

**JOHNSON & JOHNSON AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**At December 30, 2018 and December 31, 2017**  
**(Dollars in Millions Except Share and Per Share Amounts) (Note 1)**

	2018	2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Notes 1 and 2)	\$ 18,107	17,824
Marketable securities (Notes 1 and 2)	1,580	472
Accounts receivable trade, less allowances for doubtful accounts \$248 (2017, \$291)	14,098	13,490
Inventories (Notes 1 and 3)	8,599	8,765
Prepaid expenses and other receivables	2,699	2,537
Assets held for sale (Note 20)	950	—
<b>Total current assets</b>	<b>46,033</b>	<b>43,088</b>
Property, plant and equipment, net (Notes 1 and 4)	17,035	17,005
Intangible assets, net (Notes 1 and 5)	47,611	53,228
Goodwill (Notes 1 and 5)	30,453	31,906
Deferred taxes on income (Note 8)	7,640	7,105
Other assets	4,182	4,971
<b>Total assets</b>	<b>\$ 152,954</b>	<b>157,303</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Loans and notes payable (Note 7)	\$ 2,796	3,906
Accounts payable	7,537	7,310
Accrued liabilities	7,601	7,304
Accrued rebates, returns and promotions	9,380	7,210
Accrued compensation and employee related obligations	3,098	2,953
Accrued taxes on income (Note 8)	818	1,854
<b>Total current liabilities</b>	<b>31,230</b>	<b>30,537</b>
Long-term debt (Note 7)	27,684	30,675
Deferred taxes on income (Note 8)	7,506	8,368
Employee related obligations (Notes 9 and 10)	9,951	10,074
Long-term taxes payable (Note 8)	8,242	8,472
Other liabilities	8,589	9,017
<b>Total liabilities</b>	<b>93,202</b>	<b>97,143</b>
<b>Shareholders' equity</b>		
Preferred stock — without par value (authorized and unissued 2,000,000 shares)	—	—
Common stock — par value \$1.00 per share (Note 12) (authorized 4,320,000,000 shares; issued 3,119,843,000 shares)	3,120	3,120
Accumulated other comprehensive income (loss) (Note 13)	(15,222)	(13,199)
Retained earnings	106,216	101,793
	94,114	91,714
Less: common stock held in treasury, at cost (Note 12) (457,519,000 shares and 437,318,000 shares)	34,362	31,554
<b>Total shareholders' equity</b>	<b>59,752</b>	<b>60,160</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 152,954</b>	<b>157,303</b>

*See Notes to Consolidated Financial Statements*

**JOHNSON & JOHNSON AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(Dollars and Shares in Millions Except Per Share Amounts) (Note 1)\*

	2018	2017	2016
<b>Sales to customers</b>	\$ 81,581	76,450	71,890
Cost of products sold	27,091	25,439	21,789
Gross profit	54,490	51,011	50,101
Selling, marketing and administrative expenses	22,540	21,520	20,067
Research and development expense	10,775	10,594	9,143
In-process research and development	1,126	408	29
Interest income	(611)	(385)	(368)
Interest expense, net of portion capitalized (Note 4)	1,005	934	726
Other (income) expense, net	1,405	(42)	210
Restructuring	251	309	491
Earnings before provision for taxes on income	17,999	17,673	19,803
Provision for taxes on income (Note 8)	2,702	16,373	3,263
<b>Net earnings</b>	<b>\$ 15,297</b>	<b>1,300</b>	<b>16,540</b>
<b>Net earnings per share (Notes 1 and 15)</b>			
Basic	\$ 5.70	0.48	6.04
Diluted	\$ 5.61	0.47	5.93
<b>Average shares outstanding (Notes 1 and 15)</b>			
Basic	2,681.5	2,692.0	2,737.3
Diluted	2,728.7	2,745.3	2,788.9

\*Prior years amounts were reclassified to conform to current year presentation (adoption of ASU 2017-07)

*See Notes to Consolidated Financial Statements*

**JOHNSON & JOHNSON AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in Millions) (Note 1)

	2018	2017	2016
<b>Cash flows from operating activities</b>			
Net earnings	\$ 15,297	1,300	16,540
Adjustments to reconcile net earnings to cash flows from operating activities:			
Depreciation and amortization of property and intangibles	6,929	5,642	3,754
Stock based compensation	978	962	878
Asset write-downs	1,258	795	283
Gain on sale of assets/businesses	(1,217)	(1,307)	(563)
Deferred tax provision	(1,016)	2,406	(341)
Accounts receivable allowances	(31)	17	(11)
Changes in assets and liabilities, net of effects from acquisitions and divestitures:			
Increase in accounts receivable	(1,185)	(633)	(1,065)
(Increase)/Decrease in inventories	(644)	581	(249)
Increase in accounts payable and accrued liabilities	3,951	2,725	656
Increase in other current and non-current assets	(275)	(411)	(529)
(Decrease)/Increase in other current and non-current liabilities	(1,844)	8,979	(586)
<b>Net cash flows from operating activities</b>	<b>22,201</b>	<b>21,056</b>	<b>18,767</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	(3,670)	(3,279)	(3,226)
Proceeds from the disposal of assets/businesses, net	3,203	1,832	1,267
Acquisitions, net of cash acquired (Note 20)	(899)	(35,151)	(4,509)
Purchases of investments	(5,626)	(6,153)	(33,950)
Sales of investments	4,289	28,117	35,780
Other (primarily intangibles)	(464)	(234)	(123)
<b>Net cash used by investing activities</b>	<b>(3,167)</b>	<b>(14,868)</b>	<b>(4,761)</b>
<b>Cash flows from financing activities</b>			
Dividends to shareholders	(9,494)	(8,943)	(8,621)
Repurchase of common stock	(5,868)	(6,358)	(8,979)
Proceeds from short-term debt	80	869	111
Retirement of short-term debt	(2,479)	(1,330)	(2,017)
Proceeds from long-term debt, net of issuance costs	5	8,992	12,004
Retirement of long-term debt	(1,555)	(1,777)	(2,223)
Proceeds from the exercise of stock options/employee withholding tax on stock awards, net	949	1,062	1,189
Other	(148)	(188)	(15)
<b>Net cash used by financing activities</b>	<b>(18,510)</b>	<b>(7,673)</b>	<b>(8,551)</b>
Effect of exchange rate changes on cash and cash equivalents	(241)	337	(215)
Increase/(Decrease) in cash and cash equivalents	283	(1,148)	5,240
Cash and cash equivalents, beginning of year (Note 1)	17,824	18,972	13,732
<b>Cash and cash equivalents, end of year (Note 1)</b>	<b>\$ 18,107</b>	<b>17,824</b>	<b>18,972</b>
<b>Supplemental cash flow data</b>			
Cash paid during the year for:			
Interest	\$ 1,049	960	730
Interest, net of amount capitalized	963	866	628
Income taxes	4,570	3,312	2,843