

**Part 3:**

Find a company that has a DRIP program, and summarize the company's program. What advantages and disadvantages do you see in their DRIP program?

**Johnson & Johnson**

Johnson & Johnson manufactures health care products and provides related services for the consumer, pharmaceutical, and medical devices and diagnostics markets. The Company sells products such as skin and hair care products, acetaminophen products, pharmaceuticals, diagnostic equipment, and surgical equipment in countries located around the world.

The Investor Service and Automatic Dividend Reinvestment Program for Johnson & Johnson common stock is sponsored and administered by Computershare Trust Company, N.A. ("Computershare"). The key features of the program include –

<b>Minimum Purchase</b>	\$25.00
<b>Minimum ongoing automatic investment</b>	\$25.00
<b>Minimum shares required to enroll for existing accounts</b>	1
<b>Maximum Purchase</b>	\$50,000.00 Per Year.
<b>Initial Setup Fee</b>	\$0.00
<b>Cash Purchase Fee</b>	\$0.00
<b>Ongoing Automatic Investment Fee</b>	\$1.00
<b>Purchase Processing Fee (per share)</b>	\$0.00
<b>Dividend Reinvestment Fee</b>	Company Paid
<b>Batch Sale Fee</b>	\$15.00
<b>Batch Sale Processing Fee (per share)</b>	\$0.12
<b>Batch Maximum Sales Fee</b>	N/A
<b>Market Order Sale Fee</b>	\$25.00
<b>Market Order Processing Fee (per share)</b>	\$0.12
<b>Market Order Maximum Sales Fee</b>	N/A
<b>Discount</b>	No
<b>Allow Non-US Participation</b>	Yes

Based on the above data, the following advantages and disadvantages for the DRIP program can be seen -

**Advantages:**

- Registered shareholders are automatically eligible to participate in the Program.
- Allows Non- US participation.
- No initial set up fee, cash purchase fee or purchase processing fee.
- Investors can reinvest dividends on their Johnson & Johnson common stock in full or in part, or receive cash dividend payments by check or by direct deposit.
- Investors can also make additional purchases periodically.
- Investment amount can be automatically deducted from your bank account or investor can send by mail.

- Option for additional purchases via the Internet by authorizing one-time online bank debits from your U.S. bank account.
- Transfer shares or make gifts of Johnson & Johnson common stock at no cost.
- Current shareholders of record are not charged for enrolling in or terminating participation from the Program, Re-investing dividends or purchasing additional shares by check or by one-time online bank debit.
- There is no charge for converting certificates to un-certificated shares or for withdrawing certificates.

**Disadvantage:**

- Securities held in custody by Computershare are not subject to protection under the Securities Investor Protection Act.
- There is minimum purchase limit for initial enrollment and monthly purchase.
- There is maximum monthly purchase limit.
- Offers no discount.
- The Internal Revenue Service has ruled that any brokerage commissions paid by Johnson & Johnson on investor's behalf are to be treated as dividend income to the investors and that such amounts paid for brokerage commissions can be included in investors cost basis of shares purchased.
- In case a broker-dealer affiliated with Computershare to execute purchase or sale transactions. In that event, the Service User has to pay extra for that **brokerage commissions** assessed in connection with those transactions.