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	2015	2016	2017
Target Price Range	115	90 - 120	100 - 160

% TOT. RETURN 1/12	THIS STOCK	V.L ARITH.* INDEX
1 yr.	14.3	0.0
3 yr.	26.7	123.8
5 yr.	15.4	27.2

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
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	23.95	24.85	26.15	Sales per sh ^A	30.70
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	6.25	6.35	6.75	"Cash Flow" per sh	8.15
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	5.00	5.12	5.45	Earnings per sh ^B	6.50
.37	.43	.49	.55	.62	.70	.80	.92	1.10	1.28	1.46	1.62	1.80	1.93	2.11	2.25	2.40	2.56	Div'ds Decl'd per sh ^C	3.05
.52	.52	.54	.62	.59	.57	.71	.76	.73	.88	.92	1.04	1.11	.86	.87	1.00	.95	1.00	Cap'l Spending per sh	1.20
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	23.45	25.90	27.50	Book Value per sh ^D	37.80
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	2715.0	2700.0	2690.0	Common Shs Outs't'g ^E	2660.0
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	12.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
1.40	1.44	1.46	1.80	1.72	1.39	1.41	1.11	.96	.99	.90	.82	.86	.83	.83	.80			Relative P/E Ratio	1.00
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%	3.5%			Avg Ann'l Div'd Yield	3.1%


CAPITAL STRUCTURE as of 10/2/11				36298	41862	47348	50514	53324	61095	63747	61897	61587	65030	67100	70400	Sales (\$mill) ^A	81600
Total Debt \$18,357 mill. Due in 5 Yrs \$10,300 mill.				31.2%	31.3%	31.6%	30.6%	28.7%	29.4%	29.5%	31.6%	31.4%	32.2%	32.2%	32.5%	Operating Margin	33.0%
LT Debt \$13,031 mill. LT Interest \$475 mill.				1662.0	1869.0	2124.0	2093.0	2177.0	2777.0	2832.0	2774.0	2939.0	3100	3200	3300	Depreciation (\$mill)	3600
(17% of Capital)				6810.8	8096.6	9298.0	10545	11133	12085	12949	12906	13279	13867	13900	14800	Net Profit (\$mill)	17400
Leases, Uncapitalized Annual rentals \$182.0 mill.				29.0%	30.2%	27.6%	24.8%	23.3%	22.1%	23.5%	22.0%	21.1%	20.1%	22.0%	22.0%	Income Tax Rate	22.5%
				18.8%	19.3%	19.6%	20.9%	20.9%	19.8%	20.3%	20.9%	21.6%	21.3%	20.7%	21.0%	Net Profit Margin	21.3%
Pension Assets-12/10 \$13.4 bill. Oblig. \$15.0 bill.				7817.0	9547.0	13393	18759	3814.0	10108	13525	17810	24235	31700	32200	33200	Working Cap'l (\$mill)	34400
				2022.0	2955.0	2565.0	2017.0	2014.0	7074.0	8120.0	8223.0	9156.0	13000	13300	13600	Long-Term Debt (\$mill)	15100
Preferred Stock None				22697	26869	31813	37871	39318	43319	42511	50588	56579	63700	69900	74000	Shr. Equity (\$mill)	100500
Common Stock 2,730,849,018 shares as of 10/28/11				27.8%	27.4%	27.3%	26.5%	27.1%	24.1%	26.0%	22.3%	20.6%	19.0%	17.0%	17.5%	Return on Total Cap'l	16.0%
MARKET CAP: \$176 billion (Large Cap)				30.0%	30.1%	29.2%	27.8%	28.3%	27.9%	30.5%	25.5%	23.5%	22.0%	20.0%	20.0%	Return on Shr. Equity	18.0%
				19.5%	19.9%	19.0%	17.8%	17.5%	17.1%	18.6%	15.0%	13.2%	12.0%	10.5%	10.5%	Retained to Com Eq	10.0%
CURRENT POSITION				2009	2010	10/2/11	35%	34%	35%	36%	38%	39%	39%	41%	44%	47%	47%
																All Div'ds to Net Prof	47%

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

	2001	2002	2003
ANNUAL RATES	Past	Past	Est'd '08-'10
of change (per sh)	10 Yrs.	5 Yrs.	to '15-'17
Sales	9.0%	7.5%	4.5%
"Cash Flow"	11.0%	8.5%	5.0%
Earnings	12.0%	8.5%	5.0%
Dividends	13.5%	12.0%	6.5%
Book Value	12.0%	11.0%	11.0%

Calendar	QUARTERLY SALES (\$ mill.) ^A				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2009	15026	15239	15081	16551	61897
2010	15631	15330	14982	15644	61587
2011	16173	16597	16005	16255	65030
2012	16300	16900	16700	17200	67100
2013	17200	17700	17700	17800	70400

Calendar	EARNINGS PER SHARE ^{AB}				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
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	1.13	5.00
2012	1.32	1.29	1.27	1.24	5.12
2013	1.40	1.38	1.37	1.30	5.45

Calendar	QUARTERLY DIVIDENDS PAID 				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	2.25
2012	.57				

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 (antifibrotic, antipsychotic, contraceptive, dermatology, gastrointestinal, etc.), and Medical Devices & Diagnostics (electrophysiology).

Neutrally ranked Johnson & Johnson shares are treading water. Indeed, this top-quality issue has traded in an extremely narrow range since our last review. More specifically, the stock price has stayed between \$66 and \$64 since mid-December. The Dow Jones Industrial Average, meanwhile, is up about 9% since just before Christmas and 6% year to date. Most healthcare stocks are also up considerably over the same time frames.

What is keeping investors at bay? We surmise the recent string of lackluster results and weaker-than-expected guidance are largely to blame. The company's fourth-quarter showing was decent, as revenues rose 4% compared to a year ago and share earnings climbed 10%. All three of the healthcare conglomerate's segments contributed to the gains, but nearly all of the growth was generated abroad due to the soft domestic operating climate. Management's guidance for 2012 was also well below expectations. J&J is looking for share earnings to fall between \$5.05 and \$5.15 this year, excluding the impact of some special items (which have really been piling up of late). This compared unfavor-

ogy, 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.

ably to both our previous bottom-line target of \$5.25 a share and Wall Street's consensus. We also knocked off more than \$1 billion from our top-line estimate, though the increasing likelihood of unfavorable currency translation was a big reason for the revision. All told, we think investors were looking for more.

Things should pick up some in 2013. We think robust growth and handsome profits will be tough to come by for most in the healthcare space this year, due to the soft global economy and lower healthcare utilization. The lingering effects of recent recalls may well further weigh down J&J. But the skies should start to clear between now and next year, which ought to pave the way for decent top- and bottom-line growth here. Moreover, acquisitions and ongoing operational improvements should provide further boosts.

This steady blue chip is still an excellent buy-and-hold investment, thanks to the solid dividend and decent capital appreciation potential. Short-term investors may want to consider an options strategy to take advantage of JNJ's recent stability.

Erik A. Antonson February 24, 2012

2012	.57	
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(B) Primary earnings thru '96, diluted thereafter. Excludes nonrecurring: '98, 22¢; '99, 2¢; '01, d7¢; '02, d7¢; '03 d30¢; '04, d26¢; '05,

d4c; '06, d3c; '07, d52c; '09, d23c; '10, 2c; '11, d\$1.51. Next earnings report due late April. **(C)** Dividends historically paid: March, June, September, and December. ■ Dividend rein-

(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	40
Earnings Predictability	100

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