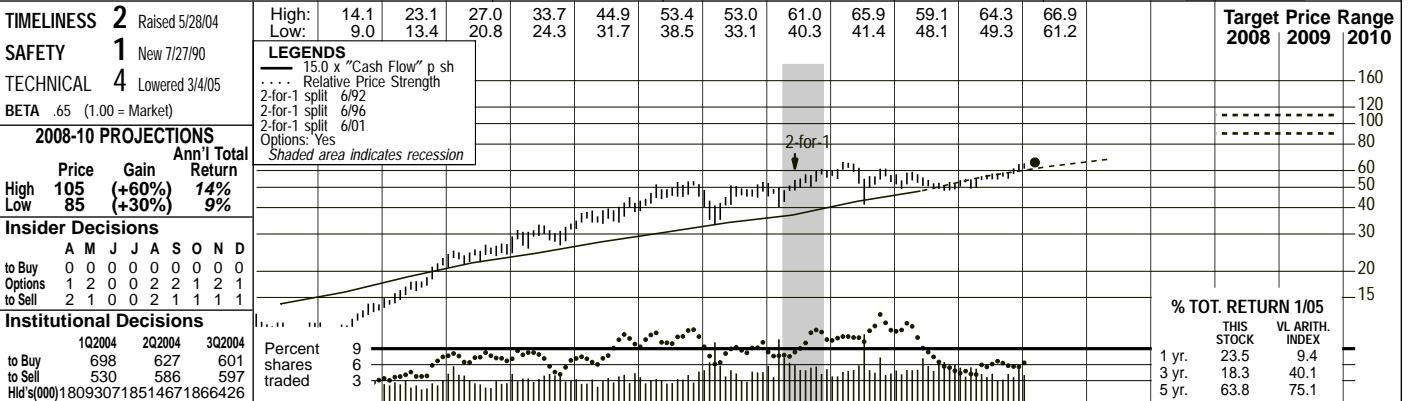


JOHNSON & JOHNSON NYSE-JNJ

RECENT PRICE **65.41** P/E RATIO **19.5** (Trailing: 21.1; Median: 25.0) RELATIVE P/E RATIO **1.06** DIV'D YLD **1.9%** **VALUE LINE**



1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB, INC.	08-10
3.66	4.22	4.67	5.25	5.50	6.12	7.27	8.11	8.41	8.80	9.88	10.47	10.83	12.23	13.42	16.00	17.30	18.80	Sales per sh ^A	23.40
.56	.65	.73	.85	.93	1.06	1.26	1.46	1.62	1.83	2.03	2.27	2.46	2.85	3.19	3.85	4.20	4.60	"Cash Flow" per sh	5.90
.41	.48	.55	.62	.69	.78	.93	1.09	1.21	1.34	1.49	1.70	1.91	2.23	2.70	3.10	3.40	3.75	Earnings per sh ^B	4.75
.14	.16	.19	.22	.25	.28	.32	.37	.43	.49	.55	.62	.70	.80	.92	1.10	1.22	1.34	Div'ds Decl'd per sh ^C	1.70
.28	.31	.37	.42	.38	.36	.48	.52	.52	.54	.62	.59	.57	.71	.73	.75	.80	.80	Cap'l Spending per sh	1.00
1.56	1.84	2.11	1.97	2.17	2.77	3.49	4.07	4.59	5.06	5.83	6.76	7.95	7.65	8.61	10.90	12.45	14.40	Book Value per sh ^D	21.00
2664.4	2664.6	2665.3	2621.6	2571.9	2572.0	2590.7	2665.0	2690.3	2688.1	2779.4	2781.9	3047.2	2968.3	3119.8	2960.0	2925.0	2900.0	Common Shs Outst'g ^E	2800.0
15.4	16.5	20.5	20.0	15.4	14.8	18.5	22.4	24.9	28.1	31.6	26.4	27.2	25.9	19.4	18.1	18.1	18.1	Avg Ann'l P/E Ratio	20.0
1.17	1.23	1.31	1.21	.91	.97	1.24	1.40	1.44	1.46	1.80	1.72	1.39	1.41	1.11	.94	.94	.94	Relative P/E Ratio	1.35
2.2%	2.1%	1.7%	1.8%	2.4%	2.4%	1.9%	1.5%	1.4%	1.3%	1.2%	1.4%	1.3%	1.4%	1.8%	2.0%	2.0%	2.0%	Avg Ann'l Div'd Yield	1.8%

CAPITAL STRUCTURE as of 9/26/04				1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
Total Debt \$3,415 mill. Due in 5 Yrs \$500.0 mill.				18842	21620	22629	23657	27471	29139	33004	36298	41862	47348	50675	54475	54475	54475	54475	54475	54475	54475	54475	
LT Debt \$2,961 mill. LT Interest \$174.0 mill. (9% of Cap'l)				23.2%	24.6%	25.1%	26.6%	27.0%	27.4%	28.8%	31.2%	31.3%	32.0%	32.5%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	
Leases, Uncapitalized Annual rentals \$143.0 mill.				857.0	1009.0	1067.0	1246.0	1444.0	1515.0	1605.0	1662.0	1869.0	2020	2180	2330	2330	2330	2330	2330	2330	2330	2330	
Pension Assets-12/02 \$6,050 mill. Oblig. \$7,680 mill.				2403.0	2887.0	3303.0	3677.6	4209.0	4800.0	5885.0	6810.8	8096.6	9311.4	10170	11065	11065	11065	11065	11065	11065	11065	11065	
Pf'd Stock None				27.6%	28.4%	27.8%	27.1%	27.5%	27.5%	28.2%	29.0%	30.2%	27.6%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	
Common Stock 2,967,726,203 shs. as of 10/24/04				12.8%	13.4%	14.6%	15.5%	15.3%	16.5%	17.8%	18.8%	19.3%	19.7%	20.1%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	
MARKET CAP: \$194 billion (Large Cap)				3550.0	4186.0	5280.0	2970.0	5746.0	8310.0	10429	7817.0	9547.0	14500	16000	17425	23750	23750	23750	23750	23750	23750	23750	
CURRENT POSITION				2107.0	1410.0	1126.0	1269.0	2450.0	2037.0	2217.0	2022.0	2955.0	2950	2500	2200	1500	1500	1500	1500	1500	1500	1500	
CASH ASSETS				9045.0	10836	12359	13590	16213	18808	24233	22697	26869	32220	36440	41750	58775	58775	58775	58775	58775	58775	58775	
RECEIVABLES				22.3%	24.2%	24.9%	25.2%	22.9%	23.3%	22.5%	27.8%	27.4%	26.0%	25.5%	24.5%	24.5%	24.5%	24.5%	24.5%	24.5%	24.5%	24.5%	24.5%
INVENTORY				26.6%	26.6%	26.7%	27.1%	26.0%	25.5%	24.3%	30.0%	30.1%	29.0%	28.0%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	
CURRENT ASSETS				17.4%	17.7%	17.5%	17.5%	16.8%	16.4%	15.8%	19.5%	19.9%	18.5%	17.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%
ACCTS PAYABLE				34%	34%	34%	35%	35%	36%	36%	35%	35%	34%	35%	36%	36%	36%	36%	36%	36%	36%	36%	36%
DEBT DUE				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). 2003 sales (operating income) by segment: Pharm., 47% (60%); Med. Device & Diag., 35% (28%); Consumer, 18% (12%). Int'l business, 40% of '03 sales; R&D, 11%. Has 109,100 empl.; 164,200 stockholders. Off/dir. own less than 1% (3/04 Proxy). Chrmn. & CEO: William Weldon. Inc.: NJ. Addr.: One J&J Plaza, New Brunswick, NJ 08933. Tel.: 732-524-0400. Web: www.jnj.com.																			
OTHER				Johnson & Johnson is set to make the largest acquisition in its history. Ending months of speculation, the company announced in late December that it had agreed to purchase Guidant for an estimated \$24 billion. For \$30.40 in cash and \$45.60 in its stock for each of the target's shares, the New Jersey-based acquirer will get a lucrative and rapidly expanding cardiac rhythm management business. J&J will also get Guidant's bioerodable polymer and stents program, which should enhance its long-term competitive stance in the nascent drug-eluting stents market. The purchase would also eliminate a potential competitor that could have exerted substantial pricing and margin pressures in the stents arena. Some product divestitures will probably be required by government regulators, but the deal should close in the third quarter. The addition is expected to shave a few pennies from earnings in 2005 and 2006. It should enhance the growth rate in the subsequent years. (Note: Guidant will be excluded from our figures until the merger actually closes.)																			
CURRENT LIAB.				The diversified healthcare products behemoth continues to perform very well on its own. Indeed, it staged a broadbased top-line advance in 2004, with the Pharmaceutical, Medical Devices and Diagnostics, and Consumer segments posting gains of 13.4%, 13.2%, and 12.1%, respectively. Aggregate revenues were up 13.1%, which helped fuel a 17% expansion in share profits. Looking ahead, though, slumping Procrit sales, as well as impending launches of generic Duragesic and Concerta, strongly suggest that business activity won't be as dynamic in 2005. That said, we have added \$0.05 to our share-net estimate (to \$3.40), factoring in increased expectations for drug-eluting stent Cypher, a delay in Duragesic generics, and a slightly lower tax rate. In all, we look for revenues to increase 7% and for share profits to expand 10%. A comparable bottom-line gain seems likely next year.																			

ANNUAL RATES				1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
of change (per sh)				9.0%	7.5%	9.5%	13.0%	11.5%	11.5%	14.0%	13.5%	12.0%	13.5%	13.5%	12.0%	14.5%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Sales				13.0%	11.5%	11.5%	14.0%	13.5%	12.0%	13.5%	13.5%	12.0%	14.5%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
"Cash Flow"				14.0%	13.5%	12.0%	13.5%	13.5%	12.0%	14.5%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Earnings				13.5%	13.5%	12.0%	14.5%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Dividends				14.5%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Book Value				12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) ^A				Full Fiscal Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2002	8743	9073	9079	9403	36298
2003	9831	10322	10455	11254	41862
2004	11559	11484	11553	12752	47348
2005	12575	12500	12300	13300	50675
2006	13400	13500	13250	14325	54475

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2002	.59	.60	.60	.44	2.23
2003	.69	.70	.69	.57	2.65
2004	.83	.82	.78	.67	3.10
2005	.92	.91	.85	.72	3.40
2006	1.00	1.00	.95	.80	3.75

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2001	.16	.18	.18	.18	.70
2002	.18	.205	.205	.205	.80
2003	.20	.24	.24	.24	.92
2004	.24	.285	.285	.285	1.10
2005	.285				

(A) Year ends on last Sunday of December. (B) Primary earnings through '96, diluted thereafter. Excludes nonrecurring gains/(losses): '90, 5c; '92, 23c; '98, 22c; '99, 2c; '01, (7c); '02, (7c); '03: Q2, (30c). Next earnings report due mid-Apr. (C) Dividends historically paid mid: March, June, Sept., Dec. (D) Div'd reinvestment plan available. (E) Incl. intang.: In '03, \$12.2 billion, \$3.91/sh. (F) In mill., adj. for stock splits.

Company's Financial Strength A++
Stock's Price Stability 95
Price Growth Persistence 90
Earnings Predictability 100