

Johnson & Johnson and Subsidiaries
Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

FOURTH QUARTER

	2008		2007		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 15,182	100.0	\$ 15,957	100.0	(4.9)
Cost of products sold	4,372	28.8	4,734	29.7	(7.6)
Selling, marketing and administrative expenses	5,665	37.3	5,721	35.8	(1.0)
Research expense	2,108	13.9	2,328	14.6	(9.5)
In-process research & development (IPR&D)	141	0.9	-	-	
Restructuring expense	-	-	-	-	
Interest (income)expense, net	17	0.1	(35)	(0.2)	
Other (income)expense, net	(638)	(4.2)	877	5.5	
Earnings before provision for taxes on income	3,517	23.2	2,332	14.6	50.8
Provision for taxes on income	803	5.3	(42)	(0.3)	NM*
Net earnings	\$ 2,714	17.9	\$ 2,374	14.9	14.3
Net earnings per share (Diluted)	\$ 0.97		\$ 0.82		18.3
Average shares outstanding (Diluted)	2,801.6		2,889.2		
Effective tax rate	22.8 %		(1.8) %		

Adjusted earnings before provision for taxes and net earnings							
Earnings before provision for taxes on income	\$ 3,279	(1)	21.6	\$ 3,010	(2)	18.9	8.9
Net earnings	\$ 2,626	(1)	17.3	\$ 2,548	(2)	16.0	3.1
Net earnings per share (Diluted)	\$ 0.94	(1)		\$ 0.88	(2)		6.8
Effective tax rate	19.9%			15.3%			

(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 \$141 million with no tax benefit and \$0.05 per share, respectively and the exclusion of income representing the net impact of litigation settlements of \$379 million, \$229 million, and \$0.08 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 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.

*Not meaningful

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	TWELVE MONTHS				
	2008		2007		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 63,747	100.0	\$ 61,095	100.0	4.3
Cost of products sold	18,511	29.1	17,751	29.1	4.3
Selling, marketing and administrative expenses	21,490	33.7	20,451	33.5	5.1
Research expense	7,577	11.9	7,680	12.6	(1.3)
In-process research & development (IPR&D)	181	0.3	807	1.3	
Restructuring expense	-	-	745	1.2	
Interest (income)expense, net	74	0.1	(156)	(0.3)	
Other (income)expense, net	(1,015)	(1.6)	534	0.9	
Earnings before provision for taxes on income	16,929	26.5	13,283	21.7	27.4
Provision for taxes on income	3,980	6.2	2,707	4.4	47.0
Net earnings	\$ 12,949	20.3	\$ 10,576	17.3	22.4
Net earnings per share (Diluted)	\$ 4.57		\$ 3.63		25.9
Average shares outstanding (Diluted)	2,835.6		2,910.7		
Effective tax rate	23.5 %		20.4 %		
Adjusted earnings before provision for taxes and net earnings					
Earnings before provision for taxes on income	\$ 16,731 (1)	26.2	\$ 15,513 (2)	25.4	7.9
Net earnings	\$ 12,901 (1)	20.2	\$ 12,085 (2)	19.8	6.8
Net earnings per share (Diluted)	\$ 4.55 (1)		\$ 4.15 (2)		9.6
Effective tax rate	22.9%		22.1%		

(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 \$181 million with no tax benefit and \$0.06 per share, respectively, and the exclusion of income representing the net impact of litigation settlements in the fourth quarter of \$379 million, \$229 million, and \$0.08 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 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.