

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

<i>(Dollars in Millions Except Per Share Data)</i>	Second Quarter		% Incr. /	Six Months YTD		% Incr. /
	2019	2018	(Decr.)	2019	2018	(Decr.)
Earnings before provision for taxes on income - as reported	\$ 7,041	4,973	41.6 %	\$ 11,463	10,454	9.7 %
Intangible asset amortization expense	1,118	1,084		2,248	2,199	
In-process research and development	-	-		890	-	
Litigation expense, net	409	703		832	703	
Restructuring/Other ⁽¹⁾	142	176		232	283	
Actelion acquisition related cost	51	64		90	160	
AMO acquisition related cost	13	25		41	46	
Auris Health acquisition related	(9)	-		(9)	-	
Unrealized loss/(gain) on securities	(148)	(39)		(306)	(12)	
Diabetes asset impairment	-	4		-	4	
Other	(3)	24		-	35	
Earnings before provision for taxes on income - as adjusted	\$ 8,614	7,014	22.8 %	\$ 15,481	13,872	11.6 %
Net Earnings - as reported	\$ 5,607	3,954	41.8 %	\$ 9,356	8,321	12.4 %
Intangible asset amortization expense	979	967		1,825	1,963	
In-process research and development	-	-		703	-	
Litigation expense, net	342	609		684	609	
Restructuring/Other	116	152		191	233	
Actelion acquisition related cost	47	64		84	156	
AMO acquisition related cost	10	22		33	39	
Auris Health acquisition related	(7)	-		(7)	-	
Unrealized loss/(gain) on securities	(117)	(31)		(242)	(10)	
Diabetes asset impairment	-	3		-	3	
Impact of tax legislation ⁽²⁾	-	(40)		-	12	
Other	(27)	18		(16)	27	
Net Earnings - as adjusted	\$ 6,950	5,718	21.5 %	\$ 12,611	11,353	11.1 %
Diluted Net Earnings per share - as reported	\$ 2.08	1.45	43.4 %	\$ 3.47	3.05	13.8 %
Intangible asset amortization expense	0.36	0.36		0.68	0.72	
In-process research and development	-	-		0.26	-	
Litigation expense, net	0.13	0.22		0.26	0.22	
Restructuring/Other	0.04	0.06		0.07	0.09	
Actelion acquisition related cost	0.02	0.02		0.03	0.05	
AMO acquisition related cost	-	0.01		0.01	0.01	
Auris Health acquisition related	-	-		-	-	
Unrealized loss/(gain) on securities	(0.04)	(0.01)		(0.09)	-	
Diabetes asset impairment	-	-		-	-	
Impact of tax legislation	-	(0.02)		-	0.01	
Other	(0.01)	0.01		(0.01)	0.01	
Diluted Net Earnings per share - as adjusted	\$ 2.58	2.10	22.9 %	\$ 4.68	4.16	12.5 %
Operational Diluted Net Earnings per share - as adjusted at 2017 foreign currency exchange rates		2.04			3.97	
Impact of currency at 2018 foreign currency exchange rates	0.05	0.06		0.13	0.19	
Operational Diluted Net Earnings per share - as adjusted at 2018 foreign currency exchange rates	\$ 2.63	2.10	25.2 %	\$ 4.81	4.16	15.6 %

⁽¹⁾ Includes \$38M recorded in cost of products sold and \$47M recorded in other (income) expense for the second quarter 2019. Includes \$61M recorded in cost of products sold and \$78M recorded in other (income) expense for six months 2019 YTD. Includes \$44M recorded in cost of products sold and \$75M recorded in other (income) expense for the second quarter 2018. Includes \$50M recorded in cost of products sold and \$134M recorded in other (income) expense for six months 2018 YTD.

⁽²⁾ Includes foreign currency translation

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

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
WW As Reported	1.2%	1.7%	(6.9)%	(1.3)%
U.S.	4.1%	(2.0)%	(5.6)%	(2.2)%
International	(1.0)%	6.5%	(8.1)%	(0.3)%
WW Currency	(3.4)	(2.7)	(2.8)	(2.9)
U.S.	-	-	-	-
International	(5.9)	(6.4)	(5.2)	(5.8)
WW Operational	4.6%	4.4%	(4.1)%	1.6%
U.S.	4.1%	(2.0)%	(5.6)%	(2.2)%
International	4.9%	12.9%	(2.9)%	5.5%
Beauty				
Nizoral	0.6			0.1
U.S.	0.3			0.0
International	0.7			0.1
OTC				
Zarbees	(0.6)			(0.1)
U.S.	(1.4)			(0.2)
International	0.0			0.0
Diabetes Care				
LifeScan			5.1	1.7
U.S.			4.0	1.2
International			6.2	2.3
Beauty				
RoC	0.7			0.1
U.S.	1.3			0.2
International	0.3			0.1
Beauty				
Dr. Ci Labo - Japan	(3.0)			(0.5)
U.S.	0.0			0.0
International	(5.2)			(1.0)
Specialty Surgery				
Advanced Sterilization Products			2.0	0.7
U.S.			3.0	0.9
International			1.2	0.5
All Other Acquisitions and Divestitures	0.0	0.0	0.1	0.0
U.S.	0.0	0.0	0.1	0.0
International	0.1	0.0	0.1	0.0
WW Adjusted Operational	2.3%	4.4%	3.2%	3.7%
U.S.	4.4%	(2.0)%	1.6%	0.0%
International	0.7%	12.9%	4.7%	7.6%

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

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Reconciliation of Non-GAAP Financial Measure

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

	Segments			
	Consumer	Pharmaceutical	Medical Devices	Total
WW As Reported	(0.6)%	2.8%	(5.7)%	(0.6)%
U.S.	2.2%	1.0%	(3.6)%	(0.3)%
International	(2.6)%	5.2%	(7.6)%	(1.0)%
WW Currency	(4.0)	(3.3)	(3.1)	(3.3)
U.S.	-	-	-	-
International	(6.9)	(7.3)	(6.0)	(6.8)
WW Operational	3.4%	6.1%	(2.6)%	2.7%
U.S.	2.2%	1.0%	(3.6)%	(0.3)%
International	4.3%	12.5%	(1.6)%	5.8%
Beauty				
Nizoral	0.5			0.1
U.S.	0.3			0.0
International	0.6			0.1
OTC				
Zarbees	(0.7)			(0.1)
U.S.	(1.7)			(0.2)
International	0.0			0.0
Diabetes Care				
LifeScan			5.1	1.7
U.S.			3.9	1.2
International			6.1	2.3
Beauty				
RoC	0.8			0.1
U.S.	1.4			0.2
International	0.3			0.1
Beauty				
Dr. Ci Labo - Japan	(2.6)			(0.4)
U.S.	0.0			0.0
International	(4.4)			(0.9)
Specialty Surgery				
Advanced Sterilization Products			1.1	0.4
U.S.			1.5	0.5
International			0.6	0.2
All Other Acquisitions and Divestitures	0.1	0.0	0.1	0.1
U.S.	0.0	0.0	0.2	0.1
International	0.2	0.0	0.1	0.1
WW Adjusted Operational	1.5%	6.1%	3.8%	4.6%
U.S.	2.2%	1.0%	2.1%	1.5%
International	1.0%	12.5%	5.3%	7.7%

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

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

Q2 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 Before Tax by Segment	\$ 406	829	3,677	3,651	3,189	796	(231)	(303)	7,041	4,973
% to Sales	11.5%	23.7%	34.9%	35.3%	49.1%	11.4%	-1.1%	-1.5%	34.2%	23.9%
Intangible asset amortization expense	124	65	754	750	240	269	-	-	1,118	1,084
Litigation expense, net	172	-	26	29	211	674	-	-	409	703
Unrealized loss/(gain) on securities	1	-	(151)	(44)	2	5	-	-	(148)	(39)
Restructuring / Other	37	8	19	27	86	141	-	-	142	176
Actelion acquisition related cost	-	-	51	64	-	-	-	-	51	64
AMO acquisition related cost	-	-	-	-	13	25	-	-	13	25
Diabetes asset impairment	-	-	-	-	-	4	-	-	-	4
Auris Health acquisition related	-	-	-	-	(9)	-	-	-	(9)	-
Other	-	-	-	-	(3)	24	-	-	(3)	24
Adjusted Income Before Tax by Segment	\$ 740	902	4,376	4,477	3,729	1,938	(231)	(303)	8,614	7,014
% to Sales	20.9%	25.7%	41.6%	43.2%	57.5%	27.8%	-1.1%	-1.5%	41.9%	33.7%

*Estimated as of 07/16/2019.

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

	Second Quarter June 30, 2019		A	Second Quarter June 30, 2019		B	Second Quarter July 1, 2018		D	Second Quarter July 1, 2018	
	GAAP	Adjustment		Non-GAAP	GAAP		Adjustment	Non-GAAP			
Cost of products sold	\$ 6,940	(1,118)		5,822	\$ 6,927		(1,159)			5,768	
Other (Income) / Expense	(1,683)	(398)		(2,081)	364		(825)			(461)	
Restructuring	57	(57)		-	57		(57)			-	
Provision for taxes on income	1,434	230		1,664	1,019		277			1,296	
Net Earnings	5,607	1,343		6,950	3,954		1,764			5,718	
Diluted Net Earnings per Share	\$ 2.08	0.50		2.58	\$ 1.45		0.65			2.10	

(A) Includes \$1,080 Intangible asset amortization expense and \$38 Restructuring/Other

(B) Includes \$409 Litigation expense, \$47 Restructuring/Other, \$51 Actelion acquisition related cost, \$13 AMO acquisition related cost, \$9M Auris Health acquisition related gain, \$148 Unrealized gain on securities, \$38 Intangible asset amortization expense and \$3M Other gain

(C) Includes \$57 Restructuring/Other

(D) Includes \$1,084 Intangible asset amortization expense, \$31 Actelion acquisition related cost and \$44 Restructuring/Other

(E) Includes \$703 Litigation expense, \$75 Restructuring/Other, \$33 Actelion acquisition related cost, \$4 Diabetes Asset Impairment, \$25 AMO acquisition related cost, \$39 Unrealized gain on securities and \$24 Other

(F) Includes \$57 Restructuring/Other

	Six Months June 30, 2019		A	Six Months June 30, 2019		B	Six Months July 1, 2018		D	Six Months July 1, 2018	
	GAAP	Adjustment		Non-GAAP	GAAP		Adjustment	Non-GAAP			
Cost of products sold	\$ 13,555	(2,271)		11,284	\$ 13,541		(2,357)			11,184	
Other (Income) / Expense	(1,705)	(764)		(2,469)	424		(962)			(538)	
In-process research and development	890	(890)		-	-		-			-	
Restructuring	93	(93)		-	99		(99)			-	
Provision for taxes on income	2,107	763		2,870	2,133		386			2,519	
Net Earnings	9,356	3,255		12,611	8,321		3,032			11,353	
Diluted Net Earnings per Share	\$ 3.47	1.21		4.68	\$ 3.05		1.11			4.16	

(A) Includes \$2,210 Intangible asset amortization expense and \$61 Restructuring/Other

(B) Includes \$832 Litigation expense, \$78 Restructuring/Other, \$90 Actelion acquisition related cost, \$41 AMO acquisition related cost, \$9M Auris Health acquisition related gain, \$306 Unrealized gain on securities and \$38 Intangible asset amortization expense

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

(D) Includes \$93 Restructuring/Other

(E) Includes \$2,199 Intangible asset amortization expense, \$108 Actelion acquisition related cost and \$50 Restructuring/Other

(F) Includes \$703 Litigation expense, \$134 Restructuring/Other, \$52 Actelion acquisition related cost, \$4 Diabetes Asset Impairment, \$46 AMO acquisition related cost, \$12 Unrealized gain on securities and \$35 Other

(G) Includes \$99 Restructuring/Other