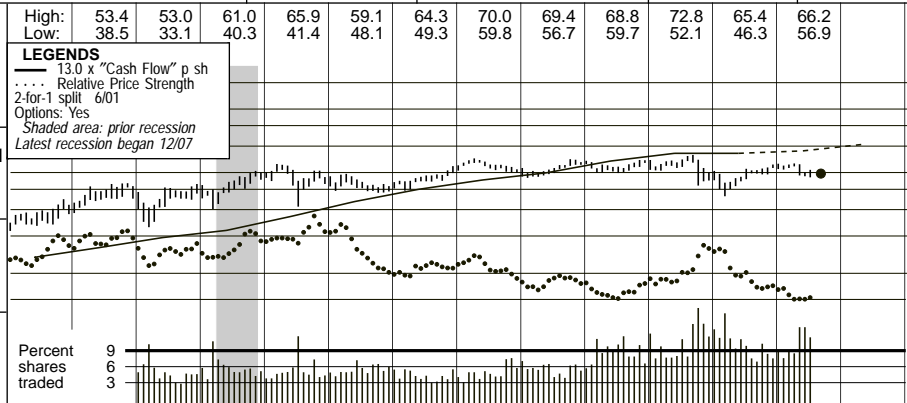


JOHNSON & JOHNSON NYSE:JNJ

RECENT PRICE **59.22** P/E RATIO **12.4** (Trailing: 12.5; Median: 18.0) RELATIVE P/E RATIO **0.85** DIV'D YLD **3.7%** VALUE LINE

TIMELINESS 3 Lowered 8/14/09
SAFETY 1 New 7/27/90
TECHNICAL 3 Lowered 8/13/10
BETA .60 (1.00 = Market)



High	Low	Price	Gain	Return
120	95	(+105%)	22%	16%

Year	1 yr.	3 yr.	5 yr.
THIS STOCK	-1.4	5.1	4.1
VL ARITH. INDEX	25.3	3.4	26.3

2013-15 PROJECTIONS

Ann'l Total	Price	Gain	Return
High	120	(+105%)	22%
Low	95	(+60%)	16%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	1	0	1	1	0
Options	0	4	3	0	0	0	0	0	1
to Sell	0	3	2	0	0	0	0	0	0

Institutional Decisions

	3Q2009	4Q2009	1Q2010
to Buy	700	718	691
to Sell	792	821	823
Hlds(000)	17446931	17485101	1722787

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC. 13-15	
6.12	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	22.90	24.05	Sales per sh ^A	29.35
1.06	1.26	1.46	1.61	1.83	2.03	2.27	2.46	2.85	3.36	3.84	4.25	4.60	5.23	5.70	5.69	5.85	6.30	"Cash Flow" per sh	8.05
.78	.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	4.70	5.10	Earnings per sh ^B	6.70
.28	.32	.37	.43	.49	.55	.62	.70	.80	.92	1.10	1.28	1.46	1.62	1.80	1.93	2.11	2.30	Div's Decl'd per sh ^C	2.80
.36	.48	.52	.52	.54	.62	.59	.57	.71	.76	.73	.88	.92	1.04	1.11	.86	1.00	1.15	Cap'l Spending per sh	1.35
2.77	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	20.40	22.80	Book Value per sh ^D	31.90
2572.0	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	2725.0	2700.0	Common Shs Outst'g ^E	2600.0
14.8	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	12.5	12.5	Avg Ann'l P/E Ratio	16.0
.97	1.24	1.40	1.44	1.46	1.80	1.72	1.39	1.41	1.11	.96	.99	.90	.82	.86	.83	.83	.83	Relative P/E Ratio	1.05
2.4%	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%	3.3%	3.3%	Avg Ann'l Div'd Yield	2.6%

CAPITAL STRUCTURE as of 7/4/10
 Total Debt \$11,652 mill. Due in 5 Yrs \$4,600 mill.
 LT Debt \$7,937 mill. LT Interest \$400 mill.
 (13% of Cap'l)
 Leases, Uncapitalized Annual rentals \$178.0 mill.
 Pension Assets-12/09 \$10.9 bill. Oblig. \$13.5 bill.
 Pfd Stock None
 Common Stock 2,754,445,000 shs. as of 7/30/10
 MARKET CAP: \$163 billion (Large Cap)

2008	2009	7/4/10
29139	33004	36298
27.4%	28.8%	31.2%
1515.0	1605.0	1662.0
4800.0	5885.0	6810.8
27.5%	28.2%	29.0%
16.5%	17.8%	18.8%
8310.0	10429	7817.0
2037.0	2217.0	2022.0
18808	24233	22697
23.3%	22.5%	27.8%
25.5%	24.3%	30.0%
16.4%	15.8%	19.5%
36%	35%	35%

2008	2009	7/4/10
62400	64900	62400
31.7%	32.2%	31.7%
2825	2850	2825
13100	14125	13100
23.0%	23.0%	23.0%
21.1%	21.8%	21.1%
18000	19000	18000
7900	7500	7900
55600	61500	55600
21.0%	21.0%	21.0%
23.5%	23.0%	23.5%
13.0%	12.5%	13.0%
45%	45%	45%

CURRENT POSITION (SMILL.)

	2008	2009	7/4/10
Cash Assets	12809	19425	18901
Receivables	9719	9646	9629
Inventory (FIFO)	5052	5180	5071
Other	6797	5290	5422
Current Assets	34377	39541	39023
Accts Payable	7503	5541	4871
Debt Due	3732	6318	3715
Other	9617	9872	8578
Current Liab.	20852	21731	17164

BUSINESS: Johnson & Johnson manufactures and sells health care products. Major lines by segment: Consumer (baby care, non-prescription drugs, sanitary protection, and skin care), Med. Device & Diag. (wound closures, minimally invasive surgical instruments, diagnostics, orthopedics, and contact lenses), and Pharmaceutical (contraceptives, psychiatric, anti-infective, and dermatological drugs). 2009 sales (operating income) by segment: Pharm., 36% (39%); Med. Device & Diag., 38% (46%); Consumer, 26% (15%). Int'l business, 50% of '09 sales; R&D, 11.3%. Has 115,500 employees. Off/dir. own less than 1% of common stock (3/10 Proxy). Chrmn. & CEO: William Weldon. Inc.: NJ. Addr.: One J&J Plaza, New Brunswick, NJ 08933. Tel.: 732-524-0400. Web: www.jnj.com.

of minimally invasive devices that address strokes. In previous quarters, J&J purchased three privately held firms. Their specialties include orthopedic implants, innovative disinfection processes, and ENT (ear, nose, and throat) treatment. Sizable additions since late 2008 included Cougar Biotechnology (oncology), Mentor (reconstructive medicine), and Omrix (biologic-based hemostats), along with a \$1.1 billion investment in Elan. These additions have expanded J&J's presence in some of the fastest-growing healthcare segments.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '07-'09 to '13-'15

of change (per sh)	10 Yrs.	5 Yrs.	Est'd '07-'09 to '13-'15
Sales	9.5%	9.5%	4.5%
"Cash Flow"	11.5%	10.5%	6.5%
Earnings	12.5%	10.5%	7.0%
Dividends	14.0%	13.5%	8.0%
Book Value	12.0%	12.5%	12.0%

In the face of a number of recent challenges, Johnson & Johnson's earnings will likely increase only slightly this year . . . Management expects the recalls of **TYLENOL** and several other over-the-counter medicines and the related suspension of manufacturing at a large plant in Pennsylvania to trim earnings by \$0.10-\$0.15 a share. Accelerating price pressure at the European pharmaceutical business is another negative factor. Some of the profit drain, though, is being offset by cost savings from a recently completed restructuring program.

Earnings during the 2013-2015 period may well average about \$6.70 a share. Our projection considers the promising drug-development pipeline and J&J's geographic expansion plans, particularly in Brazil, China, and India. Other pluses are the acquisition and stock-repurchase programs. These activities appear to be amply covered by free cash flow, which is running at \$8 billion per annum.

QUARTERLY SALES (\$ mill.)^A

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2007	15037	15131	14970	15957	61095
2008	16194	16450	15921	15182	63747
2009	15026	15239	15081	16551	61897
2010	15631	15330	15175	16264	62400
2011	16250	15950	15800	16900	64900

. . . but we look for a 7%-10% advance in 2011, thanks partly to expected contributions from recently launched pharmaceuticals. They include biologics to treat psoriasis, arthritis, and schizophrenia in adults. Meanwhile, the company received FDA clearance for a disposable contact lens made with silicone hydrogel. Too, an alternate source for products from the now-shuttered Pennsylvania plant is slated to be available in early 2011.

This neutrally ranked, high-quality stock's 3- to 5-year total return potential should be particularly appealing to conservative investors.

EARNINGS PER SHARE^{AB}

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2007	1.16	1.05	1.06	.88	4.15
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	1.15	1.05	4.70
2011	1.35	1.27	1.30	1.18	5.10

The company remains active on the acquisition front. In July, it agreed to acquire Micrus Endovascular, a developer

David R. Cohen August 27, 2010

QUARTERLY DIVIDENDS PAID^C

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.33	.375	.375	.375	1.46
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		

(A) Year ends on last Sunday of December. (B) Primary earnings through '96, diluted thereafter. Excludes nonrecurring gains/(losses): '98, 22¢; '99, 2¢; '01, (7¢); '02, (7¢); '03 (30¢); '04, (26¢); '05, (4¢); '06, (3¢); '07, (52¢); '09 (23¢); '10 Q1-2, 35¢. Next earnings report due late Oct. (C) Dividends historically paid mid: March, June, Sept., and Dec. (D) Div'd reinvestment plan available. (E) Incl. intang.: In '09, \$31.2 billion; \$11.32/sh. (D) Incl. intang.: In '09, \$31.2 billion; \$11.32/sh. (E) In mill., adj. for stock split.