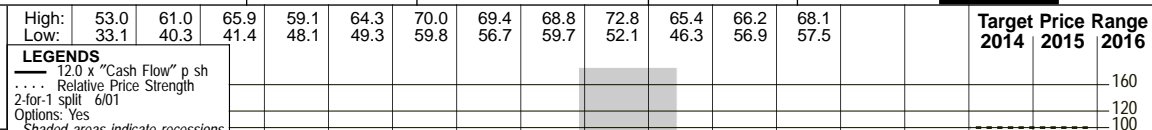


# JOHNSON & JOHNSON NYSE:JNJ

RECENT PRICE **64.99** P/E RATIO **13.0** (Trailing: 13.3 Median: 17.0) RELATIVE P/E RATIO **0.93** DIV'D YLD **3.5%** **VALUE LINE**

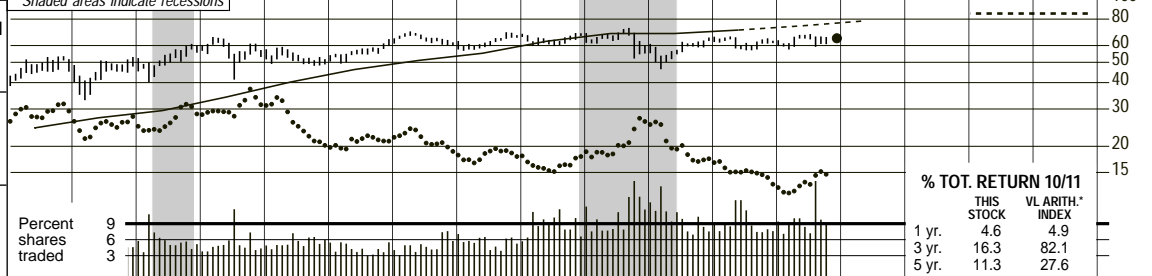
**TIMELINESS** 3 Raised 4/29/11  
**SAFETY** 1 New 7/27/90  
**TECHNICAL** 2 Raised 9/30/11  
**BETA** .65 (1.00 = Market)



**2014-16 PROJECTIONS**  
 Price **100** Gain **(+55%)** Ann'l Total Return **14%**  
 High **100** Low **85** Gain **(+30%)** Return **10%**

**Insider Decisions**  
 D J F M A M J J A  
 to Buy 0 1 0 0 0 0 0 1 1  
 Options 1 0 1 0 0 2 0 0 0  
 to Sell 0 0 0 0 0 2 0 0 0

**Institutional Decisions**  
 4Q2010 1Q2011 2Q2011  
 to Buy 753 685 699  
 to Sell 824 885 829  
 Hld's(000) 156323316998901731532



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
7.27	8.11	8.41	8.80	9.88	10.47	10.83	12.23	14.10	15.94	16.98	18.43	21.51	23.02	22.47	22.49	<b>24.00</b>	<b>25.25</b>	Sales per sh <sup>A</sup>	<b>28.05</b>
1.26	1.46	1.62	1.83	2.03	2.27	2.46	2.85	3.36	3.84	4.25	4.60	5.23	5.70	5.69	5.92	<b>6.20</b>	<b>6.55</b>	"Cash Flow" per sh	<b>7.50</b>
.93	1.09	1.21	1.34	1.49	1.70	1.91	2.23	2.70	3.10	3.50	3.76	4.15	4.57	4.63	4.76	<b>4.96</b>	<b>5.25</b>	Earnings per sh <sup>B</sup>	<b>6.15</b>
.32	.37	.43	.49	.55	.62	.70	.80	.92	1.10	1.28	1.46	1.62	1.80	1.93	2.11	<b>2.25</b>	<b>2.40</b>	Div's ds Decl'd per sh <sup>C</sup>	<b>2.90</b>
.48	.52	.52	.54	.62	.59	.57	.71	.76	.73	.88	.92	1.04	1.11	.86	.87	<b>1.00</b>	<b>.95</b>	Cap'l Spending per sh	<b>1.20</b>
3.49	4.07	4.59	5.06	5.83	6.76	7.95	7.65	9.05	10.71	12.73	13.59	15.25	15.35	18.37	20.66	<b>23.45</b>	<b>25.55</b>	Book Value per sh <sup>D</sup>	<b>34.20</b>
2590.7	2665.0	2690.3	2688.1	2779.4	2781.9	3047.2	2968.3	2968.0	2971.0	2974.5	2893.2	2840.2	2769.2	2754.3	2738.1	<b>2715.0</b>	<b>2700.0</b>	Common Shs Outst'g <sup>E</sup>	<b>2660.0</b>
18.5	22.4	24.9	28.1	31.6	26.4	27.2	25.9	19.4	18.1	18.5	16.6	15.4	14.3	12.5	13.1	<b>12.5</b>	<b>13.1</b>	Avg Ann'l P/E Ratio	<b>15.0</b>
1.24	1.40	1.44	1.46	1.80	1.72	1.39	1.41	1.11	.96	.99	.90	.82	.86	.83	.84	<b>.83</b>	<b>.84</b>	Relative P/E Ratio	<b>1.00</b>
1.9%	1.5%	1.4%	1.3%	1.2%	1.4%	1.3%	1.4%	1.8%	2.0%	2.0%	2.3%	2.5%	2.8%	3.3%	3.4%	<b>3.3%</b>	<b>3.4%</b>	Avg Ann'l Div'd Yield	<b>3.0%</b>

**CAPITAL STRUCTURE as of 10/2/11**  
 Total Debt \$18,357 mill. Due in 5 Yrs \$10,300 mill.  
 LT Debt \$13,031 mill. LT Interest \$475 mill.  
 (17% of Capital)

**Leases, Uncapitalized** Annual rentals \$182.0 mill.

**Pension Assets-12/10** \$13.4 bill. **Oblig.** \$15.0 bill.

**Preferred Stock** None

**Common Stock** 2,730,849,018 shares as of 10/28/11  
**MARKET CAP:** \$177 billion (Large Cap)

	2009	2010	10/2/11		2009	2010	10/2/11		2009	2010	10/2/11		2009	2010	10/2/11		2009	2010	10/2/11		2009	2010	10/2/11
33004	36298	41862	47348	50514	53324	61095	63747	61897	61587	<b>65100</b>	<b>68200</b>	Sales (\$mill) <sup>A</sup>	<b>74600</b>										
28.8%	31.2%	31.3%	31.6%	30.6%	28.7%	29.4%	29.5%	31.6%	31.4%	<b>32.2%</b>	<b>32.5%</b>	Operating Margin	<b>33.5%</b>										
1605	1662	1869	2124	2093	2177	2777	2832	2774	2939	<b>3100</b>	<b>3150</b>	Depreciation (\$mill)	<b>3575</b>										
5885	6811	8097	9298	10545	11133	12085	12949	12906	13279	<b>13775</b>	<b>14500</b>	Net Profit (\$mill)	<b>16375</b>										
28.2%	29.0%	30.2%	27.6%	24.8%	23.3%	22.1%	23.5%	22.0%	21.1%	<b>22.0%</b>	<b>22.0%</b>	Income Tax Rate	<b>22.5%</b>										
17.8%	18.8%	19.3%	19.6%	20.9%	20.9%	19.8%	20.3%	20.9%	21.6%	<b>21.2%</b>	<b>21.3%</b>	Net Profit Margin	<b>22.0%</b>										
10429	7817	9547	13393	18759	3814	10108	13525	17810	24235	<b>31625</b>	<b>31900</b>	Working Cap'l (\$mill)	<b>32850</b>										
2217	2022	2955	2565	2017	2014	7074	8120	8223	9156	<b>13000</b>	<b>13400</b>	Long-Term Debt (\$mill)	<b>14425</b>										
24233	22697	26869	31813	37871	39318	43319	42511	50588	56579	<b>63650</b>	<b>69050</b>	Shr. Equity (\$mill)	<b>90975</b>										
22.5%	27.8%	27.4%	27.3%	26.5%	27.1%	24.1%	26.0%	22.3%	20.6%	<b>18.5%</b>	<b>18.0%</b>	Return on Total Cap'l	<b>16.0%</b>										
24.3%	30.0%	30.1%	29.2%	27.8%	28.3%	27.9%	30.5%	25.5%	23.5%	<b>21.5%</b>	<b>21.0%</b>	Return on Shr. Equity	<b>18.0%</b>										
15.8%	19.5%	19.9%	19.0%	17.8%	17.5%	17.1%	18.6%	15.0%	13.2%	<b>12.0%</b>	<b>11.5%</b>	Retained to Com Eq	<b>9.5%</b>										
35%	35%	34%	35%	36%	38%	39%	39%	41%	44%	<b>45%</b>	<b>45%</b>	All Div'ds to Net Prof	<b>47%</b>										

**CURRENT POSITION** 2009 2010 10/2/11 (\$MILL.)

Cash Assets	19425	27658	30927
Receivables	9646	9774	10552
Inventory (FIFO)	5180	5378	6428
Other	5290	4497	5536
Current Assets	39541	47307	53443
Accts Payable	5541	5623	5730
Debt Due	6318	7617	5326
Other	9872	9832	10630
Current Liab.	21731	23072	21686

**BUSINESS:** Johnson & Johnson is engaged in the research & development, manufacture, and sale of a broad range of products in the healthcare field. Has three business segments: Consumer (baby care, skin care, oral care, wound care, etc.), Pharmaceutical (anti-infective, antipsychotic, contraceptive, dermatology, gastrointestinal, etc.), and Medical Devices & Diagnostics (electrophysiology, circulatory disease management, orthopedic joint reconstruction, etc.). Employs about 114,000. Officers & directors own less than 1% of common stock; BlackRock, 5.2%; State Street, 5.0% (3/11 Proxy). Chairman & CEO: W. C. Weldon. Incorporated: NJ. Address: One Johnson & Johnson Plaza, New Brunswick, NJ 08933. Telephone: 732-524-0400. Internet: www.jnj.com.

business will likely be the top performer in the final period, and we expect ongoing troubles associated with recent recalls and facility overhauls on the Consumer side to continue. Finally, the Medical Devices & Diagnostics group ought to post a reasonably good showing.

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 of change (per sh) to '14-'16

Sales	9.0%	7.5%	4.0%
"Cash Flow"	11.0%	8.5%	5.0%
Earnings	12.0%	8.5%	5.0%
Dividends	13.5%	12.0%	7.0%
Book Value	12.0%	11.0%	10.0%

**Neutrally ranked Johnson & Johnson shares continue to trade in a fairly narrow range.** Indeed, since our August review, the price of this top-quality stock has bounced between \$62 and \$66. Conversely, many of the issue's counterparts in the Dow Jones Industrial Average have fared a bit better in recent months. That said, conservative investors know what they are getting here, and seem to be willing to part with some upside in the near term in exchange for stability in this tumultuous marketplace. The 3.5% dividend yield also helps to entice investors.

**We cut a nickel off our 2012 earnings call,** which now stands at \$5.25 a share. Indeed, robust profit growth will likely be hard to come by next year, given the soft economy, lower healthcare utilization, and the lingering effects from the recent product recalls. Ongoing share repurchases and cost-management initiatives should help, though.

**QUARTERLY SALES (\$ mill.) <sup>A</sup>**

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2008	16194	16450	15921	15182	63747
2009	15026	15239	15081	16551	61897
2010	15631	15330	14982	15644	61587
2011	16173	16597	16005	16325	65100
2012	16600	17100	16900	17600	68200

**Recent results have been decent.** Third-quarter sales were \$16.0 billion, 7% ahead of the year-earlier figure and in line with our target. Revenues were up across the board, thanks to a combination of international growth and favorable exchange rates. Shares earnings, excluding a nonrecurring charge, were \$1.24. The bottom-line tally was a penny better than both the 2010 number and our target.

**We think this blue chip remains a solid buy-and-hold selection.** As far as the bottom line is concerned, J&J is a powerhouse in the broad healthcare space, with the financial wherewithal to continue making acquisitions and plowing funds into R&D. We think this will allow it to stay ahead of the curve, and continue growing at a nice pace in a number of markets going forward. The aforementioned dividend yield adds plenty of appeal.

**EARNINGS PER SHARE <sup>AB</sup>**

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2008	1.26	1.17	1.17	.97	4.57
2009	1.26	1.15	1.20	1.02	4.63
2010	1.29	1.21	1.23	1.03	4.76
2011	1.35	1.28	1.24	1.09	4.96
2012	1.32	1.36	1.35	1.22	5.25

**We look for more of the same in the fourth quarter,** and we have not made any material changes to our full-year sales and share-net targets. The Pharmaceutical

**Erik A. Antonson** November 25, 2011

**QUARTERLY DIVIDENDS PAID <sup>C</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2007	.375	.415	.415	.415	1.62
2008	.415	.46	.46	.46	1.80
2009	.46	.49	.49	.49	1.93
2010	.49	.54	.54	.54	2.11
2011	.54	.57	.57	.57	

(A) Years end on last the Sunday in December. (B) Primary earnings thru '96, diluted thereafter. Excludes nonrecurring: '98, 22c; '99, 2c; '01, d7c; '02, d7c; '03 d30c; '04, d26c; '05, d4c; '06, d3c; '07, d52c; '09, d23c; '10, 2c; '11, d10c. Next earnings report due late January. (C) Dividends historically paid: March, June, September, and December. ■ Dividend reinvestment plan available. (D) Includes intangibles. In '10: \$32.0 billion, \$11.69 a share. (E) In millions, adjusted for stock split.

**Company's Financial Strength** A++  
**Stock's Price Stability** 100  
**Price Growth Persistence** 35  
**Earnings Predictability** 100

**To subscribe call 1-800-833-0046.**