings per share (Diluted) | \$ 4.76 | (1) | | \$ 4.63 | (2) | | 2.8 |
| Effective tax rate | | | 21.1% | | | 22.0% | |

(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 income from net litigation settlements of \$966 million, \$698 million and \$0.25 per share, respectively, the exclusion of product liability expense of \$569 million, \$404 million and \$0.14 per share, respectively, and the exclusion of expense for the cost associated with the DePuy ASR® Hip recall program of \$280 million, \$239 million and \$0.09 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 restructuring expense of \$1,186 million (\$1,073 million restructuring expense and \$113 million related to restructuring included in cost of products sold), \$852 million and \$0.31 per share, respectively, and the exclusion of income from fourth quarter net litigation settlements of \$386 million, \$212 million and \$0.08 per share, respectively.