



Second Quarter 1998 Results

1998 Second Quarter EPS Rose 10.4% on Sales Increase of 1.5% Net Earnings Rose 10.6%

New Brunswick, NJ (July 14, 1998) -- Johnson & Johnson today announced sales of \$5.8 billion and net earnings of \$1.0 billion for the second quarter of 1998, increases of 1.5% and 10.6% respectively over 1997 second quarter results. Diluted earnings per share for the second quarter were \$.74, up 10.4% from the same period in 1997. The impact of the stronger dollar relative to foreign currencies decreased second quarter sales by 3.6%. Domestic sales increased 4.2% in the quarter while international sales declined by 1.3%. International sales gains in local currency of 6% were offset by a negative currency impact of 7.3%, reflecting particularly difficult economic conditions in Asian markets.

"I am particularly pleased with the strength of our pharmaceutical business despite the challenges of intense competition and pricing pressures," said Ralph S. Larsen, Chairman and Chief Executive Officer. Mr. Larsen also stated, "Among our many strengths is the ability to deliver remarkably consistent earnings growth in today's rapidly changing healthcare business environment."

Worldwide Pharmaceutical sales of \$2.2 billion for the quarter increased 11.8% versus the same period in 1997, including 26% growth in domestic sales. International sales declined by 1.5%. International sales gains in local currency of 5.3% were offset by a negative currency impact of 6.8%. This growth reflects the strong performance of RISPARDAL, an antipsychotic medication; PROCIT, for the treatment of anemia; DURAGESIC, a transdermal patch for chronic pain; LEVAQUIN, an anti-infective; and ULTRAM, an analgesic for moderate to moderately severe pain.

Worldwide sales of \$2.1 billion in the Professional segment declined by 4.7% versus the second quarter of 1997. Domestic sales were down 9.2% in the quarter. International sales gains in local currency of 7.0% were largely offset by the strength of the U.S. dollar. Strong sales growth of Ethicon Endo-Surgery's laparoscopy and mechanical closure products and Johnson & Johnson Professional's orthopaedic products were offset by a decline in sales of Cordis' coronary stents.

Worldwide Consumer segment sales for the second quarter of 1998 were \$1.6 billion, a decrease of 2.5% versus the same period a year ago. Domestic sales declined by 1.8% in the quarter. International sales declined by 3.2%. International sales gains in local currency of 5.7% were offset by a negative currency impact of 8.9%. Consumer sales were led by continued strength in the skin care franchise, which includes the NEUTROGENA, RoC and CLEAN & CLEAR product lines, as well as strong performances from the adult and children's MOTRIN line of analgesic products.

Consolidated sales for the first six months of 1998 were \$11.6 billion, an increase of 1.3% over sales of \$11.4 billion for the same period a year ago. Sales growth of 5.3% in local currency was reduced by 4.0% due to the effect of the strong U.S. dollar.

Consolidated net earnings for the first six months of 1998 were \$2.0 billion, or \$1.47 per share, compared with six month 1997 earnings of \$1.8 billion or \$1.33 per share, increases of 10.8% and 10.5%, respectively.

Johnson & Johnson, with approximately 91,000 employees, is the world's most comprehensive and broadly-based manufacturer of health care products, as well as a provider of related services, for the consumer, pharmaceutical and professional markets. Johnson & Johnson has more than 180 operating companies in 51 countries around the world, selling products in more than 175 countries. In 1997, Johnson & Johnson recorded sales of \$22.6 billion.