

Johnson & Johnson and Subsidiaries
Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

FOURTH QUARTER

	2017		2016		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 20,195	100.0	\$ 18,106	100.0	11.5
Cost of products sold	7,243	35.9	5,534	30.5	30.9
Selling, marketing and administrative expenses	6,025	29.8	5,309	29.3	13.5
Research and development expense	3,635	18.0	2,640	14.6	37.7
In-process research and development	408	2.0	-	-	
Interest (income) expense, net	189	0.9	84	0.5	
Other (income) expense, net	(9)	0.0	20	0.1	
Restructuring	144	0.7	195	1.1	
Earnings before provision for taxes on income	2,560	12.7	4,324	23.9	(40.8)
Provision for taxes on income	13,273	65.7	510	2.8	
Net earnings/(Loss)	\$ (10,713)	(53.0)	\$ 3,814	21.1	(380.9)
Net earnings/(Loss) per share (Basic/Diluted)*	\$ (3.99)		\$ 1.38		(389.1)
Average shares outstanding (Basic/Diluted)*	2,684.9		2,764.5		
Effective tax rate	518.5 %		11.8 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 5,251	26.0	\$ 5,103	28.2	2.9
Net earnings	\$ 4,777	23.7	\$ 4,361	24.1	9.5
Net earnings per share (Diluted)	\$ 1.74		\$ 1.58		10.1
Average shares outstanding (Diluted)**	2,740.7		2,764.5		
Effective tax rate	9.0 %		14.5 %		

*Basic shares are used to calculate loss per share as use of diluted shares when in a loss position would be anti-dilutive.

**Difference of 55.8 shares due to anti-dilutive impact on net loss position.

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

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TWELVE MONTHS

	2017		2016		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 76,450	100.0	\$ 71,890	100.0	6.3
Cost of products sold	25,354	33.2	21,685	30.2	16.9
Selling, marketing and administrative expenses	21,420	28.0	19,945	27.7	7.4
Research and development expense	10,554	13.8	9,095	12.7	16.0
In-process research and development	408	0.6	29	0.0	
Interest (income) expense, net	549	0.7	358	0.5	
Other (income) expense, net	183	0.2	484	0.7	
Restructuring	309	0.4	491	0.7	
Earnings before provision for taxes on income	17,673	23.1	19,803	27.5	(10.8)
Provision for taxes on income	16,373	21.4	3,263	4.5	401.8
Net earnings	\$ 1,300	1.7	\$ 16,540	23.0	(92.1)
Net earnings per share (Diluted)	\$ 0.47		\$ 5.93		(92.1)
Average shares outstanding (Diluted)	2,745.3		2,788.9		
Effective tax rate	92.6 %		16.5 %		
Adjusted earnings before provision for taxes and net earnings ⁽¹⁾					
Earnings before provision for taxes on income	\$ 24,212	31.7	\$ 22,759	31.7	6.4
Net earnings	\$ 20,040	26.2	\$ 18,764	26.1	6.8
Net earnings per share (Diluted)	\$ 7.30		\$ 6.73		8.5
Effective tax rate	17.2 %		17.6 %		

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