

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

THIRD QUARTER

	2017		2016		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 19,650	100.0	\$ 17,820	100.0	10.3
Cost of products sold	6,902	35.1	5,486	30.8	25.8
Selling, marketing and administrative expenses	5,396	27.5	4,772	26.8	13.1
Research and development expense	2,574	13.1	2,178	12.2	18.2
Interest (income) expense, net	155	0.8	95	0.5	
Other (income) expense, net	(236)	(1.2)	(54)	(0.2)	
Restructuring	69	0.3	62	0.3	
Earnings before provision for taxes on income	4,790	24.4	5,281	29.6	(9.3)
Provision for taxes on income	1,026	5.2	1,009	5.6	1.7
Net earnings	\$ 3,764	19.2	\$ 4,272	24.0	(11.9)
Net earnings per share (Diluted)	\$ 1.37		\$ 1.53		(10.5)
Average shares outstanding (Diluted)	2,737.7		2,785.4		
Effective tax rate	21.4 %		19.1 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 6,573	33.5	\$ 5,831	32.7	12.7
Net earnings	\$ 5,208	26.5	\$ 4,683	26.3	11.2
Net earnings per share (Diluted)	\$ 1.90		\$ 1.68		13.1
Effective tax rate	20.8 %		19.7 %		

⁽¹⁾ See Reconciliation of Non-GAAP Financial Measures.

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NINE MONTHS

	2017		2016		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 56,255	100.0	\$ 53,784	100.0	4.6
Cost of products sold	18,111	32.2	16,151	30.0	12.1
Selling, marketing and administrative expenses	15,395	27.4	14,636	27.2	5.2
Research and development expense	6,919	12.3	6,455	12.0	7.2
In-process research and development	-	-	29	0.1	
Interest (income) expense, net	360	0.6	274	0.5	
Other (income) expense, net	192	0.3	464	0.9	
Restructuring	165	0.3	296	0.5	
Earnings before provision for taxes on income	15,113	26.9	15,479	28.8	(2.4)
Provision for taxes on income	3,100	5.5	2,753	5.1	12.6
Net earnings	\$ 12,013	21.4	\$ 12,726	23.7	(5.6)
Net earnings per share (Diluted)	\$ 4.37		\$ 4.55		(4.0)
Average shares outstanding (Diluted)	2,746.4		2,796.6		
Effective tax rate	20.5 %		17.8 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 18,961	33.7	\$ 17,656	32.8	7.4
Net earnings	\$ 15,263	27.1	\$ 14,403	26.8	6.0
Net earnings per share (Diluted)	\$ 5.56		\$ 5.15		8.0
Effective tax rate	19.5 %		18.4 %		

⁽¹⁾ See Reconciliation of Non-GAAP Financial Measures.