

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

THIRD QUARTER

	2018		2017*		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 20,348	100.0	\$ 19,650	100.0	3.6
Cost of products sold	6,589	32.4	6,925	35.2	(4.9)
Gross Profit	13,759	67.6	12,725	64.8	8.1
Selling, marketing and administrative expenses	5,543	27.3	5,423	27.6	2.2
Research and development expense	2,508	12.3	2,585	13.2	(3.0)
In-process research and development	1,126	5.6	-	-	
Interest (income) expense, net	68	0.3	155	0.8	
Other (income) expense, net	3	0.0	(297)	(1.5)	
Restructuring	88	0.4	69	0.3	
Earnings before provision for taxes on income	4,423	21.7	4,790	24.4	(7.7)
Provision for taxes on income	489	2.4	1,026	5.2	(52.3)
Net earnings	\$ 3,934	19.3	\$ 3,764	19.2	4.5
Net earnings per share (Diluted)	\$ 1.44		\$ 1.37		5.1
Average shares outstanding (Diluted)	2,727.6		2,737.7		
Effective tax rate	11.1 %		21.4 %		

Adjusted earnings before provision for taxes and net earnings <sup>(1)</sup>					
Earnings before provision for taxes on income	\$ 6,780	33.3	\$ 6,573	33.5	3.1
Net earnings	\$ 5,590	27.5	\$ 5,208	26.5	7.3
Net earnings per share (Diluted)	\$ 2.05		\$ 1.90		7.9
Effective tax rate	17.6 %		20.8 %		

<sup>(1)</sup> See Reconciliation of Non-GAAP Financial Measures.

\*2017 Statement of Earnings line items have been restated to reflect impact of ASU 2017-07

Johnson & Johnson and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited; in Millions Except Per Share Figures)

NINE MONTHS

	2018		2017*		Percent Increase (Decrease)
	Amount	Percent to Sales	Amount	Percent to Sales	
Sales to customers	\$ 61,187	100.0	\$ 56,255	100.0	8.8
Cost of products sold	20,130	32.9	18,180	32.3	10.7
Gross Profit	41,057	67.1	38,075	67.7	7.8
Selling, marketing and administrative expenses	16,549	27.1	15,475	27.5	6.9
Research and development expense	7,551	12.3	6,951	12.4	8.6
In-process research and development	1,126	1.8	-	-	
Interest (income) expense, net	340	0.6	360	0.6	
Other (income) expense, net	427	0.7	11	0.0	
Restructuring	187	0.3	165	0.3	
Earnings before provision for taxes on income	14,877	24.3	15,113	26.9	(1.6)
Provision for taxes on income	2,622	4.3	3,100	5.5	(15.4)
Net earnings	\$ 12,255	20.0	\$ 12,013	21.4	2.0
Net earnings per share (Diluted)	\$ 4.49		\$ 4.37		2.7
Average shares outstanding (Diluted)	2,729.6		2,746.4		
Effective tax rate	17.6 %		20.5 %		

Adjusted earnings before provision for taxes and net earnings <sup>(1)</sup>					
Earnings before provision for taxes on income	\$ 20,652	33.8	\$ 18,961	33.7	8.9
Net earnings	\$ 16,943	27.7	\$ 15,263	27.1	11.0
Net earnings per share (Diluted)	\$ 6.21		\$ 5.56		11.7
Effective tax rate	18.0 %		19.5 %		

<sup>(1)</sup> See Reconciliation of Non-GAAP Financial Measures.

\*2017 Statement of Earnings line items have been restated to reflect impact of ASU 2017-07