

# Consolidated Statements of Cash Flows

Johnson & Johnson and Subsidiaries

(Dollars in Millions) (Note 1)

2010

2009

2008

## Cash flows from operating activities

Net earnings	\$13,334	12,266	12,949
Adjustments to reconcile net earnings to cash flows from operating activities:			
Depreciation and amortization of property and intangibles	2,939	2,774	2,832
Stock based compensation	614	628	627
Purchased in-process research and development	—	—	181
Deferred tax provision	356	(436)	22
Accounts receivable allowances	12	58	86
Changes in assets and liabilities, net of effects from acquisitions:			
(Increase)/decrease in accounts receivable	(207)	453	(736)
(Increase)/decrease in inventories	(196)	95	(101)
Increase/(decrease) in accounts payable and accrued liabilities	20	(507)	(272)
(Increase)/decrease in other current and non-current assets	(574)	1,209	(1,600)
Increase in other current and non-current liabilities	87	31	984

## Net cash flows from operating activities

16,385

16,571

14,972

## Cash flows from investing activities

Additions to property, plant and equipment	(2,384)	(2,365)	(3,066)
Proceeds from the disposal of assets	524	154	785
Acquisitions, net of cash acquired (Note 20)	(1,269)	(2,470)	(1,214)
Purchases of investments	(15,788)	(10,040)	(3,668)
Sales of investments	11,101	7,232	3,059
Other (primarily intangibles)	(38)	(109)	(83)

## Net cash used by investing activities

(7,854)

(7,598)

(4,187)

## Cash flows from financing activities

Dividends to shareholders	(5,804)	(5,327)	(5,024)
Repurchase of common stock	(2,797)	(2,130)	(6,651)
Proceeds from short-term debt	7,874	9,484	8,430
Retirement of short-term debt	(6,565)	(6,791)	(7,319)
Proceeds from long-term debt	1,118	9	1,638
Retirement of long-term debt	(32)	(219)	(24)
Proceeds from the exercise of stock options/excess tax benefits	1,226	882	1,486

## Net cash used by financing activities

(4,980)

(4,092)

(7,464)

Effect of exchange rate changes on cash and cash equivalents

(6)

161

(323)

Increase in cash and cash equivalents

3,545

5,042

2,998

Cash and cash equivalents, beginning of year (Note 1)

15,810

10,768

7,770

## Cash and cash equivalents, end of year (Note 1)

\$19,355

15,810

10,768

## Supplemental cash flow data

Cash paid during the year for:

Interest

\$ 491

533

525

Income taxes

2,442

2,363

4,068

## Supplemental schedule of noncash investing and financing activities

Treasury stock issued for employee compensation and stock option plans, net of cash proceeds

\$ 673

541

593

Conversion of debt

1

2

—

## Acquisitions

Fair value of assets acquired

\$ 1,321

3,345

1,328

Fair value of liabilities assumed and non-controlling interests

(52)

(875)

(114)

Net cash paid for acquisitions

\$ 1,269

2,470

1,214

See Notes to Consolidated Financial Statements