## THE VALUE LINE INVESTMENT SURVEY SAMPLE PAGE

- 1. Value Line's Ranks—the rank for Timeliness; the rank for Safety; the Technical rank. Beta, the stock's sensitivity to fluctuations of the market as a whole, is included in this box, but is not a rank. (See Glossary for Industry rank.)
- 2. The Legends Box contains the "cash flow" multiple, the amounts and dates of recent stock splits, and an indication if options on the stock are traded.
- 3. Monthly price ranges of the stock—plotted on a ratio (logarithmic) grid to show percentage changes in true proportion. For example, a ratio chart equalizes the move of a \$10 stock that rises to \$11 with that of a \$100 stock that rises to \$110. Both have advanced 10% and over the same space on a ratio grid.
- 4. The "Cash Flow" line—reported earnings plus depreciation ("cash flow") multiplied by a number selected to correlate the stock's 3- to 5-year projected target price, with "cash flow" projected out to 2010.
- 5. Recent Price—see page 2 of the *Summary & Index* for the date, just under "Index to Stocks."
- 6. P/E ratio—the recent price divided by the latest six months' earnings per share plus earnings estimated for the next six months.
- 7. Trailing and Median P/E—the first is the recent price divided by the sum of reported earnings for the past 4 quarters; the second is an average of the price/earnings ratios over the past 10 years.
- 8. Relative P/E ratio—the stock's current P/E divided by the median P/E for all stocks under Value Line review.
- 9. The stock's highest and lowest price of the year.
- **10.** Dividend Yield—cash dividends estimated to be declared in the next 12 months divided by the recent price.
- 11. Target Price Range—the range in which a stock price is likely to trade in the years 2012-14. Also shown in the "Projections" box on the left.
- 12. Relative Price Strength describes the stock's past price performance relative to the Value Line (Arithmetic) Average of approximately 1,700 stocks. (A rising line indicates the stock price has been rising more than the Value Line universe.)
- 13. The % Total Return shows the price appreciation and dividends of a stock and the Value Line (Arithmetic) Index for the past 1, 3, and 5 years.
- 14. The percent of shares traded monthly—the number of shares traded each month as a % of the total outstanding.

- 15. **Statistical Array**—Value Line estimates appearing in the area on the right side are in *bold italics*.
- 16. Business Data—a brief description of the company's business and major products along, with other important data.
- 17. Analyst's Commentary—A 300-400-word report on recent developments and prospects—issued every three months on a preset schedule.
- 18. The expected date of receipt by subscribers. *The Survey* is mailed on a schedule that aims for delivery to every subscriber on Friday afternoon.
- 19. Value Line's Indexes of Financial Strength, Stock's Price Stability, Price Growth Persistence, and Earnings Predictability. (See Glossary for definitions.)
- **20.** Footnotes explain a number of things, such as the way earnings are reported, whether basic or diluted.
- 21. Quarterly Dividends Paid are actual payments. The total of dividends paid in four quarters may not equal the figure shown in the annual series on dividends declared in the Statistical Array. (Sometimes a dividend declared at the end of the year will be paid in the first quarter of the following year.)
- 22. Quarterly Sales are shown on a gross basis. Quarterly earnings on a per-share basis (estimates in bold type).
- 23. Annual Rates of Change (on a compound pershare basis). Actual for each of the past 5 and 10 years, estimated for the next 3 to 5 years.
- 24. Current Position—total current assets and total current liabilities, and their detail.
- 25. The Capital Structure as of the indicated recent date showing, among other things, the \$ amount and % of capital in long-term debt and preferred stock. We also show the number of times that interest charges were earned.
- **26. Statistical Array**—historical financial data appears in regular type.
- 27. Stock purchases/sales by institutions—the number of times institutions with more than \$100 million of assets under management bought or sold stock during the past three quarters and the total number of shares held by those institutions at the end of each quarter.
- 28. The record of insider decisions—the number of times officers and directors bought or sold stock or exercised options during the past nine months.
- **29.** The projected stock price in 2012-14. Also, the total expected % gain/loss before dividends and the Annual Total Return (% including dividends).

## **VALUE LINE SAMPLE STOCK PAGE** 2 8 9 10 JOHNSON & JOHNSON NYSE-JNJ RECENT PRICE 55.89 RATIO 12.3 (Trailing: 12.2) RELATIVE | 0.84 DIV'E מ'עום | 3.5% High: 44.9 53.4 Low: 31.7 38.5 LEGENDS 13.5 x "Cash Flow" p sh ... Relative Price Stiength 2-for-1 spilt 6010 Cytions: Yes Shaded area: prior recession Latest recession began 1/2/07 TIMELINESS 2 Lowered 5/1/09 53.0 33.1 65.9 59.1 64.3 70.0 41.4 48.1 49.3 59.8 61.0 40.3 69.4 56.7 Target Price Range 2012 ⊦ 2013 । 2014 1 New 7/27/90 TECHNICAL 4 Lowered 5/22/09 160 120 BETA .60 (1.00 = Market) -11 2012-14 PROJECTIONS 29 -80 Ann'i Total Return ¥ Gain minding. կրհիկնո (+95%) 21% (+60%) 15% 12 Insider Decisions -30 J A S O N 0 0 0 1 0 2 2 0 1 2 1 2 0 0 0 28 -20 0 0 1 2 0 1 1 0 2 -15 % TOT. RETURN 4/09 13 27 2Q2008 3Q2008 616 664 814 963 -25.8 -24.7 718 14 897 © VALUE LINE PUB., INC. 12-14 1998 1999 2000 2001 2002 2003 2004 2009 2010 1993 1994 1995 1996 1997 2005 2006 2007 2008 5.50 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 22.45 24.10 Sales per sh A 29.95 3.84 1.83 2.85 5.70 6.15 "Cash Flow" per sh **\_9**3 1.06 1.26 1.46 1.62 2.03 2.27 2.46 3.36 4.25 4.60 5.23 5.70 7.75 69 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 4.55 4.90 Earnings per sh B 6.20 26 2.05 Div'ds Decl'd per sh ■C .25 28 .32 .37 .43 .49 .55 .62 .70 .80 .92 1.10 1.28 1.46 1.62 1.80 1.93 2.50 1.10 Cap'l Spending per sh 1.25 15 2 17 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 16.50 18.00 Book Value per sh D 26.00 2700.0 2640.0 Common Shs Outst'g E 2571.9 2572.0 2590.7 2665.0 2690.3 2688.1 3047.2 2840.2 2769.2 2779.4 2781.9 2968.3 2968.0 2971.0 2974.5 2893.2 2460.0 Avg Ann'l P/E Ratio 18.5 18.1 18.5 16.6 Bold figures are 91 97 1 24 1 40 1 44 1 46 1.80 1 72 1.39 1 41 1 11 96 99 90 82 86 Relative P/F Ratio 1.05 estimates 2.4% 1.5% 2.3% 2.5% Ava Ann'l Div'd Yield 2.4% 2.4% 1.9% 1.4% 1.3% 1.2% 1.4% 1.3% 1.4% 1.8% 2.0% 2.0% 2.8% 25 CAPITAL STRUCTURE as of 3/29/09 Total Debt \$14,074 mill. Due in 5 Yrs \$4,900 mill. LT Debt \$8,052 mill. LT Interest \$445 mill. 27471 29139 33004 36298 41862 47348 50514 53324 61095 63747 60600 63600 Sales (\$mill) A 75200 27.0% 27.4% 28.8% 31.2% 31.3% 31.6% 30.6% 28.7% 29.4% 29.5% 30.0% 30.0% Operating Margin 30.3% Depreciation (\$mill) 1515.0 1605.0 1662.0 1869.0 2124.0 2777 3100 2832 4209.0 4800.0 5885.0 6810.8 8096.6 9298.0 10545 11133 12085 12949 12580 13250 Net Profit (\$mill) 16000 Leases, Uncapitalized Annual rentals \$183.0 mill 27.5% 27.5% 28.2% 29.0% | 30.2% | 27.6% 24.8% 23.3% 22.1% 23.5% 24.5% 24.5% Income Tax Rate 24.5% Pension Assets-12/08 \$7,677 mill. Oblig. \$11,923 mill. 20.3% 20.8% Net Profit Margin 15.3% 16.5% 17.8% 18.8% 19.3% 19.6% 20.9% 20.9% 19.8% 20.8% 21.3% 17000 Working Cap'l (\$mill) 5746.0 8310.0 10429 9547 0 13393 7817.0 18759 3814.0 10108 15000 22000 Pfd Stock None 2450.0 2037.0 2217.0 2022.0 | 2955.0 | 2565.0 2017.0 2014.0 8120 7400 Long-Term Debt (\$mill) 6000 7074.0 7800 16213 18808 24233 22697 26869 31813 37871 39318 43319 42511 44500 47500 Shr. Equity (\$mill) 64000 Common Stock 2,755,566,000 shs. as of 4/26/09 23.3% 22.5% 27.8% 27.4% 27.3% 26.5% 24 1% 26.4% 24.5% 24.5% Return on Total Cap'l 23.0% 26.0% 25.5% 24.3% 30.0% 30.1% 29.2% 27.8% 28.3% 27.9% 30.5% 28.5% 28.0% Return on Shr. Equity 25.0% MARKET CAP: \$155 billion (Large Cap) 19.9% 19.5% 19.0% CURRENT POSITION 2007 2008 3/29/09 35% 36% 35% 35% 34% 35% 36% 38% 39% 39% 42% 42% All Div'ds to Net Prof 40% 24 drugs). 2008 sales (operating income) by segment: Pharm., 39% (44%); Med. Device & Diag., 41% (36%); Consumer, 25% (15%). Int'l business, 49% of '08 sales; R&D, 11.9%. Has 118,700 employ-9315 9444 5110 6076 29945 BUSINESS: Johnson & Johnson manufactures and sells health 16 care products. Major lines by segment: Consumer (baby care, non-prescription drugs, sanitary protection, and skin care), Med. Device Inventory (FIFO) Other 5052 6797 34377 5359 5716 34839 & Diag. (wound closures, minimally invasive surgical instruments, diagnostics, orthopedics, and contact lenses), and Pharmaceutical ees. Off./dir. own less than 1% of common stock (3/09 Proxy) Current Assets Chrmn. & CEO: William Weldon. Inc.: NJ. Addr.: One J&J Plaza New Brunswick, NJ 08933. Tel.: 732-524-0400. Web: www.jnj.com. Accts Payable Debt Due Other 6909 2463 10465 6395 6022 8908 7503 3732 9617 (contraceptives, psychiatric, anti-infective, and dermatological Johnson & Johnson's operating margin rebound has accelerated lately. Thanks mainly to cost-cutting measures and synergies from acquisition consolidacomponent, were hurt by the economic malaise in many markets. These factors 21325 Current Liah 19837 20852 23 Past Est'd '06-'08 5 Yrs. to '12-'14 ANNUAL RATES will most likely continue to depress earn 5 Yrs. 11.0% 12.5% 13.0% 15.0% 12.5% change (per sh) ings in the next two quarters. All told, despite the first quarter's operating mar-Sales " "Cash Flow" 6.0% 7.0% tion, the gross margin expanded 20 basis Earnings Dividends Book Value points, year to year, in the March, 2009 period and SG&A expenses, as a percentgin rebound and a lower stock count. share net will likely be little changed this year. The company's longer-term earnings growth prospects are broad based. Three catalysts behind our forecast of earnings advances of 8%, on average, in the 3 to 5 years subsequent to 2009 are age of revenues, decreased almost one per-centage point. Notably, new standardiza-tion measures at the Pharmaceutical and QUARTERLY SALES (\$ mill.) A Mar.Per Jun.Per Sep.Per Dec.Pe 17 2006 12992 13363 13287 14970 13682 15957 53324 Medical Device businesses helped generate a total of \$1.6 billion in annual savings. 2008 16194 16450 15921 15182 63747 Due partly to tougher comparisons, management indicated that operating margin J&J's ongoing acquisition program, expansion opportunities in emerging markets, 15125 15900 15150 15900 15299 16000 and its promising late-stage pharmaceutical pipeline. Thanks to the first factor, improvement over the balance of this year would most likely be far more modest; we EARNINGS PER SHARE AB 22 Mar.Per Jun.Per Sep.Per Dec.Pe .99 .98 .98 .81 estimate an average increase of about one-half percentage point in 2009. Currency rates and a pullback in which is funded by free cash flow running at \$7.5 billion, J&J recently acquired Mentor, as well as Omrix Biopharmaceutwhich 2006 2007 .98 1.05 1.16 1.06 .88 4.15 2008 1.26 1.26 1 17 global consumer spending will likely weigh on results in the coming quarters. Almost half the company's reveicals and several foreign-based firms. Their medical expertise has enhanced the 2010 1.30 1.22 1.23 1.15 4.90 21 company's sizable R&D program. This good-quality stock is likely to QUARTERLY DIVIDENDS PAID C. Cal-endar Full Year Mar.31 Jun.30 Sep.30 Dec.31 nues are generated in foreign markets. outpace the market averages over the coming six to 12 months. Also, on a risk-adjusted basis, it offers attractive toand the relative strength of the U.S. dollar 2005 was the main factor behind the 7.2% reve-2006 .33 .375 .375 .375 nue decline, year to year, in 2009's first quarter. Also, some of the Consumer divi-.415 .415 2007 .375 .415 1.62 18 415 .46 1.80 tal return potential to 2012–2014. David R. Cohen May May 29, 2009 sion's products, which have a discretionary (A) Year ends on last Sunday of December. (B) Primary earnings through '96, diluted therealfler. Excludes concerning gains/(Idssept). (C) Dividends historically paid mid: March, Unes (22c; '99, 2c; '01, (7c); '02, (7c); '03 (30c); '07, (25c); '08, (25c); '09, (25c); '09 Company's Financial Strength Stock's Price Stability Price Growth Persistence Earnings Predictability

90, 226, Que, Que, E. Q., (1/c), (2/c), (1/c), (3/c), (1/c), (3/c), (1/c), (3/c), (1/c), (3/c), (1/c), (3/c), (3/c

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(D) Incl. intang.: In '08, \$27.7 billion; \$10.00/sh.
(E) In mill., adj. for stock splits.

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