

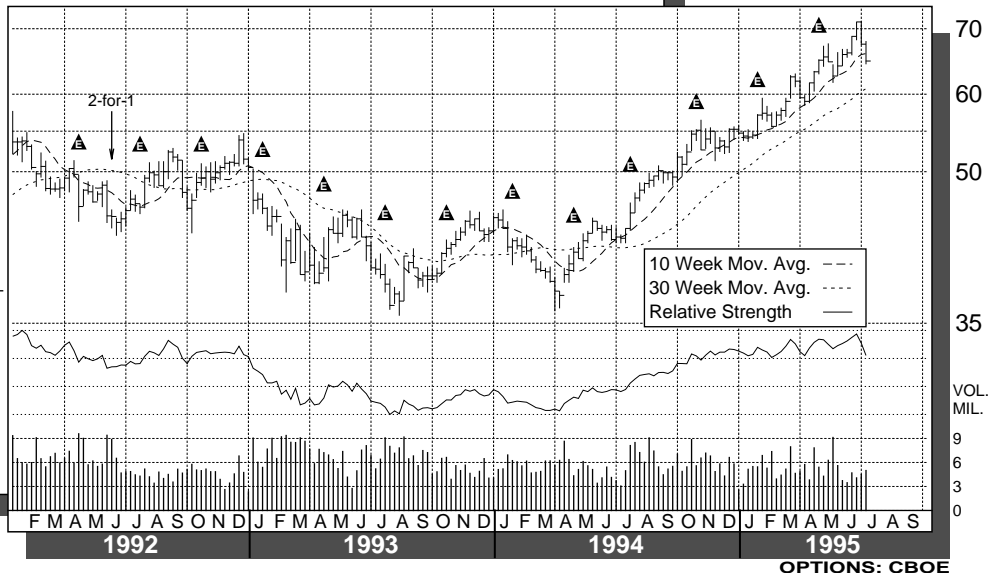
08-JUL-95

Industry:
Medical equipment/
supply**Summary:** Johnson & Johnson is the world's largest and most comprehensive health care company, offering a broad line of drugs, consumer products and other medical and dental items.**S&P Opinion: Accumulate (★★★)**Recent Price • 64 $\frac{7}{8}$
52 Wk Range • 71 $\frac{1}{4}$ -42 $\frac{1}{4}$ Yield • 2.0%
12-Mo. P/E • 19.7**Earnings vs. Previous Year**

▲=Up ▼=Down ►=No Change

Quantitative Evaluations**Outlook**

(1 Lowest—5 Highest)

• **3+****Fair Value**• **67 $\frac{5}{8}$** **Risk**• **Low****Earn./Div. Rank**• **A+****Technical Eval.**• **Bullish** since 5/94**Rel. Strength Rank**
(1 Lowest—99 Highest)• **24****Insider Activity**• **Neutral****Overview - 23-MAY-95**

Sales should post another creditable advance in 1995. Despite growing cost containment pressures in worldwide health care markets, results should benefit from new drugs such as Risperdal anti-psychotic, Propulsid gastrointestinal and Sporanox antifungal, and from new medical devices and consumer products. Volume will be augmented by the 1994 purchases of Neurogena Corp., a maker of skin care and beauty products, and of Eastman Kodak's clinical diagnostics unit. The acquisitions, financed through borrowings and the September 1994 sale of an ophthalmic drug line, are not expected to be dilutive. Despite a projected rise in the tax rate, profitability should improve, on greater volume, cost controls and productivity gains.

Valuation - 23-MAY-95

The shares have risen strongly from their April 1994 low, buoyed by better than expected earnings and renewed investor confidence in medical stocks following the demise of the federal health care reform issue. Despite heightened competitive conditions in global health care markets, JNJ should continue to achieve good earnings growth in coming years, bolstered by its preeminent positions in key markets, geographic expansion, and new product development programs. Despite their premium multiple, the shares continue to merit accumulation for long-term appreciation and rising dividend income. The dividend was recently boosted 14%.

Key Stock Statistics

S&P EPS Est. 1995	3.55	Tang. Bk. Value/Share	8.44
P/E on S&P Est. 1995	18.3	Beta	1.19
S&P EPS Est. 1996	4.00	Shareholders	104,700
Dividend Rate/Share	1.32	Market cap. (B)	\$ 41.9
Shs. outstg. (M)	645.3	Inst. holdings	61%
Avg. daily vol. (M)	0.941	Insider holdings	NA

Value of \$10,000 invested 5 years ago: \$ 24,177

Fiscal Year Ending Dec. 31

	1995	% Change	1994	% Change	1993	% Change
Revenues (Million \$)						
1Q	4,496	22%	3,690	4%	3,560	6%
2Q	—	—	3,916	11%	3,541	4%
3Q	—	—	4,038	15%	3,506	NM
4Q	—	—	4,090	16%	3,531	NM
Yr.	—	—	15,734	11%	14,138	3%
Income (Million \$)						
1Q	654.0	20%	544.0	8%	503.0	11%
2Q	—	—	559.0	13%	495.0	10%
3Q	—	—	525.0	16%	454.0	10%
4Q	—	—	378.0	13%	335.0	9%
Yr.	—	—	2,006	12%	1,787	10%
Earnings Per Share (\$)						
1Q	1.02	20%	0.85	10%	0.77	13%
2Q	E0.94	—	0.86	15%	0.75	10%
3Q	E0.91	—	0.82	17%	0.70	11%
4Q	E0.68	—	0.59	13%	0.52	11%
Yr.	E3.55	—	3.12	14%	2.74	11%

Next earnings report expected: mid July

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STOCK REPORTS

Business Summary - 31-MAY-95

Johnson & Johnson is one of the world's leading manufacturers of health care products. Sales and operating profits in 1994 were derived as follows:

	Sales	Profits
Pharmaceuticals	33%	56%
Professional	34%	29%
Consumer	33%	15%

Foreign operations accounted for 50% of sales and 48% of profits in 1994. R&D spending equaled 8.1% of sales in 1994, versus 8.4% in 1993.

Pharmaceuticals consist of more than 80 prescription drugs, contraceptives, therapeutics and veterinary products, including Ortho-Novum oral contraceptives; Propulsid gastrointestinal; Duragesic transdermal patch for pain; Hismanal antihistamine; Nizoral, Terazol and Sporanox antifungals; EPO anti-anemia agent (sold under the Eprex and Procrit names); Imodium antiarrheal; Retin-A for acne; and Risperdal for the treatment of schizophrenia.

Professional items include ligatures and sutures, mechanical wound closure products, diagnostic products, dental items, medical devices and equipment, surgical dressings, surgical apparel and accessories, endoscopic and other surgical instruments, intraocular lenses and hyaluronic acid.

Consumer products encompass baby toiletries, first-aid products and nonprescription drugs. Among the company's better known products are Johnson's baby powder, shampoo, oil and lotion; Tylenol analgesic; Stayfree, Carefree and Sure & Natural feminine hygiene products; Band-Aid adhesive bandages; Reach toothbrushes; and Neutrogena skin care and beauty products.

Important Developments

May '95—JNJ said 1995 total sales are expected to exceed \$18 billion. First quarter sales climbed 22%, year to year, on gains in all major business segments. The weaker dollar led to an increase in first quarter sales of 4.2%. Sales were also boosted by acquisitions and new products. New products include a stent for coronary artery disease, instruments for minimally invasive surgery, and new drugs for schizophrenia and gastrointestinal problems.

Apr. '95—Mitek Surgical Products was purchased for about \$127 million. Separately, the FDA approved Pepcid, an OTC heartburn medication, to be marketed by a joint venture with Merck & Co. In March, the FDA approved Ultram, a prescription pain reliever.

Capitalization

Long Term Debt: \$2,210,000,000 (4/2/95).

Per Share Data (\$) (Year Ended Dec. 31)

	1994	1993	1992	1991	1990	1989
Tangible Bk. Val.	7.34	7.22	6.80	7.34	6.30	5.17
Cash Flow	4.25	3.69	3.31	2.94	2.43	2.16
Earnings	3.12	2.74	2.46	2.20	1.72	1.63
Dividends	1.13	1.01	0.89	0.77	0.65	0.56
Payout Ratio	36%	37%	36%	35%	38%	34%
Prices - High	56½	50¾	58¼	58¼	37⅞	29¼
- Low	36	35⅞	43	32¾	25⅞	20¼
P/E Ratio - High	18	18	24	26	22	18
- Low	12	13	17	15	15	13

Income Statement Analysis (Million \$)

	1994	%Chg	1993	%Chg	1992	%Chg	1991
Revs.	15,734	11%	14,138	3%	13,753	10%	12,447
Oper. Inc.	3,531	17%	3,011	6%	2,837	7%	2,657
Depr.	724	17%	617	10%	560	14%	493
Int. Exp.	186	7%	174	-2%	177	1%	175
Pretax Inc.	2,681	15%	2,332	6%	2,207	8%	2,038
Eff. Tax Rate	25%	—	23%	—	26%	—	28%
Net Inc.	2,006	12%	1,787	10%	1,625	11%	1,461

Balance Sheet & Other Fin. Data (Million \$)

	1994	1993	1992	1991	1990	1989
Cash	704	476	878	792	931	583
Curr. Assets	6,680	5,217	5,423	4,933	4,664	3,776
Total Assets	15,668	12,242	11,884	10,513	9,506	7,919
Curr. Liab.	4,266	3,212	3,427	2,689	2,623	1,927
LT Debt	2,199	1,493	1,365	1,301	1,316	1,170
Common Eqty.	7,122	5,568	5,171	5,626	4,900	4,148
Total Cap.	9,451	7,183	6,627	6,927	6,216	5,318
Cap. Exp.	937	975	1,103	987	830	750
Cash Flow	2,730	2,404	2,185	1,954	1,617	1,440

Ratio Analysis

	1994	1993	1992	1991	1990	1989
Curr. Ratio	1.6	1.6	1.6	1.8	1.8	2.0
% LT Debt of Cap.	23.3	20.8	20.6	18.8	21.2	22.0
% Net Inc. of Revs.	12.7	12.6	11.8	11.7	10.2	11.1
% Ret. on Assets	14.4	15.0	14.6	14.6	13.1	14.4
% Ret. on Equity	31.6	33.6	30.4	27.8	25.3	28.3

Dividend Data (Dividends have been paid since 1905. A dividend reinvestment plan is available.)

Amt. of Div. \$	Date Decl.	Ex-Div. Date	Stock of Record	Payment Date
0.290	Jul. 18	Aug. 10	Aug. 16	Sep. 06 '94
0.290	Oct. 17	Nov. 08	Nov. 15	Dec. 06 '94
0.290	Jan. 03	Feb. 08	Feb. 14	Mar. 07 '95
0.330	Apr. 27	May. 10	May. 16	Jun. 06 '95

Data as orig. reprinted; bef. results of disc. ops. and/or spec. items. Per share data adj. for stk. divs. as of ex-div. date. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

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