

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 4, 1993

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-3215

JOHNSON & JOHNSON
(Exact name of registrant as specified in its charter)

NEW JERSEY 22-1024240

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

New Brunswick, New Jersey 08933
(Address of principal executive offices, including zip code)

908-524-0400
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

On July 30, 1993, 653,512,528 shares of Common Stock, \$1.00 par value, were outstanding.

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JOHNSON & JOHNSON AND SUBSIDIARIES

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Items 1, 2, 3, and 5 are not applicable

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Part I - FINANCIAL INFORMATION

Item 1 - FINANCIAL STATEMENTS

JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited; Dollars in Millions)

	ASSETS	
	July 4, 1993	January 3, 1993
Current Assets:		
Cash and cash equivalents	\$ 595	745
Marketable securities, at cost which approximates market value	114	133
Accounts receivable, trade, less allowances \$151 (1992 - \$143)	2,146	1,855
Inventories (Note 4)	1,856	1,742
Deferred taxes on income	284	327
Prepaid expenses and other receivables	588	621
Total current assets	5,583	5,423
Marketable securities, non-current, at cost, which approximates market value	395	355
Property, plant and equipment, at cost	6,525	6,303
Less accumulated depreciation and amortization	2,370	2,188
	4,155	4,115

Intangible assets, net (Note 5)	692	716
Deferred taxes on income	566	506
Other assets	822	769
Total Assets	\$ 12,213	11,884

See Notes to Consolidated Financial Statements

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JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Unaudited; Dollars in Millions)
LIABILITIES AND STOCKHOLDERS' EQUITY

	July 4, 1993	January 3, 1993
Current Liabilities:		
Loans and notes payable	\$ 809	1,032
Accounts payable	832	910
Accrued liabilities	1,105	1,302
Taxes on income	291	183
Total current liabilities	3,037	3,427
Long-term debt	1,424	1,365
Deferred tax liability	86	91
Certificates of extra compensation	83	94
Other liabilities	1,878	1,736
Stockholders' equity		
Preferred stock - without par value (authorized and unissued 2,000,000 shares)	-	-
Common stock - par value \$1.00 per share (authorized 1,080,000,000 shares; issued 767,367,000 and 767,366,000 shares)	767	767
Note receivable from employee stock ownership plan	(84)	(92)
Cumulative currency translation adjustments	(255)	(146)
Retained earnings	7,304	6,648
	7,732	7,177
Less common stock held in treasury, at cost (112,455,000 & 111,970,000 shares)	2,027	2,006
Total stockholders' equity	5,705	5,171
Total liabilities and stockholders' equity	\$ 12,213	11,884

See Notes to Consolidated Financial Statements

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JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS

(Unaudited; dollars & shares in millions

except per share figures)

	Fiscal Quarter Ended			
	July 4, 1993	Percent to Sales	June 28, 1992	Percent to Sales
Sales to customers (Note 6)	\$3,541	100.0	3,413	100.0
Cost of products sold	1,148	32.4	1,119	32.8
Selling, marketing and administrative expenses	1,432	40.4	1,389	40.7
Research expense	286	8.1	268	7.9
Interest income	(15)	(.4)	(34)	(1.0)
Interest expense, net of portion capitalized	33	.9	27	.8
Other (income) expense	(13)	(.3)	8	.2
	2,871	81.1	2,777	81.4
Earnings before provision for taxes on income	670	18.9	636	18.6
Provision for taxes on income (Note 3)	175	4.9	184	5.4
NET EARNINGS	\$ 495	14.0	452	13.2
NET EARNINGS PER SHARE	\$.75		.68	
CASH DIVIDENDS PER SHARE	\$.26		.23	
AVG. SHARES OUTSTANDING	655.3		660.8	

See Notes to Consolidated Financial Statements

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JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
(Unaudited; dollars & shares in millions
except per share figures)

	Fiscal Six Months Ended			
	July 4, 1993	Percent to Sales	June 28, 1992	Percent to Sales
Sales to customers (Note 6)	\$ 7,101	100.0	6,770	100.0
Cost of products sold	2,311	32.5	2,246	33.2
Selling, marketing and administrative expenses	2,868	40.4	2,744	40.5
Research expense	567	8.0	530	7.8
Interest income	(35)	(.5)	(54)	(.8)

Interest expense, net of portion capitalized	64	.9	48	.7
Other income	(44)	(.6)	(24)	(.3)
	5,731	80.7	5,490	81.1
Earnings before provision for taxes on income and cumulative effect of accounting changes	1,370	19.3	1,280	18.9
Provision for taxes on income (Note 3)	372	5.2	376	5.5
Earnings before cumulative effect of acctg changes	998	14.1	904	13.4
Cumulative effect of accounting changes, net of taxes (Note 2)	-	-	(595)	N.M.
NET EARNINGS	\$ 998	14.1	309	N.M.
NET EARNINGS PER SHARE (Note 2)				
Before cumulative effect of accounting changes	\$ 1.52		1.36	
Cumulative effect of accounting changes, net of taxes (Note 2)	-		(.90)	
NET EARNINGS PER SHARE	\$ 1.52		.46	
CASH DIVIDENDS PER SHARE	\$.49		.43	
AVG. SHARES OUTSTANDING	655.4		663.0	

N.M. - not meaningful

See Notes to Consolidated Financial Statements

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JOHNSON & JOHNSON AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited; Dollars in Millions)

	Fiscal	
	Six Months Ended	Six Months Ended
	July 4, 1993	June 28, 1992
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 998	309
Adjustments to reconcile net earnings to cash flows from operating activities:		
Cumulative effect of accounting changes	-	595
Depreciation and amortization of property and intangibles	316	280
Increase in accounts receivable, trade, less allowances	(317)	(400)
Increase in inventories	(153)	(199)
Changes in other assets and liabilities	(50)	56
NET CASH FLOWS FROM OPERATING ACTIVITIES	794	641
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(375)	(417)
Proceeds from the disposal of assets	14	21
Acquisition of businesses, net of cash acquired	(24)	(10)
Other, principally marketable securities	(18)	(91)

NET CASH USED BY INVESTING ACTIVITIES	(403)	(497)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends to stockholders	(321)	(285)
Repurchase of common stock	(64)	(576)
Employee stock ownership plan note repayment	8	8
Proceeds from short-term debt	100	644
Retirement of short-term debt	(380)	(125)
Proceeds from long-term debt	155	192
Retirement of long-term debt	(17)	(157)
Proceeds from the exercise of stock options	17	23
NET CASH USED BY FINANCING ACTIVITIES	(502)	(276)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(39)	(5)
DECREASE IN CASH AND CASH EQUIVALENTS	(150)	(137)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	745	589
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 595	452

See Notes to Consolidated Financial Statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - The accompanying interim financial statements and related notes should be read in conjunction with the Consolidated Financial Statements of Johnson & Johnson and Subsidiaries and related notes as contained in the Annual Report on Form 10-K for the fiscal year ended January 3, 1993. The interim financial statements include all adjustments (consisting only of normal recurring adjustments) and accruals necessary in the judgment of management for a fair presentation of such statements. However, the information contained therein is subject to year-end adjustments and audit by independent public accountants. Earnings per share were calculated on the basis of the average number of shares of common stock outstanding during the applicable period.

NOTE 2 - ADOPTION OF SFAS NO. 106, SFAS NO. 109 & SFAS NO. 112
The Company adopted the provisions of Statement of Financial Accounting Standards SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," in 1992. SFAS No. 106 requires accrual accounting for these benefits rather than accounting for them on a cash basis. Upon adoption, the Company elected to record the accumulated obligation of \$549 million pretax (\$340 million after-tax or \$.52 per share) as a one-time charge against earnings in the form of a cumulative effect of an accounting change.

In 1992, the Company also elected early adoption of Statement of Financial Accounting Standard SFAS No. 109, "Accounting for Income Taxes." The cumulative effect of \$35 million, or \$.05 per share, is reported as a one-time charge in the 1992 Consolidated

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Statements of Earnings. The standard requires a change from the deferred to the liability method of computing deferred income taxes. Deferred income taxes are recognized for tax consequences of "temporary differences" by applying enacted statutory tax rates, applicable to future years, to differences between the financial reporting and the tax basis of existing assets and liabilities.

In 1992, the Company adopted the provisions of Statement of Financial Accounting Standards SFAS No. 112, "Employers'

Accounting for Postemployment Benefits." SFAS 112 requires accrual accounting for these benefits rather than the cash method of accounting. Upon adoption, the Company elected to record the accumulated obligation of \$343 million (\$220 million after-tax or \$.33 per share) as a one-time charge against earnings in the form of a cumulative effect of an accounting change.

1992 results have been restated to reflect a one-time after-tax charge of \$595 million or \$.90 a share, due to the company's early adoption of accounting changes for postretirement benefits, income taxes and postemployment benefits. In addition, second quarter and six months results have been restated to include incremental after-tax charges, attributable to these accounting changes, of \$12 million and \$24 million, respectively.

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NOTE 3 - INCOME TAXES

The effective income tax rates for 1993 and 1992 are as follows:

	1993	1992
First Quarter	28.1%	29.8%
Second Quarter	26.1	28.9
First Half	27.2	29.4

The effective income tax rates for the first half of 1993 and 1992 are 27.2% and 29.4%, respectively, as compared to the U.S. federal statutory rate of 34%. The major reason for this difference is the result of domestic subsidiaries operating in Puerto Rico under a grant providing for tax relief.

NOTE 4 - INVENTORIES

(Dollars in Millions)	July 4, 1993	Jan. 3, 1993
Raw materials and supplies	\$ 540	415
Goods in process	372	457
Finished goods	944	870
	\$ 1,856	1,742

NOTE 5 - INTANGIBLE ASSETS

(Dollars in Millions)	July 4, 1993	Jan. 3, 1993
Intangible assets	\$ 1,017	1,012
Less accumulated amortization	325	296
	\$ 692	716

The excess of the cost over the fair value of net assets of purchased businesses is recorded as goodwill and is amortized on a straight-line basis over periods of 40 years or less. The cost of other acquired intangibles is amortized on a straight-line basis over their estimated useful lives.

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NOTE 6 - SALES TO CUSTOMERS BY SEGMENT OF BUSINESS AND GEOGRAPHIC AREAS

(Dollars in Millions)

SALES BY SEGMENT OF BUSINESS

	Second Quarter			Six Months		
	1993	1992	Percent Increase (Decrease)	1993	1992	Percent Increase
Consumer						
Domestic	\$ 608	601	1.2	\$ 1,310	1,301	.7
Int'l	576	564	2.1	1,151	1,096	5.0
	1,184	1,165	1.6%	2,461	2,397	2.7%
Pharmaceutical						
Domestic	\$ 428	391	9.5	\$ 857	777	10.3
Int'l	691	692	(.1)	1,374	1,337	2.8
	1,119	1,083	3.3%	2,231	2,114	5.5%
Professional						
Domestic	\$ 712	654	8.9	\$ 1,381	1,257	9.9
Int'l	526	511	2.9	1,028	1,002	2.6
	1,238	1,165	6.3%	2,409	2,259	6.6%
Domestic	\$ 1,748	1,646	6.2	\$ 3,548	3,335	6.4
Int'l	1,793	1,767	1.5	3,553	3,435	3.4
Worldwide	\$ 3,541	3,413	3.8%	\$ 7,101	6,770	4.9%

SALES BY GEOGRAPHIC AREAS

	Second Quarter			Six Months		
	1993	1992	Percent Increase (Decrease)	1993	1992	Percent Increase (Decrease)
U.S.	\$ 1,748	1,646	6.2	\$ 3,548	3,335	6.4
Europe	1,078	1,108	(2.7)	2,130	2,145	(.7)
West. Hemis. excl. U.S.A.	326	299	9.0	660	590	11.9
Africa, Asia, & Pacific	389	360	8.1	763	700	9.0
Total	\$ 3,541	3,413	3.8%	\$ 7,101	6,770	4.9%

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Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SALES AND EARNINGS

Consolidated sales for the first six months of 1993 of \$7,101 million exceeded sales of \$6,770 million for the first six months of 1992 by 4.9%. The strength of the U.S. dollar relative to foreign currencies decreased sales for the first six months of 1993 by 3.2%. Excluding currency, sales increased 8.1% on an operational basis for the first six months of 1993. Consolidated net earnings for the first six months of 1993 were \$998 million, compared with net earnings of \$904 million for the first six months of 1992, before the cumulative effect of 1992 accounting changes.

Consolidated net earnings and earnings per share in 1992 were reduced by \$595 million, or \$.90 per share, due to the company's adoption of accounting changes for postretirement benefits, income taxes, and postemployment benefits. Excluding the one-time charge in 1992, net earnings and earnings per share rose to 10.4% and 11.8%, respectively.

Consolidated sales for the second quarter of 1993 were \$3,541

million, an increase of 3.8% over 1992 second quarter sales of \$3,413 million. The effect of a stronger U.S. dollar relative to foreign currencies decreased second quarter sales by 3.2%. Excluding the effect of currency exchange rates, sales would have increased 7.0%. Consolidated net earnings for the second quarter of 1993 were \$495 million, compared with \$452 million for the same period a year ago, an increase of 9.5%. Earnings per share for the second quarter of 1993 rose 10.3% to \$.75 compared with \$.68 in the 1992 period.

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Domestic sales for the first six months of 1993 were \$3,548 million, an increase of 6.4% over 1992 domestic sales of \$3,335 million for the same period a year ago. Sales by international subsidiaries were \$3,553 million for the first six months of 1993 compared with \$3,435 million for the same period a year ago, an increase of 3.4%. Excluding the impact of the stronger value of the dollar, international sales increased by 9.7%.

Johnson & Johnson consumer sales increased 1.6% worldwide for the quarter versus the same period a year ago. There was sales improvement in the domestic over-the-counter business, particularly the TYLENOL family of products. The international business growth was slowed by the strong dollar relative to foreign currencies and weakness in many international economies.

Pharmaceutical sales for the quarter grew 3.3% worldwide. Domestic pharmaceutical sales increased 9.5%, led by the introduction of PROCRIIT for treating anemia associated with cancer patients on chemotherapy, LEUSTATIN, introduced late in the first quarter of 1993 for the treatment of hairy cell leukemia, SPORANOX, an antifungal, DURAGESIC, the transdermal patch for chronic cancer pain, and growth in the oral contraceptive business. These gains were reduced by a sales decline in HISMANAL, the once-a-day, less sedating antihistamine. Sales growth for the international pharmaceutical business was slowed by health care system adjustments in Germany and Italy, in addition to the negative impact of the strong U.S. dollar. However, international sales of PREPULSID, a gastrointestinal product, and SPORANOX, an anti-anemia drug, showed strong growth for the period.

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Professional sales increased 6.3% worldwide. Strong growth of the Ethicon Endo-Surgery less-invasive products business, the continued expansion of the disposable contact lens business with ACUVUE and SUREVUE, and the further market penetration of the ONE TOUCH II blood glucose monitoring system aided this worldwide sales growth. In addition, domestic professional sales growth of 8.9% for the period was influenced by strong performances in the PROTECTIV catheter safety system products, the DINAMAP Plus vital signs monitor, and P.F.C. Hip and Knee orthopaedic joint reconstruction products.

Average shares of common stock outstanding in the first half of 1993 and 1992 were 655.4 million and 663.0 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Net debt (borrowings net of cash and current marketable securities) was 21.1% of net capital compared with 22.7% at the end of 1992. Net debt was unchanged during the first six months of 1993 to remain at \$1.52 billion at the end of the second quarter. Total debt represented 28.1% of total capital (stockholders' equity and total borrowings) at quarter end, compared with 31.7% at the end of 1992.

Additions to property, plant and equipment were \$375 million for the first six months of 1993, compared with \$417 for the same period in 1992.

On July 26, 1993, the Board of Directors approved a regular quarterly dividend of 26 cents per share payable on September 7, 1993 to stockholders of record as of August 17, 1993.

Part II - Other Information

Item 4. Submission of Matters to a Vote of Security Holders

- (a) The annual meeting of the stockholders of the Company was held on April 25, 1991.
- (b) At the annual meeting, the stockholders voted on the following proposals:
 - 1. Approval of the adoption of the 1991 Stock Option Plan.

The vote on this proposal was as follows:

FOR	AGAINST	ABSTAIN
257,650,450	12,964,904	2,558,817

- 2. Approval of the adoption of the 1991 Stock Compensation Plan.

The vote on this proposal was as follows:

FOR	AGAINST	ABSTAIN
257,526,933	13,064,459	2,582,779

- 3. A stockholder proposal on reporting of the Company's activities in South Africa. The vote on this proposal was as follows:

FOR	AGAINST	ABSTAIN
22,522,742	197,256,293	53,395,136

- 4. A stockholder proposal on animal testing. The vote on this proposal was as follows:

FOR	AGAINST	ABSTAIN
6,782,196	218,624,332	47,767,643

Item 6. Exhibits

Calculation of Earnings per Share

EXHIBIT INDEX

Regulation S-K Exhibit Table Item No.	Description of Exhibit	Page No.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JOHNSON & JOHNSON
(Registrant)

Date: August 16, 1993 By C. H. Johnson
 C. H. Johnson
 (Vice President, Finance)

Date: August 16, 1993 By A. W. Roulston
 A. W. Roulston
 (Vice Pres., Corporate
 Controller)

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JOHNSON & JOHNSON AND SUBSIDIARIES

CALCULATION OF EARNINGS PER SHARE

(Dollars and shares in millions except per share figures)

Fiscal
Quarter Ended
July 4, June 28

	1993	1992
1. Net Earnings	\$ 495	452
2. Average number of shares outstanding during the period.....	655.3	660.8
3. Earnings per share based upon average outstanding shares (1 / 2)	\$.75	.68
4. Fully diluted earnings per share:		
a. Average number of shares outstanding during the period.	655.3	660.8
b. Shares issuable under stock compensation agreements at quarter-end7	.7
c. Shares reserved under the stock option plan for which the market price at end of quarter exceeds the option price..	19.0	23.8
d. Aggregate proceeds to the Company from the exercise of options in 4c	530	636
e. Market price of the Company's common stock at fiscal quarter-end.....	39.88	44.75
f. Shares which could be repurchased under the treasury stock method (4d / 4e)	13.3	14.2
g. Addition to average outstanding shares (4b + 4c - 4f).....	6.4	10.3
h. Shares for fully diluted earnings per share calculation (4a + 4g)	661.7	671.1
i. Fully diluted earnings per share (1 / 4h)	\$.75	.67

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JOHNSON & JOHNSON AND SUBSIDIARIES

CALCULATION OF EARNINGS PER SHARE

(Dollars and shares in millions except per share figures)

	Fiscal	
	Six Months Ended	
	July 4, 1993	June 28, 1992
1. Net Earnings	\$ 998	309
2. Average number of shares outstanding during the period.....	655.4	663.0
3. Earnings per share based upon average outstanding shares (1 / 2)....	1.52	.46
4. Fully diluted earnings per share:		
a. Average number of shares outstanding during the period.	655.4	663.0

b. Shares issuable under stock compensation agreements at quarter-end7	.7
c. Shares reserved under the stock option plan for which the market price at end of quarter exceeds the option price..	19.0	23.8
d. Aggregate proceeds to the Company from the exercise of options in 4c	530	636
e. Market price of the Company's common stock at fiscal quarter-end.....	39.88	44.75
f. Shares which could be repurchased under the treasury stock method (4d / 4e).....	13.3	14.2
g. Addition to average outstanding shares (4b + 4c - 4f).....	6.4	10.3
h. Shares for fully diluted earnings per share calculation (4a + 4g)	661.8	673.3
i. Fully diluted earnings per share (1 / 4h).....	\$ 1.51	.46