

Abbott Laboratories

S&P Recommendation **BUY** ★★★★★

Price
\$65.35 (as of Dec 14, 2012)

12-Mo. Target Price
\$76.00

Investment Style
Large-Cap Growth

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

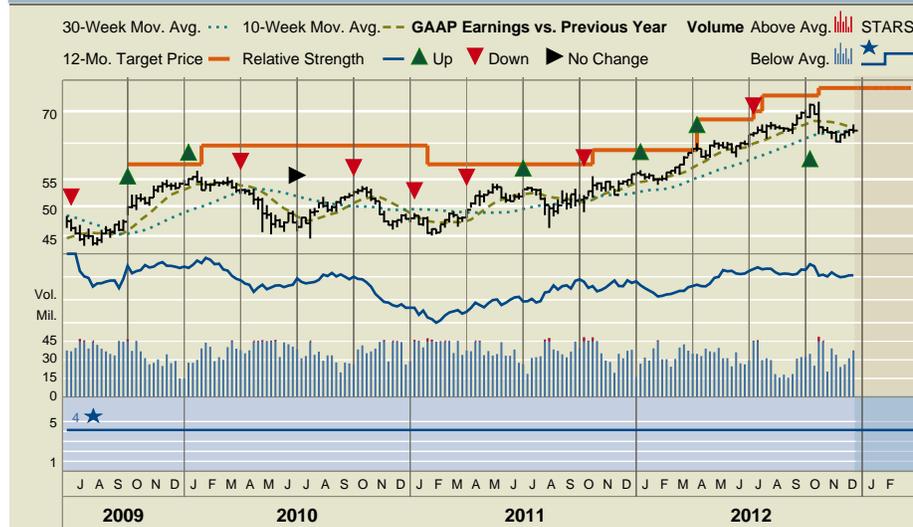
GICS Sector Health Care
Sub-Industry Pharmaceuticals

Summary This diversified life science company is planning to split into two publicly traded companies, one in diversified medical products and the other in research-based pharmaceuticals.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$72.47–53.96	S&P Oper. EPS 2012E	5.08	Market Capitalization(B)	\$103.297	Beta	0.31
Trailing 12-Month EPS	\$4.09	S&P Oper. EPS 2013E	5.55	Yield (%)	3.12	S&P 3-Yr. Proj. EPS CAGR(%)	8
Trailing 12-Month P/E	16.0	P/E on S&P Oper. EPS 2012E	12.9	Dividend Rate/Share	\$2.04	S&P Credit Rating	A+
\$10K Invested 5 Yrs Ago	NA	Common Shares Outstg. (M)	1,580.7	Institutional Ownership (%)	66		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Herman Saftlas** on Oct 22, 2012, when the stock traded at **\$65.76**.

Highlights

- ▶ **ABT plans to spin off its R&D-based drug business in the form of shares of a new publicly traded firm called Abbvie (proposed NYSE symbol ABBV).** We project Abbvie's sales in 2013 would be modestly above the \$18 billion that we forecast for 2012, with growth in the principal Humira franchise roughly offsetting generic erosion in lipid-lowering drug lines. Assuming the issuance of one new Abbvie share for each presently traded ABT share, we estimate Abbvie's EPS for 2013 would be about \$3.30.
- ▶ **We estimate 2013 sales of the remaining diversified healthcare business (legacy Abbott) to rise about 5% from the \$21.7 billion that we estimate for 2012.** Despite likely weakness in vascular products, we see strength in diagnostics, nutritionals and branded generic drugs. Helped by projected improvement in gross margins, tight control over costs, and taxes at a rate modestly below the pro-forma 23% that we see for 2012, we estimate legacy Abbott's EPS at \$2.25 for 2013.
- ▶ **For Abbott as presently constituted, we estimate EPS of \$5.08 for 2012, and \$5.55 for 2013.**

Investment Rationale/Risk

- ▶ **Effective January 1, 2013, ABT plans to spin off to shareholders its R&D-based drug business in the form of shares of a new publicly traded firm called Abbvie, subject to customary approvals.** We expect Abbvie to have sales of \$18 billion in 2012, about half generated by Humira. The remaining diversified healthcare products businesses will retain the Abbott name. Legacy Abbott sales are indicated at \$23 billion for 2012, in our view, comprising nutritionals, diagnostics, devices and branded generics. We believe the spin-off will result in higher valuations for each company, with investors better able to focus and appreciate the respective growth potential of each firm.
- ▶ **Risks to our recommendation and target price include failure to successfully execute the planned split-up, as well as possible pipeline setbacks.**
- ▶ **Our 12-month target price of \$76 applies a peer-level multiple of 13.7X to our 2013 EPS estimate.** Our sum-of-the-parts analysis also indicates inherent worth of about \$76. **ABT plans a \$1.60 annual dividend for Abbvie, and a \$0.56 annual dividend for Abbott.**

Qualitative Risk Assessment

LOW MEDIUM HIGH

Our risk assessment reflects Abbott's operations in competitive markets and its exposure to the potential for generic competition. However, we believe the company has a relatively strong new product pipeline, with possible significant launches in medical device and pharmaceutical areas. We view the company as financially strong, with a sound balance sheet.

Quantitative Evaluations

S&P Quality Ranking **A**

D C B- B B+ A- A A+

Relative Strength Rank **MODERATE**

42
LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. \$)					
	1Q	2Q	3Q	4Q	Year
2012	9,457	9,807	9,773	--	--
2011	9,041	9,616	9,817	10,377	38,851
2010	7,698	8,826	8,675	9,968	35,167
2009	6,718	7,495	7,761	8,790	30,765
2008	6,766	7,314	7,498	7,950	29,528
2007	5,290	6,371	6,377	7,221	25,914

Earnings Per Share (U.S. \$)

2012	0.78	1.08	1.21	E1.50	E5.08
2011	0.55	1.23	0.19	1.02	3.01
2010	0.64	0.83	0.57	0.92	2.96
2009	0.92	0.83	0.95	0.98	3.69
2008	0.60	0.85	0.69	0.89	3.03
2007	0.41	0.63	0.46	0.77	2.31

Fiscal year ended Dec. 31. Next earnings report expected: Late January. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.510	02/17	04/11	04/13	05/15/12
0.510	06/08	07/11	07/13	08/15/12
0.510	09/13	10/11	10/15	11/15/12
Stk.	11/28	01/02	12/12	01/01/13

Dividends have been paid since 1926. Source: Company reports.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

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Abbott Laboratories**Business Summary** October 22, 2012

CORPORATE OVERVIEW. Abbott Laboratories is a leading player in several growing health care markets. Through acquisitions, product diversification and R&D programs, ABT offers a wide range of prescription pharmaceuticals, infant and adult nutritionals, diagnostics, and medical devices.

During 2011, pharmaceuticals accounted for 58% of operating revenues, while nutritionals represented 15%, diagnostics contributed 11%, and vascular represented 9%. Sales of other products represented 7% of 2011 sales. Foreign sales accounted for 59% of total sales in 2011.

ABT's Pharmaceutical Products Group markets a wide array of human therapeutics. Major products include: Humira to treat rheumatoid arthritis and psoriatic arthritis (\$7.9 billion in 2011 sales); Kaletra, an anti-HIV medication (\$1.2 billion); TriCor/Trilipix, cholesterol treatments (\$1.7 billion); Niaspan, a niacin-based cholesterol treatment (\$976 million); and Lupron, a treatment for prostate cancer (\$810 million). This division was augmented by the \$6.2 billion purchase of the Solvay drug business in February 2010.

Nutritionals fall under U.S.-based Ross Products and Abbott Nutrition International. Products include leading infant formulas sold under the Similac and Isomil names, as well as adult nutritionals, such as Ensure and ProSure for patients with special dietary needs, including cancer and diabetes patients. ABT also markets enteral feeding (tube feeding) items.

Abbott Diabetes Care markets the Precision and FreeStyle lines of hand-held glucose monitors for diabetes patients. This division also markets data management and point-of-care systems, insulin pumps and syringes, and Glucerna shakes and nutrition bars tailored for diabetics.

Abbott Vascular markets coronary and carotid stents, catheters and guide wires, and products used for surgical closure. The principal product is the new Xience drug-eluting stent (DES), which is presently the leading product in the domestic DES market. Boston Scientific has marketed the Xience stent manufactured by Abbott under the Promus name under a distributor agreement with ABT. However, Boston Scientific is moving to replace Promus sales with its own proprietary Promus Element stent.

ABT offers a wide range of tests and diagnostic systems for blood banks, hospitals, and labs. Principal products include screening tests for hepatitis, HIV, and other infectious diseases, and for cancer; clinical chemistry systems; diagnostic instruments and chemical reagents; immunoassay test kits; hematology systems and reagents; and pregnancy tests.

PIPELINE. In 2011, ABT invested some \$4.1 billion (10.6% of sales) in R&D, comprising internally developed and in-licensed and acquired products. The company launched a large number of new products across its nutritionals, pharmaceuticals, vascular and vision care operations during 2011. ABT also plans to launch 20 new products in the diagnostic segment during 2012. Abbott's pharmaceutical R&D pipeline includes promising new treatments for hepatitis C, kidney disease, pain management, cancer and other conditions.

IMPACT OF MAJOR DEVELOPMENTS. In February 2009, Abbott completed the acquisition of Advanced Medical Optics (AMO) for about \$2.8 billion in cash. AMO is a leader in ophthalmic care with the No. 1 position in LASIK surgical devices, the No. 2 position in cataract surgical products, and the No. 3 slot in contact lens care products. AMO's total sales are about \$1 billion.

In April 2008, Abbott and Takeda Chemical Industries of Japan terminated their TAP Pharmaceutical Products joint venture. Under the termination terms, Abbott received rights to the oncology treatment, Lupron, including the commercial organization supporting that franchise, and will receive payments based on TAP's other current and certain future products. Takeda received the rights to Prevacid gastrointestinal medication, and other assets.

In December 2006, ABT acquired Kos Pharmaceuticals, a maker of proprietary medications for the treatment of chronic cardiovascular, metabolic and respiratory diseases.

FINANCIAL TRENDS. Abbott generated over \$9 billion of operating cash flow in 2011. In mid-October 2012, ABT forecast 2012 non-GAAP EPS guidance of \$5.06-\$5.08. The EPS guidance excludes \$1.23 of specified items, primarily associated with separation costs, in-process R&D, cost-reduction initiatives, and other specified items.

Corporate Information

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Officers

Chrmn & CEO
M.D. White

Chief Acctg Officer & Cntrl
G.W. Linder

EVP & CFO
T.C. Freyman

Treas
V. Yien

EVP, Secy & General Counsel
L.J. Schumacher

Board Members

R. J. Alpern
S. E. Blount
H. L. Fuller
N. McKinstry
W. A. Osborn
G. F. Tilton

R. S. Austin
W. J. Farrell
E. M. Liddy
P. N. Novakovic
S. C. Scott, III
M. D. White

Domicile
Illinois

Founded
1888

Employees
91,000

Stockholders
62,939

Abbott Laboratories

Quantitative Evaluations

S&P Fair Value Rank	4-	1	2	3	4	5
		LOWEST				HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation	\$68.40	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that ABT is slightly undervalued by \$3.05 or 4.7%.
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Investability Quotient Percentile	100
	LOWEST = 1 HIGHEST = 100
	ABT scored higher than 100% of all companies for which an S&P Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation	BEARISH	Since October, 2012, the technical indicators for ABT have been BEARISH.
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Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2011	2010	2009	2008
Price/Sales	2.27	2.12	2.73	2.82
Price/EBITDA	7.93	8.33	9.65	10.02
Price/Pretax Income	16.95	13.05	11.67	14.22
P/E Ratio	18.64	16.12	14.61	17.59
Avg. Diluted Shares Outstg (M)	1,567.4	1,556.0	1,555.1	1,560.8

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	10.48	10.04	11.13	9.09
Net Income	2.23	-2.18	18.72	8.26

Ratio Analysis (Annual Avg.)

Net Margin (%)	12.17	14.67	14.79	14.09
% LT Debt to Capitalization	32.03	33.00	33.42	29.93

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (U.S. \$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	NM	NM	2.17	1.51	1.24	NM	2.89	2.22	2.90	1.93
Cash Flow	4.96	4.66	5.04	4.21	3.50	2.13	3.02	2.84	2.56	2.52
Earnings	3.01	2.96	3.69	3.03	2.31	1.12	2.16	2.02	1.75	1.78
S&P Core Earnings	3.82	3.05	3.60	2.86	2.31	1.16	2.01	1.90	1.95	1.62
Dividends	1.88	1.72	1.56	1.41	1.27	1.16	1.09	1.03	0.97	0.92
Payout Ratio	63%	58%	42%	46%	55%	104%	50%	51%	55%	51%
Prices:High	56.44	56.79	57.39	61.09	59.50	49.87	50.00	47.63	47.15	58.00
Prices:Low	45.07	44.59	41.27	45.75	48.75	39.18	37.50	38.26	33.75	29.80
P/E Ratio:High	19	19	16	20	26	45	23	24	27	33
P/E Ratio:Low	15	15	11	15	21	35	17	19	19	17

Income Statement Analysis (Million U.S. \$)

Revenue	38,851	35,167	30,765	29,528	25,914	22,476	22,338	19,680	19,681	17,685
Operating Income	11,119	8,954	8,698	8,316	7,378	6,419	5,738	5,187	4,597	4,815
Depreciation	3,044	2,624	2,090	1,839	1,855	1,559	1,359	1,289	1,274	1,177
Interest Expense	445	448	520	528	593	416	241	200	146	239
Pretax Income	5,199	5,713	7,194	5,856	4,479	2,276	4,620	4,126	3,734	3,673
Effective Tax Rate	9.04%	19.0%	20.1%	19.2%	19.3%	24.6%	27.0%	23.0%	26.3%	23.9%
Net Income	4,729	4,626	5,746	4,734	3,606	1,717	3,372	3,176	2,753	2,794
S&P Core Earnings	5,985	4,739	5,595	4,473	3,609	1,787	3,158	2,972	2,971	2,561

Balance Sheet & Other Financial Data (Million U.S. \$)

Cash	8,097	5,451	9,932	5,080	2,821	521	2,894	1,226	995	704
Current Assets	23,769	22,318	23,314	17,043	14,043	11,282	11,386	10,734	10,290	9,122
Total Assets	60,277	59,462	52,417	42,419	39,714	36,178	29,141	28,767	26,715	24,259
Current Liabilities	15,480	17,262	13,049	11,592	9,103	11,951	7,416	6,826	7,640	7,002
Long Term Debt	12,040	12,560	11,484	8,713	9,488	7,010	4,572	4,788	3,452	4,274
Common Equity	24,440	22,388	22,856	17,480	17,779	14,054	14,415	14,326	13,072	10,665
Total Capital	37,593	37,169	34,594	26,193	27,266	21,064	19,570	19,334	16,525	14,939
Capital Expenditures	1,492	1,015	1,089	1,288	1,656	1,338	1,207	1,292	1,247	1,296
Cash Flow	7,772	7,250	7,835	6,573	5,461	3,276	4,731	4,465	4,027	3,971
Current Ratio	1.5	1.3	1.8	1.5	1.5	0.9	1.5	1.6	1.3	1.3
% Long Term Debt of Capitalization	Nil	33.8	Nil	33.3	34.8	33.3	23.4	24.8	20.9	28.6
% Net Income of Revenue	12.2	13.2	18.7	16.0	13.9	7.6	15.1	16.1	14.0	15.8
% Return on Assets	NA	NA	NA	11.5	9.5	5.3	11.6	11.6	10.8	11.7
% Return on Equity	NA	NA	NA	26.9	22.7	12.1	23.5	23.2	23.2	28.3

Data as orig reprinted; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Abbott Laboratories

Sub-Industry Outlook

Our fundamental outlook for the pharmaceuticals sub-industry for the next 12 months is neutral. Although the sector continues to face top-line pressure from patent expirations on many top-selling drugs, as well as from foreign exchange fluctuations, we believe overall industry profits should hold up relatively well, helped by expanding sales of new innovative drug therapies and margin improvements accruing from cost restructurings and merger synergies. EPS comparisons should also benefit from common share buybacks.

While we see new health care reform legislation (now securely in place with the reelection of Barack Obama) continuing to negatively affect industry profitability, we see benefits accruing from significant expansion of the market stemming from new coverage provided to up to 32 million currently uninsured Americans starting in 2014. We favor the shares of firms with well defined growth prospects and generous dividend yields, as we believe they should perform relatively well over the coming quarters.

Despite near-term patent expirations and regulatory pressures on drug pricing, we still think long-term prospects for the sector remain favorable. Pharmaceuticals remains one of the widest-margin U.S. industries, with prospects enhanced by demographic growth in the elderly (which account for about 33% of industry sales) and new drugs stemming from discoveries in genomics and biotechnology. We expect FDA approvals of new molecular entities in 2012 to approximate the 30 approved in 2011, which was well above the 21 cleared in 2010.

Year to date through November 23, the S&P Pharmaceuticals Index was up 10.2%, versus a 12.0% advance in the S&P 1500 Composite Index.

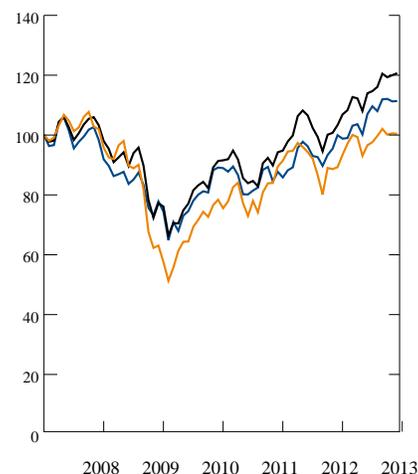
We expect prospects for the generic/specialty drug sector to remain favorable. We see a large number of major drugs losing patent protection over the next few years, providing significant opportunities for this group. We favor companies with rich generic pipelines, especially those with first-to-file generics with the potential for 180 days of marketing exclusivity, and competence in litigating complex patent issues.

--Herman B. Saftlas

Stock Performance

GICS Sector: Health Care
Sub-Industry: Pharmaceuticals

Based on S&P 1500 Indexes
Month-end Price Performance as of 11/30/12



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Pharmaceuticals Peer Group*: Health Care Diversified

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Abbott Laboratories	ABT	103,297	65.35	72.47/53.96	0.31	3.1	16	68.40	A	100	12.2	NA
Bristol-Myers Squibb	BMY	54,027	32.73	36.34/30.64	0.44	4.3	29	25.50	B+	98	24.8	NA
Johnson & Johnson	JNJ	195,901	70.69	72.74/61.71	0.55	3.5	23	68.70	A+	100	14.9	NA

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Abbott Laboratories**S&P Analyst Research Notes and other Company News****November 29, 2012**

ABT announces that its Board has approved the separation of its research-based pharmaceuticals business, which will be known as AbbVie Inc., and declared a special dividend distribution of all the outstanding shares of AbbVie common stock. For every 1 share of ABT held, ABT holders will get 1 share of AbbVie common stock.

November 29, 2012

11:33 am ET ... RETRANSMIT - S&P REITERATES BUY OPINION ON SHARES OF ABBOTT (ABT 64.87****): ABT's board approves the spin-off of its research-based pharmaceutical business named AbbVie Inc. ABT shareholders will receive one share of AbbVie (NYSE symbol ABBV) for each share of ABT held. The distribution will be on Jan. 1, 2013, to stockholders of record on Dec. 12. Our \$76 target for the presently combined firm remains unchanged. We see shareholder values of legacy Abbott and AbbVie enhanced by the split, with investors now able to better focus on the growth potentials of each firm. ABBV plans to pay a \$1.60 annual dividend, and ABT a \$0.56 annual dividend. /H. Saftlas

October 17, 2012

03:14 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 69.11****): We are raising our target price by \$2 to \$76, following robust Q3 non-GAAP EPS and enhanced valuations that we see for the planned split of ABT into two separate companies, effective Jan 1, 2013. Helped by better gross margins, Q3 EPS rose 10% to \$1.30, \$0.02 above our forecast. Operating sales rose 4.1%, but were down slightly after negative forex. We raise our 2012 estimate \$0.03 to \$0.08. We like the R&D pipeline of the new AbbVie pharmaceuticals company, which also plans to pay a \$1.60 annual dividend. The legacy Abbott unit is expected to pay a \$0.56 annual dividend. /H. Saftlas

July 18, 2012

11:53 am ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 66.25****): We are raising our target price by \$4 to \$74, following robust Q2 operational results, and enhanced valuations that we see for the planned split-up of ABT into two separate companies. Q2 non-GAAP EPS climbed 9.8%, to \$1.23 (\$0.02 above our estimate), with sales gains in Humira arthritis treatment, Xience stent, and nutritionals more than offsetting negative forex comparisons. Q2 sales rose 2.0%, after a 4.7% hit from a stronger dollar. The split-up is to be accomplished later this year with the spinoff of the R&D-based drug business to be called AbbVie. The dividend yields 3.0%. /H. Saftlas

July 16, 2012

Abbott Laboratories announced that Greg W. Linder, Vice President and Controller will retire from the company effective February 28, 2013. Robert E. Funck has been appointed Vice President and Controller, effective March 1, 2013.

June 29, 2012

11:23 am ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 63.75****): We are raising our target price on by \$2 to \$70, in view of an upward revision in our evaluation of ABT's new drug pipeline. ABT's key Humira autoimmune drug recently received a positive opinion from European regulators to add several new uses to its label. Boosted by new indications, we expect sales of Humira to rise 14% to \$9B in this year. While we expect it to be the dominant drug of AbbVie, the planned spinoff of ABT's R&D-based drug business, we also see much promise for a next-generation Humira, and new treatments for hepatitis C and multiple sclerosis. /H. Saftlas

June 5, 2012

10:36 am ET ... S&P MAINTAINS BUY OPINION ON SHARES OF NEUROCRINE BIOSCIENCES (NBIX 6.78****): Abbott Labs (ABT 60, Buy) initiates Phase III study on Elagolix, licensed from NBIX, in female patients with endometriosis. ABT plans for a second pivotal study and regulatory filings in '16. We see program timeline as slower than we had projected, providing NBIX with fewer near-term milestone revenues. Though we see NBIX as increasingly reliant on wholly-owned NBI-98854 for tardive dyskinesia, which we expect to start Phase IIb study in '12, we view NBIX as being on solid financial footing. On revised Elagolix launch assumptions, we trim our NPV-based target price by \$1 to \$10. /S.Silver

June 4, 2012

Abbott Laboratories announced that effective from June 1, 2012, Brian J. Blaser is

the company's Executive Vice President, Diagnostic Products, replacing Edward L. Michael, whose previously-announced retirement will be effective June 30, 2012.

May 3, 2012

Edward L. Michael, Executive Vice President, Diagnostics Products, has announced the Abbott Laboratories that he will be retiring from the company within the next couple of months.

April 18, 2012

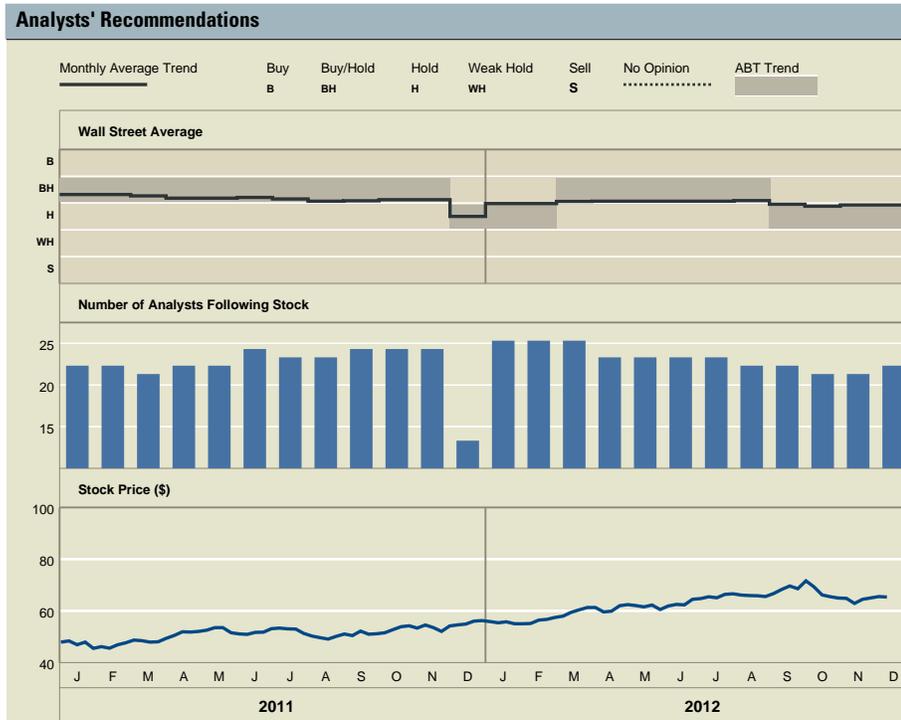
12:21 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 60.42****): Q1 non-GAAP EPS rose 13% to \$1.03, surpassing our \$0.99 forecast. We attribute the beat to better gross margins (up 260 basis points to 61.1%), and robust sales of nutritionals (+10.1%), and Humira (+17%). Despite expected negative forex, we forecast continued top line growth and margin improvement over the balance of the year, and are raising our '12 EPS estimate by \$0.05 to \$5.05. We also see shareholder value being enhanced by the planned spin-off of the pharmaceuticals business (to be called AbbVie) later this year. We keep our target price of \$68. The dividend yields 3.4%. /H. Saftlas

April 4, 2012

03:11 pm ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 61.57****): ABT discloses positive Phase 2 data on two experimental compounds that were effective in suppressing hepatitis C. We believe if favorable safety and efficacy data is confirmed by Phase 3 data, these next generation hepatitis C regimens could represent a potential peak sales opportunity of over \$2B. Meanwhile, we continue to see shareholder value enhanced by the planned split-up of the company into two separate firms later this year. We raise our target price by \$7, to \$68, applying a peer 12.6X P/E to our 2013 EPS estimate of \$5.38. The recently raised dividend yields 3.3%. /H. Saftlas

January 25, 2012

11:01 am ET ... S&P MAINTAINS BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 54.97****): Q4 adjusted EPS rose 12% to \$1.45, matching our estimate. Although sales growth of 4% was below our forecast, gross margins expanded on efficiency initiatives and a better sales mix. Despite generic challenges to the lipid franchise and weakness in the vascular line, we project improved results in '12 for most of ABT's other businesses. We also see shareholder value being enhanced by the planned spin-off of the pharmaceuticals business later this year. We reiterate our target price of \$61, applying a near peer P/E of 12.3X to our \$4.95 EPS forecast for '12, Dividend yields 3.5%. /H. Saftlas



Of the total 35 companies following ABT, 23 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	4	17	4	4
Buy/Hold	3	13	3	4
Hold	14	61	13	13
Weak Hold	0	0	0	0
Sell	1	4	1	1
No Opinion	1	4	1	2
Total	23	100	22	24



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	5.26	5.55	4.46	22	12.4
2012	5.08	5.11	5.06	21	12.9
2013 vs. 2012	▲ 4%	▲ 9%	▼ -12%	▲ 5%	▼ -4%
Q4'13	1.56	1.66	1.42	7	41.9
Q4'12	1.51	1.53	1.48	16	43.3
Q4'13 vs. Q4'12	▲ 3%	▲ 8%	▼ -4%	▼ -56%	▼ -3%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

HOLD

Companies Offering Coverage

- Over 30 firms follow this stock; not all firms are displayed.
- Argus Research Company
 - Atlantic Equities LLP
 - Axia Financial research
 - Barclays
 - BofA Merrill Lynch
 - Brean Murray, Carret & Co.
 - Citigroup Inc
 - Cowen and Company, LLC
 - Credit Suisse
 - Daiwa Capital Markets America Inc.
 - Daiwa Securities Capital Markets Co. Ltd.
 - Davenport & Company
 - Day By Day
 - Deutsche Bank
 - Erste Group Bank AG
 - First Global Stockbroking (P) Ltd.
 - Goldman Sachs
 - Hilliard Lyons
 - JP Morgan
 - Jefferies & Company, Inc.
 - Leerink Swann LLC
 - Moody's
 - Morgan Keegan & Company
 - Morgan Stanley
 - Morningstar Inc.
 - Noble Financial Group
 - Nomura Securities Co. Ltd.
 - RBC Capital Markets
 - Raymond James & Associates
 - S&P Equity Research

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that ABT will earn \$5.08. For the 3rd quarter of fiscal year 2012, ABT announced earnings per share of \$1.21, representing 24% of the total annual estimate. For fiscal year 2013, analysts estimate that ABT's earnings per share will grow by 4% to \$5.26.

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Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates

Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment

is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capitalize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves

as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale: Abbott Laboratories

	Raw Score	Max Value
Proprietary S&P Measures	51	115
Technical Indicators	31	40
Liquidity/Volatility Measures	17	20
Quantitative Measures	61	75
IQ Total	160	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services

Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as Standard & Poor's; Standard & Poor's Equity Research Services Asia includes McGraw-Hill Financial Singapore Pte. Limited's

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Abbreviations Used in S&P Equity Research Reports

CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of September 28, 2012, research analysts at Standard & Poor's Equity Research Services North America recommended 37.9% of issuers with buy recommendations, 55.9% with hold recommendations and 6.2% with sell recommendations.

In Europe: As of September 28, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 31.8% of issuers with buy recommendations, 50.8% with hold recommendations and 17.4% with sell recommendations.

In Asia: As of September 28, 2012, research analysts at Standard & Poor's Equity Research Services Asia recommended 38.3% of issuers with buy recommendations, 52.3% with hold recommendations and 9.4% with sell recommendations.

Globally: As of September 28, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 37.0% of issuers with buy recommendations, 54.8% with hold recommendations and 8.2% with sell recommendations.

★★★★★ 5-STARS (Strong Buy): Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ 4-STARS (Buy): Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ 3-STARS (Hold): Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ 2-STARS (Sell): Total return is expected to

underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★★★★★ 1-STARS (Strong Sell): Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

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In Europe: As of September 28, 2012, Standard & Poor's Quantitative Services Europe recommended 43.0% of issuers with buy recommendations, 20.1% with hold recommendations and 36.9% with sell recommendations.

In Asia: As of September 28, 2012, Standard & Poor's Quantitative Services Asia recommended 51.6% of issuers with buy recommendations, 20.0% with hold recommendations and 28.4% with sell recommendations.

Globally: As of September 28, 2012, Standard & Poor's Quantitative Services globally recommended 45.8% of issuers with buy recommendations, 20.0% with hold recommendations and 34.2% with sell recommendations.

Additional information is available upon request.

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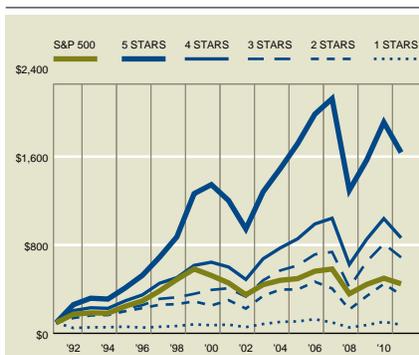
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U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of \$100
For the Period 12/31/1986 through 09/30/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are

not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a \$100,000 investment for a 12-month period (or \$10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or \$1,650), the net return would be 8.35 percent (or \$8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of \$5,375 and a cumulative net return of 27.2% (or \$27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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