

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

<i>(Dollars in Millions Except Per Share Data)</i>	Second Quarter		% Incr. / (Decr.)	Six Months YTD		% Incr. / (Decr.)
	2018	2017		2018	2017	
Earnings before provision for taxes on income - as reported	\$ 4,973	4,748	4.7 %	\$ 10,454	10,323	1.3 %
Intangible asset amortization expense	1,084	480		2,199	809	
Litigation expense, net	703	493		703	493	
Restructuring/Other ⁽¹⁾	176	128		283	289	
Actelion acquisition related cost	64	213		160	213	
Diabetes asset impairment	4	182		4	182	
AMO acquisition related cost	25	41		46	79	
Unrealized loss/(gain) on securities	(39)	-		(12)	-	
Other	24	-		35	-	
Earnings before provision for taxes on income - as adjusted	<u>\$ 7,014</u>	<u>6,285</u>	<u>11.6 %</u>	<u>\$ 13,872</u>	<u>12,388</u>	<u>12.0 %</u>
Net Earnings - as reported	\$ 3,954	3,827	3.3 %	\$ 8,321	8,249	0.9 %
Intangible asset amortization expense	967	378		1,963	622	
Litigation expense, net	609	352		609	352	
Restructuring/Other	152	101		233	222	
Actelion acquisition related cost	64	199		156	199	
Diabetes asset impairment	3	125		3	125	
AMO acquisition related cost	22	35		39	286	
Unrealized loss/(gain) on securities	(31)	-		(10)	-	
Impact of tax legislation ⁽²⁾	(40)	-		12	-	
Other	18	-		27	-	
Net Earnings - as adjusted	<u>\$ 5,718</u>	<u>5,017</u>	<u>14.0 %</u>	<u>\$ 11,353</u>	<u>10,055</u>	<u>12.9 %</u>
Diluted Net Earnings per share - as reported	\$ 1.45	1.40	3.6 %	\$ 3.05	3.00	1.7 %
Intangible asset amortization expense	0.36	0.14		0.72	0.23	
Litigation expense, net	0.22	0.13		0.22	0.13	
Restructuring/Other	0.06	0.03		0.09	0.08	
Actelion acquisition related cost	0.02	0.07		0.05	0.07	
Diabetes asset impairment	-	0.05		-	0.05	
AMO acquisition related cost	0.01	0.01		0.01	0.10	
Unrealized loss/(gain) on securities	(0.01)	-		-	-	
Impact of tax legislation	(0.02)	-		0.01	-	
Other	0.01	-		0.01	-	
Diluted Net Earnings per share - as adjusted	<u>\$ 2.10</u>	<u>1.83</u>	<u>14.8 %</u>	<u>\$ 4.16</u>	<u>3.66</u>	<u>13.7 %</u>
Operational Diluted Net Earnings per share - as adjusted at 2016 foreign currency exchange rates		1.86			3.72	
Impact of currency at 2017 foreign currency exchange rates	(0.06)	(0.03)		(0.19)	(0.06)	
Operational Diluted Net Earnings per share - as adjusted at 2017 foreign currency exchange rates	<u>\$ 2.04</u>	<u>1.83</u>	<u>11.5 %</u>	<u>\$ 3.97</u>	<u>3.66</u>	<u>8.5 %</u>

(1) 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. Includes \$13M recorded in cost of products sold and \$104M recorded in other (income) expense for the second quarter 2017. Includes \$17M recorded in cost of products sold and \$176M recorded in other (income) expense for six months 2017 YTD.

(2) Includes foreign currency translation

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

	Segments			Total
	Consumer	Pharmaceutical	Medical Devices	
	Operational % ⁽¹⁾			
WW As Reported:	(0.4)%	17.6%	1.9%	8.7%
U.S.	(0.7)%	17.7%	1.1%	9.4%
International	0.0%	17.5%	2.5%	7.9%
Pulmonary Hypertension				
Actelion		(6.3)		(3.0)
U.S.		(7.4)		(3.8)
International		(5.2)		(2.0)
Cardiovascular / Metabolism / Other				
Actelion		(0.3)		(0.1)
U.S.		(0.1)		(0.1)
International		(0.4)		(0.2)
Spine & Other				
Codman Neuroscience			1.0	0.4
U.S.			0.6	0.2
International			1.5	0.6
Wound Care / Other	1.0			0.2
Compeed	0.0			0.0
U.S.	1.7			0.4
International				
All Other Acquisitions and Divestitures	0.3		0.0	0.1
U.S.	0.0		0.0	0.0
International	0.4		0.1	0.1
WW Ops excluding Acquisitions and Divestitures	0.9%	11.0%	2.9%	6.3%
U.S.	(0.7)%	10.2%	1.7%	5.7%
International	2.1%	11.9%	4.1%	6.8%

⁽¹⁾ Operational growth excludes the effect of translational currency

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Reconciliation of Non-GAAP Financial Measure

Operational Sales Growth Excluding Acquisitions and Divestitures

SIX MONTHS 2018 ACTUAL vs. 2017 ACTUAL

Segments

	<u>Consumer</u>	<u>Pharmaceutical</u>	<u>Medical Devices</u>	<u>Total</u>
	Operational % ⁽¹⁾			
WW As Reported:	0.4%	16.4%	2.5%	8.6%
U.S.	0.4%	13.9%	1.7%	7.8%
International	0.5%	19.9%	3.3%	9.3%
Pulmonary Hypertension				
Actelion		(6.8)		(3.1)
U.S.		(7.4)		(3.8)
International		(5.9)		(2.4)
Cardiovascular / Metabolism / Other				
Actelion		(0.3)		(0.2)
U.S.		(0.2)		(0.1)
International		(0.5)		(0.2)
Spine & Other				
Codman Neuroscience			1.0	0.3
U.S.			0.6	0.2
International			1.4	0.6
Wound Care / Other				
Compeed	0.9			0.2
U.S.	0.0			0.0
International	1.5			0.4
Vision				
Vision Surgical & Eye Health Business			(1.5)	(0.5)
U.S.			(1.4)	(0.5)
International			(1.6)	(0.6)
All Other Acquisitions and Divestitures	0.1		0.0	0.0
U.S.	0.0		(0.2)	0.0
International	0.3		0.1	0.1
WW Ops excluding Acquisitions and Divestitures	1.4%	9.3%	2.0%	5.3%
U.S.	0.4%	6.3%	0.7%	3.6%
International	2.3%	13.5%	3.2%	7.2%

⁽¹⁾ Operational growth excludes the effect of translational currency

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Q2 QTD - 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	\$ 829	658	3,651	3,414	796	992	(303)	(316)	4,973	4,748
% to Sales	23.7%	18.9%	35.3%	39.5%	11.4%	14.7%	-1.5%	-1.7%	23.9%	25.2%
Intangible asset amortization expense	65	56	750	156	269	268	-	-	1,084	480
Litigation expense, net	-	-	29	62	674	431	-	-	703	493
Restructuring / Other	8	-	27	-	141	128	-	-	176	128
Actelion acquisition related cost	-	-	64	213	-	-	-	-	64	213
Diabetes asset impairment	-	-	-	-	4	182	-	-	4	182
AMO acquisition related cost	-	-	-	-	25	41	-	-	25	41
Unrealized loss/(gain) on securities	-	-	(44)	-	5	-	-	-	(39)	-
Other	-	-	-	-	24	-	-	-	24	-
Adjusted Income Before Tax by Segment	\$ 902	714	4,477	3,845	1,938	2,042	(303)	(316)	7,014	6,285
% to Sales	25.7%	20.5%	43.2%	44.5%	27.8%	30.4%	-1.5%	-1.7%	33.7%	33.4%

*Estimated as of 07/17/2018.

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

	Second Quarter July 1, 2018			Second Quarter July 1, 2018			Second Quarter July 2, 2017			Second Quarter July 2, 2017	
	GAAP	Adjustment		Non-GAAP		GAAP	Adjustment		Non-GAAP		Non-GAAP
Cost of products sold	\$ 6,927	(1,159)	A	5,768		\$ 5,846	(565)	D	5,281		
Other (Income) / Expense	364	(825)	B	(461)		527	(961)	E	(434)		
Restructuring	57	(57)	C	-		11	(11)	F	-		
Provision for taxes on income	1,019	277		1,296		921	347		1,268		
Net Earnings	3,954	1,764		5,718		3,827	1,190		5,017		
Diluted Net Earnings per Share	\$ 1.45	0.65		2.10		\$ 1.40	0.43		1.83		

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

(B) 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

(C) Includes \$57 Restructuring/Other

(D) Includes \$480 Intangible asset amortization expense, \$47 Actelion acquisition related cost, \$25 AMO acquisition related cost and \$13 Restructuring/Other

(E) Includes \$493 Litigation expense, \$104 Restructuring/Other, \$166 Actelion acquisition related cost, \$182 Diabetes Asset Impairment and \$16 AMO acquisition related cost

(F) Includes \$11 Restructuring/Other

	Six Months July 1, 2018			Six Months July 1, 2018			Six Months July 2, 2017			Six Months July 2, 2017	
	GAAP	Adjustment		Non-GAAP		GAAP	Adjustment		Non-GAAP		Non-GAAP
Cost of products sold	\$ 13,541	(2,357)	A	11,184		\$ 11,255	(907)	D	10,348		
Other (Income) / Expense	424	(962)	B	(538)		308	(1,062)	E	(754)		
Restructuring	99	(99)	C	-		96	(96)	F	-		
Provision for taxes on income	2,133	386		2,519		2,074	259		2,333		
Net Earnings	8,321	3,032		11,353		8,249	1,806		10,055		
Diluted Net Earnings per Share	\$ 3.05	1.11		4.16		\$ 3.00	0.66		3.66		

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

(B) 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

(C) Includes \$99 Restructuring/Other

(D) Includes \$809 Intangible asset amortization expense, \$47 Actelion acquisition related cost, \$34 AMO acquisition related cost and \$17 Restructuring/Other

(E) Includes \$493 Litigation expense, \$176 Restructuring/Other, \$166 Actelion acquisition related cost, \$182 Diabetes Asset Impairment and \$45 AMO acquisition related cost

(F) Includes \$96 Restructuring/Other