

Johnson & Johnson and Subsidiaries
Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

FIRST QUARTER

	2012		2011		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 16,139	100.0	\$ 16,173	100.0	(0.2)
Cost of products sold	4,915	30.4	4,778	29.5	2.9
Selling, marketing and administrative expenses	5,015	31.1	5,056	31.3	(0.8)
Research and development expense	1,645	10.2	1,738	10.8	(5.4)
Interest (income)expense, net	130	0.8	104	0.6	25.0
Other (income)expense, net	(611)	(3.8)	(13)	(0.1)	
Earnings before provision for taxes on income	5,045	31.3	4,510	27.9	11.9
Provision for taxes on income	1,135	7.1	1,034	6.4	9.8
Net earnings	\$ 3,910	24.2	\$ 3,476	21.5	12.5

Net earnings per share (Diluted)	\$ 1.41	\$ 1.25	12.8
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Average shares outstanding (Diluted)	2,774.9	2,772.7
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Effective tax rate	22.5 %	22.9 %
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Adjusted earnings before provision for taxes and net earnings (1) (A)					
Earnings before provision for taxes on income	\$ 4,928	30.5	\$ 4,856	30.0	1.5
Net earnings	\$ 3,804	23.6	\$ 3,747	23.2	1.5
Net earnings per share (Diluted)	\$ 1.37		\$ 1.35		1.5
Effective tax rate	22.8 %		22.8 %		

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

(A) NON-GAAP FINANCIAL MEASURES "Adjusted earnings before provision for taxes on income," "adjusted net earnings," "adjusted net earnings per share (diluted)," and "adjusted effective tax rate" are non-GAAP financial measures and should not be considered replacements for GAAP results. The Company provides earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate on an adjusted basis because management believes that these measures provide useful information to investors. Among other things, these measures may assist investors in evaluating the Company's results of operations period over period. In various periods, these measures may exclude such items as significant costs associated with acquisitions, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters). Special items may be highly variable, difficult to predict, and of a size that sometimes has substantial impact on the Company's reported results of operations for a period. Management uses these measures internally for planning, forecasting and evaluating the performances of the Company's businesses, including allocating resources and evaluating results relative to employee performance compensation targets. Unlike earnings before provision for taxes on income, net earnings, net earnings per share (diluted), and effective tax rate prepared in accordance with GAAP, adjusted earnings before provision for taxes on income, adjusted net earnings, adjusted net earnings per share (diluted), and adjusted effective tax rate may not be comparable with the calculation of similar measures for other companies. These non-GAAP financial measures are presented solely to permit investors to more fully understand how management assesses the performance of the Company. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of the Company's results of operations without including all events during a period, such as the effects of an acquisition, restructuring, litigation, and changes in applicable laws and regulations (including significant accounting or tax matters) and do not provide a comparable view of the Company's performance to other companies in the health care industry. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP.