

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

(Dollars in Millions Except Per Share Data)

	Fourth Quarter		% Incr. / (Decr.)	Twelve Months		% Incr. / (Decr.)
	2019	2018		2019	2018	
Earnings before provision for taxes on income - as reported	\$ 4,218	3,122	35.1 %	\$ 17,328	17,999	(3.7) %
Litigation expense, net	264	1,288		5,096	1,991	
Intangible asset amortization expense	1,142	1,073		4,528	4,357	
In-process research and development	-	-		890	1,126	
Restructuring/Other ⁽¹⁾	251	227		611	700	
Actelion acquisition related cost	62	43		185	243	
Auris Health acquisition related cost	16	-		72	-	
AMO acquisition related cost	12	27		62	109	
Unrealized loss/(gain) on securities	(350)	182		(567)	179	
Contingent liability reversal	-	-		-	(184)	
Tax legislation and related impacts	-	72		-	72	
Other	13	12		20	106	
Earnings before provision for taxes on income - as adjusted	\$ 5,628	6,046	(6.9) %	\$ 28,225	26,698	5.7 %
Net Earnings - as reported	\$ 4,010	3,042	31.8 %	\$ 15,119	15,297	(1.2) %
Litigation expense, net	251	1,113		4,015	1,722	
Intangible asset amortization expense	1,008	957		3,844	3,888	
In-process research and development	-	-		703	859	
Restructuring/Other	214	190		511	585	
Actelion acquisition related cost	58	39		172	232	
Auris Health acquisition related cost	12	-		56	-	
AMO acquisition related cost	12	21		52	89	
Unrealized loss/(gain) on securities	(277)	143		(448)	141	
Contingent liability reversal	-	-		-	(184)	
Tax legislation and related impacts ⁽²⁾	(184)	(137)		(575)	(390)	
Other	(77)	4		(139)	76	
Net Earnings - as adjusted	\$ 5,027	5,372	(6.4) %	\$ 23,310	22,315	4.5 %
Diluted Net Earnings per share - as reported	\$ 1.50	1.12	33.9 %	\$ 5.63	5.61	0.4 %
Litigation expense, net	0.10	0.41		1.50	0.63	
Intangible asset amortization expense	0.38	0.35		1.43	1.42	
In-process research and development	-	-		0.26	0.32	
Restructuring/Other	0.08	0.07		0.19	0.21	
Actelion acquisition related cost	0.02	0.01		0.06	0.09	
Auris Health acquisition related cost	-	-		0.02	-	
AMO acquisition related cost	-	0.01		0.02	0.03	
Unrealized loss/(gain) on securities	(0.10)	0.05		(0.17)	0.05	
Contingent liability reversal	-	-		-	(0.07)	
Tax legislation and related impacts	(0.07)	(0.05)		(0.21)	(0.14)	
Other	(0.03)	-		(0.05)	0.03	
Diluted Net Earnings per share - as adjusted	\$ 1.88	1.97	(4.6) %	\$ 8.68	8.18	6.1 %
Operational Diluted Net Earnings per share - as adjusted at 2017 foreign currency exchange rates		2.02			8.06	
Impact of currency at 2018 foreign currency exchange rates	0.03	(0.05)		0.22	0.12	
Operational Diluted Net Earnings per share - as adjusted at 2018 foreign currency exchange rates	\$ 1.91	1.97	(3.0) %	\$ 8.90	8.18	8.8 %

⁽¹⁾ Includes \$70M recorded in cost of products sold and \$77M recorded in other (income) expense for the fourth quarter 2019, and \$32M recorded in cost of products sold and \$131M recorded in other (income) expense for the fourth quarter 2018. Includes \$151M recorded in cost of products sold and \$194M recorded in other (income) expense for twelve months YTD 2019, and \$105M recorded in cost of products sold and \$344M recorded in other (income) expense for twelve months YTD 2018.

⁽²⁾ Includes foreign currency translation

Adjusted Operational Sales Growth
FOURTH QUARTER 2019 ACTUAL vs. 2018 ACTUAL

Segments				
	Consumer	Pharmaceutical	Medical Devices	Total
WW As Reported	0.9%	3.5%	(0.5)%	1.7%
U.S.	(0.6)%	3.9%	(2.4)%	1.4%
International	2.0%	2.9%	1.3%	2.1%
WW Currency	(1.2)	(0.9)	(0.7)	(0.9)
U.S.	-	-	-	-
International	(2.0)	(2.2)	(1.4)	(1.9)
WW Operational	2.1%	4.4%	0.2%	2.6%
U.S.	(0.6)%	3.9%	(2.4)%	1.4%
International	4.0%	5.1%	2.7%	4.0%
Beauty				
RoC	0.6			0.1
U.S.	1.4			0.2
International	0.0			0.0
Beauty				
Dr. Ci Labo - Japan	(1.7)			(0.3)
U.S.	0.0			0.0
International	(2.9)			(0.6)
Specialty Surgery				
Advanced Sterilization Products			2.4	0.8
U.S.			3.0	0.9
International			2.0	0.7
Baby Care				
Baby Center	0.3			0.1
U.S.	0.8			0.1
International	0.0			0.0
All Other Acquisitions and Divestitures	0.0	0.1	0.1	0.1
U.S.	0.0	0.1	0.0	0.1
International	0.1	0.0	0.1	0.1
WW Adjusted Operational	1.4%	4.5%	2.7%	3.4%
U.S.	1.6%	4.1%	0.6%	2.7%
International	1.3%	5.1%	4.7%	4.1%

Note: Percentages are based on actual, non-rounded figures and may not sum

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

Adjusted Operational Sales Growth
TWELVE MONTHS 2019 ACTUAL vs. 2018 ACTUAL

Segments				
	Consumer	Pharmaceutical	Medical Devices	Total
WW As Reported	0.3%	3.6%	(3.8)%	0.6%
U.S.	1.4%	2.5%	(3.5)%	0.5%
International	(0.4)%	5.0%	(4.1)%	0.7%
WW Currency	(2.7)	(2.2)	(2.1)	(2.2)
U.S.	-	-	-	-
International	(4.6)	(5.1)	(4.0)	(4.6)
WW Operational	3.0%	5.8%	(1.7)%	2.8%
U.S.	1.4%	2.5%	(3.5)%	0.5%
International	4.2%	10.1%	(0.1)%	5.3%
Beauty				
<i>Nizoral</i>	0.2			0.0
U.S.	0.1			0.0
International	0.3			0.1
OTC				
<i>Zarbees</i>	(0.4)			(0.1)
U.S.	(1.1)			(0.1)
International	0.0			0.0
Diabetes Care				
<i>LifeScan</i>			3.8	1.3
U.S.			2.9	0.9
International			4.6	1.7
Beauty				
<i>RoC</i>	0.7			0.1
U.S.	1.3			0.2
International	0.2			0.0
Beauty				
<i>Dr. Ci Labo - Japan</i>	(2.3)			(0.4)
U.S.	0.0			0.0
International	(3.9)			(0.8)
Specialty Surgery				
<i>Advanced Sterilization Products</i>			1.6	0.6
U.S.			2.2	0.7
International			1.0	0.4
Baby Care				
<i>Baby Center</i>	0.1			0.0
U.S.	0.3			0.0
International	0.0			0.0
All Other Acquisitions and Divestitures	0.1	0.0	0.1	0.1
U.S.	0.0	0.1	0.1	0.1
International	0.1	0.0	0.1	0.1
WW Adjusted Operational	1.4%	5.8%	3.9%	4.5%
U.S.	2.1%	2.7%	1.8%	2.3%
International	1.0%	10.1%	5.7%	6.7%

Note: Percentages are based on actual, non-rounded figures and may not sum

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

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

	Consumer		Pharmaceutical		Medical Devices		Unallocated		Worldwide Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Reported Income/(loss) Before Tax by Segment	\$ 261	433	3,030	2,375	1,208	755	(281)	(441)	4,218	3,122
<i>% to Sales</i>	7.3%	12.2%	28.7%	23.3%	18.2%	11.3%	-1.4%	-2.2%	20.3%	15.3%
Intangible asset amortization expense	105	64	781	755	256	254	-	-	1,142	1,073
Litigation expense, net	221	250	6	38	37	1,000	-	-	264	1,288
Unrealized loss/(gain) on securities	-	(11)	(336)	183	(14)	10	-	-	(350)	182
Restructuring / Other	62	8	25	21	164	198	-	-	251	227
Actelion acquisition related cost	-	-	62	43	-	-	-	-	62	43
AMO acquisition related cost	-	-	-	-	12	27	-	-	12	27
Auris Health acquisition related	-	-	-	-	16	-	-	-	16	-
Tax legislation and related impacts	-	-	-	-	-	-	-	72	-	72
Other	-	-	-	-	13	12	-	-	13	12
Adjusted Income Before Tax by Segment	\$ <u>649</u>	<u>744</u>	<u>3,568</u>	<u>3,415</u>	<u>1,692</u>	<u>2,256</u>	<u>(281)</u>	<u>(369)</u>	<u>5,628</u>	<u>6,046</u>
<i>% to Sales</i>	18.2%	21.0%	33.8%	33.5%	25.5%	33.8%	-1.4%	-1.8%	27.1%	29.6%

*Estimated as of 01/22/2020.

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Reported Income Before Tax by Segment	\$ 2,061	2,320	8,816	12,568	7,286	4,397	(835)	(1,286)	17,328	17,999
% to Sales	14.8%	16.7%	20.9%	30.9%	28.1%	16.3%	-1.0%	-1.6%	21.1%	22.1%
Intangible asset amortization expense	392	257	3,151	3,034	985	1,066	-	-	4,528	4,357
In-process research and development	-	-	890	1,126	-	-	-	-	890	1,126
Litigation expense, net	393	250	4,331	67	372	1,674	-	-	5,096	1,991
Unrealized loss/(gain) on securities	(1)	(10)	(572)	187	6	2	-	-	(567)	179
Restructuring / Other	123	25	93	64	395	611	-	-	611	700
Contingent Liability Reversal	-	-	-	(184)	-	-	-	-	-	(184)
Actelion acquisition related cost	-	-	185	243	-	-	-	-	185	243
AMO acquisition related cost	-	-	-	-	62	109	-	-	62	109
Auris Health acquisition related	-	-	-	-	72	-	-	-	72	-
Tax legislation and related impacts	-	-	-	-	-	-	-	72	-	72
Other	-	-	-	-	20	106	-	-	20	106
Adjusted Income Before Tax by Segment	\$ <u>2,968</u>	<u>2,842</u>	<u>16,894</u>	<u>17,105</u>	<u>9,198</u>	<u>7,965</u>	<u>(835)</u>	<u>(1,214)</u>	<u>28,225</u>	<u>26,698</u>
% to Sales	21.4%	20.5%	40.0%	42.0%	35.4%	29.5%	-1.0%	-1.5%	34.4%	32.7%

*Estimated as of 01/22/2020.

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

	Fourth Quarter Dec. 29, 2019		A	Fourth Quarter Dec. 29, 2019		B	Fourth Quarter Dec. 30, 2018		C	Fourth Quarter Dec. 30, 2018		D
	GAAP	Adjustment		Non-GAAP	GAAP		Adjustment	Non-GAAP				
Cost of products sold	\$ 7,134	(1,194)	A	5,940	\$ 6,961	(1,105)	E	5,856				
Research and development expense	3,232	(47)	B	3,185	-	-		-				
Other (Income) / Expense	16	(65)	C	(49)	978	(1,755)	F	(777)				
Restructuring	104	(104)	D	-	64	(64)	G	-				
Provision for taxes on income	208	393		601	80	594		674				
Net Earnings	4,010	1,017		5,027	3,042	2,330		5,372				
Diluted Net Earnings per Share	\$ 1.50	0.38		1.88	\$ 1.12	0.85		1.97				

(A) Includes \$1,124 Intangible asset amortization expense and \$70 Restructuring/Other

(B) Includes \$47 Auris Health acquisition related cost

(C) Includes \$264 Litigation expense, \$77 Restructuring/Other, \$62 Actelion acquisition related cost, \$31 Auris Health acquisition related, \$12 AMO acquisition related cost, \$18 Intangible asset amortization expense, \$350 Unrealized gain on securities and \$13 Other

(D) Includes \$104 Restructuring/Other

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

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

(G) Includes \$64 Restructuring/Other

	Twelve Months Dec. 29, 2019		A	Twelve Months Dec. 29, 2019		B	Twelve Months Dec. 30, 2018		C	Twelve Months Dec. 30, 2018		D
	GAAP	Adjustment		Non-GAAP	GAAP		Adjustment	Non-GAAP				
Cost of products sold	\$ 27,556	(4,623)	A	22,933	\$ 27,091	(4,570)	F	22,521				
Research and development expense	11,355	(47)	B	11,308	-	-		-				
Other (Income) / Expense	2,525	(5,071)	C	(2,546)	1,405	(2,752)	G	(1,347)				
In-process research and development	890	(890)	D	-	1,126	(1,126)	H	-				
Restructuring	266	(266)	E	-	251	(251)	I	-				
Provision for taxes on income	2,209	2,706		4,915	2,702	1,681		4,383				
Net Earnings	15,119	8,191		23,310	15,297	7,018		22,315				
Diluted Net Earnings per Share	\$ 5.63	3.05		8.68	\$ 5.61	2.57		8.18				

(A) Includes \$4,472 Intangible asset amortization expense and \$151 Restructuring/Other

(B) Includes \$47 Auris Health acquisition related cost

(C) Includes \$5,096 Litigation expense, \$194 Restructuring/Other, \$56 Intangible asset amortization expense, \$185 Actelion acquisition related cost, \$62 AMO acquisition related cost, \$25 Auris Health acquisition related cost, \$567 Unrealized gain on securities and \$20 Other

(D) Includes \$890 In-process research and development

(E) Includes \$266 Restructuring/Other

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

(G) Includes \$1,991 Litigation expense, \$344 Restructuring/Other, \$135 Actelion acquisition related cost, \$184 Contingent liability reversal, \$109 AMO acquisition related cost, \$179 Unrealized loss on securities, \$72 tax legislation and related impacts and \$106 Other

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

(I) Includes \$251 Restructuring/Other