

Consolidated Statements of Cash Flows

Johnson & Johnson and Subsidiaries

(Dollars in Millions) (Note 1)

	2009	2008	2007
Cash flows from operating activities			
Net earnings	\$ 12,266	12,949	10,576
Adjustments to reconcile net earnings to cash flows from operating activities:			
Depreciation and amortization of property and intangibles	2,774	2,832	2,777
Stock based compensation	628	627	698
Purchased in-process research and development	—	181	807
Intangible asset write-down (NATRECOR®)	—	—	678
Deferred tax provision	(436)	22	(1,762)
Accounts receivable allowances	58	86	22
Changes in assets and liabilities, net of effects from acquisitions:			
Decrease/(increase) in accounts receivable	453	(736)	(416)
Decrease/(increase) in inventories	95	(101)	14
(Decrease)/increase in accounts payable and accrued liabilities	(507)	(272)	2,642
Decrease/(increase) in other current and non-current assets	1,209	(1,600)	(1,578)
Increase in other current and non-current liabilities	31	984	564
Net cash flows from operating activities	16,571	14,972	15,022
Cash flows from investing activities			
Additions to property, plant and equipment	(2,365)	(3,066)	(2,942)
Proceeds from the disposal of assets	154	785	457
Acquisitions, net of cash acquired (Note 20)	(2,470)	(1,214)	(1,388)
Purchases of investments	(10,040)	(3,668)	(9,659)
Sales of investments	7,232	3,059	7,988
Other (primarily intangibles)	(109)	(83)	(368)
Net cash used by investing activities	(7,598)	(4,187)	(5,912)
Cash flows from financing activities			
Dividends to shareholders	(5,327)	(5,024)	(4,670)
Repurchase of common stock	(2,130)	(6,651)	(5,607)
Proceeds from short-term debt	9,484	8,430	19,626
Retirement of short-term debt	(6,791)	(7,319)	(21,691)
Proceeds from long-term debt	9	1,638	5,100
Retirement of long-term debt	(219)	(24)	(18)
Proceeds from the exercise of stock options/excess tax benefits	882	1,486	1,562
Net cash used by financing activities	(4,092)	(7,464)	(5,698)
Effect of exchange rate changes on cash and cash equivalents	161	(323)	275
Increase in cash and cash equivalents	5,042	2,998	3,687
Cash and cash equivalents, beginning of year (Note 1)	10,768	7,770	4,083
Cash and cash equivalents, end of year (Note 1)	\$ 15,810	10,768	7,770
Supplemental cash flow data			
Cash paid during the year for:			
Interest	\$ 533	525	314
Income taxes	2,363	4,068	4,099
Supplemental schedule of noncash investing and financing activities			
Treasury stock issued for employee compensation and stock option plans, net of cash proceeds	\$ 541	593	738
Conversion of debt	2	—	9
Acquisitions			
Fair value of assets acquired	\$ 3,345	1,328	1,620
Fair value of liabilities assumed and non-controlling interests	(875)	(114)	(232)
Net cash paid for acquisitions	\$ 2,470	1,214	1,388

See Notes to Consolidated Financial Statements