

**Johnson & Johnson and Subsidiaries**  
**Condensed Consolidated Statement of Earnings**

(Unaudited; in Millions Except Per Share Figures)

**TWELVE MONTHS**

|  | 2007      |                  | 2006      |                  | Percent Increase (Decrease) |
|--|-----------|------------------|-----------|------------------|-----------------------------|
|  | Amount    | Percent to Sales | Amount    | Percent to Sales |                             |
| <b>Sales to customers</b>                      | \$ 61,095 | 100.0            | \$ 53,324 | 100.0            | 14.6                        |
| Cost of products sold                          | 17,751    | 29.1             | 15,057    | 28.2             | 17.9                        |
| Selling, marketing and administrative expenses | 20,451    | 33.5             | 17,433    | 32.7             | 17.3                        |
| Research expense                               | 7,680     | 12.6             | 7,125     | 13.4             | 7.8                         |
| In-process research & development (IPR&D)      | 807       | 1.3              | 559       | 1.0              |                             |
| Restructuring expense                          | 745       | 1.2              | -         | -                |                             |
| Interest (income)expense, net                  | (156)     | (0.3)            | (766)     | (1.4)            |                             |
| Other (income)expense, net                     | 534       | 0.9              | (671)     | (1.3)            |                             |
| Earnings before provision for taxes on income  | 13,283    | 21.7             | 14,587    | 27.4             | (8.9)                       |
| Provision for taxes on income                  | 2,707     | 4.4              | 3,534     | 6.7              | (23.4)                      |
| <b>Net earnings</b>                            | \$ 10,576 | 17.3             | \$ 11,053 | 20.7             | (4.3)                       |

**Net earnings per share (Diluted)** \$ 3.63 \$ 3.73 (2.7)

**Average shares outstanding (Diluted)** 2,910.7 2,961.0

**Effective tax rate** 20.4 % 24.2 %

| <b>Adjusted earnings before provision for taxes and net earnings</b> |           |       |      |           |       |      |      |
|--|-----------|-------|------|-----------|-------|------|------|
| <b>Earnings before provision for taxes on income</b>                 | \$ 15,513 | (1)   | 25.4 | \$ 14,524 | (2)   | 27.2 | 6.8  |
| <b>Net earnings</b>  | \$ 12,085 | (1)   | 19.8 | \$ 11,133 | (2)   | 20.9 | 8.6  |
| <b>Net earnings per share (Diluted)</b>                              | \$ 4.15   | (1)   |      | \$ 3.76   | (2)   |      | 10.4 |
| <b>Effective tax rate</b>  |           | 22.1% |      |           | 23.3% |      |      |

(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 IPR&D of \$807 million with no tax benefit and \$0.28 per share, respectively, the exclusion of the restructuring expense of \$745 million, \$528 million and \$0.18 per share, respectively, the exclusion of the Natrecor intangible asset write-down of \$678 million, \$441 million, and \$0.15 per share, respectively, and the exclusion of an international tax gain on restructuring of \$267 million on net earnings, and \$0.09 per share.

(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 the Guidant acquisition agreement termination fee of \$622 million, \$368 million and \$0.12 per share, respectively, and the exclusion of IRP&D of \$559 million, \$448 million and \$0.15 per share, respectively.