

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measures

<i>(Dollars in Millions Except Per Share Data)</i>	Fourth Quarter		% Incr. / (Decr.)	Twelve Months		% Incr. / (Decr.)
	2018	2017		2018	2017	
Earnings before provision for taxes on income - as reported	\$ 3,122	2,560	22.0 %	\$ 17,999	17,673	1.8 %
Intangible asset amortization expense	1,073	1,077		4,357	2,963	
Litigation expense, net	1,288	645		1,991	1,256	
Actelion acquisition related cost	43	217		243	797	
Restructuring/Other ⁽¹⁾	227	284		700	760	
In-process research and development	-	408		1,126	408	
Diabetes asset impairment	-	35		4	215	
AMO acquisition related cost	27	25		109	140	
Contingent liability reversal	-	-		(184)	-	
Unrealized loss/(gain) on securities	182	-		179	-	
Impact of tax legislation	72	-		72	-	
Other	12	-		102	-	
Earnings before provision for taxes on income - as adjusted	\$ 6,046	5,251	15.1 %	\$ 26,698	24,212	10.3 %
Net Earnings/(Loss) - as reported	\$ 3,042	(10,713)	N/M %	\$ 15,297	1,300	N/M %
Intangible asset amortization expense	957	926		3,888	2,481	
Litigation expense, net	1,113	506		1,722	955	
Actelion acquisition related cost	39	313		232	767	
Restructuring/Other	190	237		585	595	
In-process research and development	-	266		859	266	
Diabetes asset impairment	-	(116)		3	4	
AMO acquisition related cost	21	(198)		89	116	
Contingent liability reversal	-	-		(184)	-	
Unrealized loss/(gain) on securities	143	-		141	-	
Impact of tax legislation ⁽²⁾	(137)	13,556		(390)	13,556	
Other	4	-		73	-	
Net Earnings - as adjusted	\$ 5,372	4,777	12.5 %	\$ 22,315	20,040	11.4 %
Operational Increase			15.4 %			9.8 %
Currency Increase/(Decrease)			(2.9) %			1.6 %
Diluted Net Earnings/(Loss) per share - as reported	\$ 1.12	(3.99)	N/M %	\$ 5.61	0.47	N/M %
Dilutive impact of shares excluded due to net loss position	-	0.08		-	-	
Intangible asset amortization expense	0.35	0.34		1.42	0.90	
Litigation expense, net	0.41	0.19		0.63	0.35	
Actelion acquisition related cost	0.01	0.11		0.09	0.28	
Restructuring/Other	0.07	0.08		0.21	0.22	
In-process research and development	-	0.10		0.32	0.10	
Diabetes asset impairment	-	(0.04)		-	-	
AMO acquisition related cost	0.01	(0.07)		0.03	0.04	
Contingent liability reversal	-	-		(0.07)	-	
Unrealized loss/(gain) on securities	0.05	-		0.05	-	
Impact of tax legislation	(0.05)	4.94		(0.14)	4.94	
Other	-	-		0.03	-	
Diluted Net Earnings per share - as adjusted	\$ 1.97	1.74	13.2 %	\$ 8.18	7.30	12.1 %
Operational Diluted Net Earnings per share - as adjusted at 2016 foreign currency exchange rates		1.67			7.24	
Impact of currency at 2017 foreign currency exchange rates	0.05	0.07		(0.12)	0.06	
Operational Diluted Net Earnings per share - as adjusted at 2017 foreign currency exchange rates	\$ 2.02	1.74	16.1 %	\$ 8.06	7.30	10.4 %

(1) Includes \$32M recorded in cost of products sold and \$131M recorded in other (income) expense for the fourth quarter 2018, and \$42M recorded in cost of products sold and \$98M recorded in other (income) expense for the fourth quarter 2017.
Includes \$105M recorded in cost of products sold and \$344M recorded in other (income) expense for twelve months YTD 2018, and \$88M recorded in cost of products sold and \$363M recorded in other (income) expense for twelve months YTD 2017.

(2) Includes foreign currency translation

N/M = Not Meaningful

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measure

Operational Sales Growth Excluding Acquisitions and Divestitures
FOURTH QUARTER 2018 ACTUAL vs. 2017 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
	Operational % ⁽¹⁾			
WW As Reported:	3.3%	7.2%	(2.2)%	3.3%
U.S.	7.3%	2.8%	(3.0)%	1.5%
International	0.8%	13.7%	(1.4)%	5.1%
Wound Care / Other				
Compeed	0.7			0.1
U.S.	0.0			0.0
International	1.2			0.3
Beauty				
Nizoral	0.6			0.1
U.S.	0.4			0.0
International	0.8			0.2
OTC				
Zarbees	(0.8)			(0.1)
U.S.	(2.2)			(0.2)
International	0.0			0.0
Diabetes Care				
LifeScan			5.3	1.9
U.S.			3.7	1.2
International			6.8	2.7
All Other Acquisitions and Divestitures	0.0	0.0	0.2	0.0
U.S.	0.0	0.0	0.3	0.1
International	0.0	0.0	0.0	0.0
WW Ops excluding Acquisitions and Divestitures	3.8%	7.2%	3.3%	5.3%
U.S.	5.5%	2.8%	1.0%	2.6%
International	2.8%	13.7%	5.4%	8.3%

⁽¹⁾ Operational growth excludes the effect of translational currency

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measure

Operational Sales Growth Excluding Acquisitions and Divestitures
TWELVE MONTHS 2018 ACTUAL vs. 2017 ACTUAL

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
	Operational % ⁽¹⁾			
WW As Reported:	2.2%	11.8%	1.1%	6.3%
U.S.	3.5%	8.4%	0.1%	5.1%
International	1.4%	16.5%	1.9%	7.7%
Pulmonary Hypertension				
Actelion		(3.2)		(1.5)
U.S.		(3.4)		(1.8)
International		(2.8)		(1.1)
Cardiovascular / Metabolism / Other				
Actelion		(0.2)		(0.1)
U.S.		(0.1)		(0.1)
International		(0.2)		(0.1)
Spine & Other				
Codman Neuroscience			0.7	0.3
U.S.			0.5	0.2
International			1.1	0.4
Wound Care / Other				
Compeed	0.9			0.2
U.S.	0.0			0.0
International	1.4			0.4
Vision				
Vision Surgical & Eye Health Business			(0.7)	(0.3)
U.S.			(0.7)	(0.2)
International			(0.8)	(0.3)
Beauty				
Nizoral	0.3			0.1
U.S.	0.2			0.0
International	0.4			0.1
OTC				
Zarbees	(0.3)			0.0
U.S.	(0.6)			(0.1)
International	0.0			0.0
Diabetes Care				
LifeScan			1.4	0.5
U.S.			0.9	0.3
International			1.8	0.7
All Other Acquisitions and Divestitures				
	0.1	0.0	0.1	0.0
U.S.	0.0	0.0	0.2	0.0
International	0.1	0.0	0.0	0.0
WW Ops excluding Acquisitions and Divestitures				
	3.2%	8.4%	2.6%	5.5%
U.S.	3.1%	4.9%	1.0%	3.4%
International	3.3%	13.5%	4.0%	7.8%

⁽¹⁾ Operational growth excludes the effect of translational currency

Johnson & Johnson and Subsidiaries
Reconciliation of Non-GAAP Financial Measures

Q4 YTD - Income Before Tax by Segment*
Dollars in Millions

	Consumer		Pharmaceutical		Medical Devices		Unallocated		Worldwide Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Reported Income Before Tax by Segment	\$ 2,320	2,524	12,568	11,083	4,397	5,392	(1,286)	(1,326)	17,999	17,673
% to Sales	16.7%	18.6%	30.9%	30.6%	16.3%	20.3%	-1.6%	-1.7%	22.1%	23.1%
Intangible asset amortization expense	257	239	3,034	1,688	1,066	1,036	-	-	4,357	2,963
Litigation expense, net	250	-	67	117	1,674	1,139	-	-	1,991	1,256
Actelion acquisition related cost	-	-	243	797	-	-	-	-	243	797
Restructuring / Other	25	-	64	-	611	760	-	-	700	760
In-process research and development	-	-	1,126	396	-	12	-	-	1,126	408
Diabetes asset impairment	-	-	-	-	4	215	-	-	4	215
AMO acquisition related cost	-	-	-	-	109	140	-	-	109	140
Contingent Liability Reversal	-	-	(184)	-	-	-	-	-	(184)	-
Unrealized loss/(gain) on securities	(10)	-	187	-	2	-	-	-	179	-
Impact of tax legislation	-	-	-	-	-	-	72	-	72	-
Other	-	-	-	-	102	-	-	-	102	-
Adjusted Income Before Tax by Segment	\$ <u>2,842</u>	<u>2,763</u>	<u>17,105</u>	<u>14,081</u>	<u>7,965</u>	<u>8,694</u>	<u>(1,214)</u>	<u>(1,326)</u>	<u>26,698</u>	<u>24,212</u>
% to Sales	20.5%	20.3%	42.0%	38.8%	29.5%	32.7%	-1.5%	-1.7%	32.7%	31.7%

*Estimated as of 01/22/2019.

Johnson & Johnson and Subsidiaries
Net Income and Diluted EPS GAAP to Non-GAAP Reconciliation
\$ in Millions Except Per Share Data

	Fourth Quarter Dec. 30, 2018		A	Fourth Quarter Dec. 30, 2018		B	Fourth Quarter Dec. 31, 2017		C	Fourth Quarter Dec. 31, 2017	
	GAAP	Adjustment		Non-GAAP	GAAP		Adjustment	Non-GAAP			
Cost of products sold	\$ 6,961	(1,105)		5,856	\$ 7,259	(1,300)		5,959			
Other (Income) / Expense	978	(1,755)		(777)	(53)	(839)		(892)			
In-process research and development	-	-		-	408	(408)		-			
Restructuring	64	(64)		-	144	(144)		-			
Provision for taxes on income	80	594		674	13,273	(12,799)		474			
Net Earnings	3,042	2,330		5,372	(10,713)	15,490		4,777			
Diluted Net Earnings per Share	\$ 1.12	0.85		1.97	\$ (3.99)	5.73		1.74			

(A) Includes \$1,073 Intangible asset amortization expense and \$32 Restructuring/Other

(B) Includes \$1,288 Litigation expense, \$131 Restructuring/Other, \$43 Actelion acquisition related cost, \$27 AMO acquisition related cost, \$182 Unrealized loss on securities, \$72 impact of tax legislation and \$12 Other

(C) Includes \$64 Restructuring/Other

(D) Includes \$1,077 Intangible asset amortization expense, \$180 Actelion acquisition related cost, \$1 AMO acquisition related cost and \$42 Restructuring/Other

(E) Includes \$645 Litigation expense, \$98 Restructuring/Other, \$37 Actelion acquisition related cost, \$35 Diabetes Asset Impairment and \$24 AMO acquisition related cost

(F) Includes \$408 In-process research and development

(G) Includes \$144 Restructuring/Other

(H) Includes \$13,556 related to impact of tax legislation

	Twelve Months Dec. 30, 2018		A	Twelve Months Dec. 30, 2018		B	Twelve Months Dec. 31, 2017		C	Twelve Months Dec. 31, 2017	
	GAAP	Adjustment		Non-GAAP	GAAP		Adjustment	Non-GAAP			
Cost of products sold	\$ 27,091	(4,570)		22,521	\$ 25,439	(3,640)		21,799			
Other (Income) / Expense	1,405	(2,752)		(1,347)	(42)	(2,182)		(2,224)			
In-process research and development	1,126	(1,126)		-	408	(408)		-			
Restructuring	251	(251)		-	309	(309)		-			
Provision for taxes on income	2,702	1,681		4,383	16,373	(12,201)		4,172			
Net Earnings	15,297	7,018		22,315	1,300	18,740		20,040			
Diluted Net Earnings per Share	\$ 5.61	2.57		8.18	\$ 0.47	6.83		7.30			

(A) Includes \$4,357 Intangible asset amortization expense, \$108 Actelion acquisition related cost and \$105 Restructuring/Other

(B) Includes \$1,991 Litigation expense, \$344 Restructuring/Other, \$135 Actelion acquisition related cost, \$184 Contingent liability reversal, \$109 AMO acquisition related cost, \$4 Diabetes asset impairment, \$179 Unrealized loss on securities, \$72 impact of tax legislation and \$102 Other

(C) Includes \$1,126 In-process research and development

(D) Includes \$251 Restructuring/Other

(E) Includes \$2,963 Intangible asset amortization expense, \$531 Actelion acquisition related cost, \$58 AMO acquisition related cost and \$88 Restructuring/Other

(F) Includes \$1,256 Litigation expense, \$363 Restructuring/Other, \$266 Actelion acquisition related cost, \$215 Diabetes Asset Impairment and \$82 AMO acquisition related cost

(G) Includes \$408 In-process research and development

(H) Includes \$309 Restructuring/Other

(I) Includes \$13,556 related to impact of tax legislation