

Abbott Laboratories

S&P Recommendation BUY ★★★★★

Price
\$62.41 (as of May 4, 2012)

12-Mo. Target Price
\$68.00

Investment Style
Large-Cap Growth

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

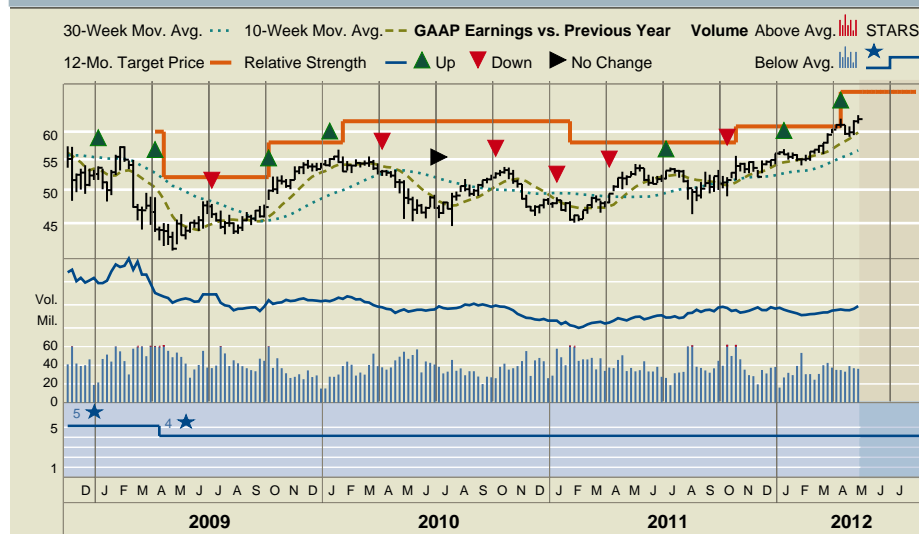
GICS Sector Health Care
Sub-Industry Pharmaceuticals

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	\$63.20– 46.29	S&P Oper. EPS 2012E	5.05	Market Capitalization(B)	\$98.131	Beta	0.31
Trailing 12-Month EPS	\$3.24	S&P Oper. EPS 2013E	5.38	Yield (%)	3.27	S&P 3-Yr. Proj. EPS CAGR(%)	9
Trailing 12-Month P/E	19.3	P/E on S&P Oper. EPS 2012E	12.4	Dividend Rate/Share	\$2.04	S&P Credit Rating	AA
\$10K Invested 5 Yrs Ago	\$12,534	Common Shares Outstg. (M)	1,572.4	Institutional Ownership (%)	64		

Price Performance



Analysis prepared by Equity Analyst **Herman Saftlas** on Apr 09, 2012, when the stock traded at **\$60.97**.

Highlights

- Based on operations as presently constituted, we project 2012 revenues to be up 3% from the \$38.5 billion reported for 2011. We forecast strength in the nutritional business, helped by market share gains in the U.S. and expansion in emerging markets. Pharmaceutical sales are also expected to rise, largely on further growth in the key Humira rheumatoid arthritis franchise. However, sales in ABT's cholesterol franchise are expected to decline, hurt by generic competition. Vascular sales are also expected to weaken on declining sales of the Promus stent by a third-party distributor.
- We expect adjusted gross margins to expand to about 62%, from 2011's 60%, on cost efficiency initiatives and a better sales mix. Results should also benefit from reduced interest expense and greater accretion from Solvay. These positives should more than offset the effects of U.S. health care reform and European pricing pressures.
- After a projected adjusted tax rate slightly below 2011's 15%, we forecast operating EPS of \$5.00 for 2012, up from \$4.66 in 2011. We see EPS progress to \$5.38 in 2013.

Investment Rationale/Risk

- In mid-October 2011, ABT announced a planned split-up of the company, to be accomplished through the spinoff to shareholders of the research based pharmaceuticals business (estimated sales of \$18 billion) as a separate concern. Abbott will retain its legacy medical products operations (sales of \$22 billion), comprising diagnostics, devices, nutritional and generic drug operations. We believe this move will result in higher valuations for each company, with investors better able to focus and appreciate the respective growth potential of each firm. We expect the planned tax-free spinoff, subject to customary approvals, to be completed by the end of 2012.
- Risks to our recommendation and target price include failure to successfully execute the planned split-up of the company, as well as more intense competitive pressures and possible pipeline setbacks.
- Our 12-month target price of \$68 applies a peer-level multiple of 12.6X to our 2013 EPS estimate. Our discounted cash flow model, which assumes a WACC of about 9.3% and terminal growth of 2%, also implies intrinsic value of \$68.

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+
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Relative Strength Rank STRONG

83

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million \$)

	1Q	2Q	3Q	4Q	Year
2012	9,457	--	--	--	--
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 (\$)

	1Q	2Q	3Q	4Q	Year
2012	0.78	E1.21	E1.26	E1.55	E5.05
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 July. 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
0.480	06/10	07/13	07/15	08/15/11
0.480	09/15	10/12	10/14	11/15/11
0.480	12/09	01/11	01/13	02/15/12
0.510	02/17	04/11	04/13	05/15/12

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

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Abbott Laboratories**Business Summary** April 09, 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 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. We think ABT will increase operating EPS at a compound annual growth rate (CAGR) in the high single digits through 2014. Our EPS growth assumptions include expected margin improvement, lower debt levels, and continued strength in sales of key franchises. Abbott generated over \$9 billion of operating cash flow in 2011. In late January 2012, ABT projected operating EPS of \$4.95-\$5.05 for 2012.

Corporate Information**Investor Contact**

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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

R. S. Austin

S. E. Blount

W. Farrell

H. L. Fuller

E. M. Liddy

N. McKinstry

P. N. Novakovic

W. A. Osborn

S. C. Scott, III

G. F. Tilton

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	\$64.00	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that ABT is slightly undervalued by \$1.59 or 2.5%.
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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	BULLISH	Since February, 2012, the technical indicators for ABT have been BULLISH.
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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.)

	2011	2010	2009	2008
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 (\$)	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	3.61	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	62%	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 \$)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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	5,599	4,473	3,609	1,787	3,158	2,972	2,971	2,561

Balance Sheet & Other Financial Data (Million \$)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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 reptd.; 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 faces significant top-line pressure this year from patent expirations on many top-selling drugs, 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 think new health care reform legislation will negatively affect industry profitability over the next two years, we see eventual benefits accruing from significant expansion of the market, with new coverage potentially being provided to 32 million currently uninsured Americans (assuming the Supreme Court upholds Obamacare). 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 March 23, the S&P Pharmaceuticals Index was up 1%, versus an 11.2% advance in the S&P 1500 Composite Index. We expect prospects for the generic/specialty drug

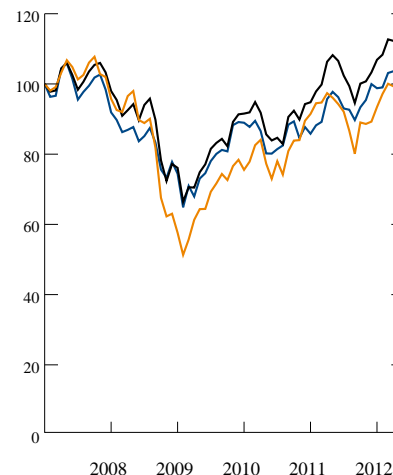
sector to remain favorable. We see a large number of major drugs losing patent protection over the next few years, providing significant opportunities for this group. We favor companies with rich generic pipelines, especially those with first-to-file generics with the potential for 180 days of marketing 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 04/30/12



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	98,131	62.41	63.20/46.29	0.31	3.3	19	64.00	A	100	12.2	NA
Bristol-Myers Squibb	BMY	56,365	33.37	35.44/25.69	0.46	4.1	15	NA	B+	99	24.8	NA
Johnson & Johnson	JNJ	177,716	64.74	68.05/59.08	0.54	3.8	18	63.90	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****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

January 6, 2012

11:02 am ET ... S&P MAINTAINS BUY OPINION ON SHARES OF NEUROCRINE BIOSCIENCES (NBIX 8.3****): NBIX says it expects an FDA new drug application filing for its endometriosis drug elagolix, partnered with Abbott Labs (ABT 56, Buy), in 2015, a year later than we had assumed. Although we extend our launch forecast, we still anticipate a favorable regulatory path, given robust Phase II data, which we see mitigating some Phase III clinical risk. We are encouraged by progress with NBI-98854 for movement disorder tardive dyskinesia, for which NBIX expects Phase II data in early '12. On revised elagolix launch assumptions, we trim our NPV-based target price by \$1 to \$11. /S.Silver

December 15, 2011

On December 9, 2011, Sally E. Blount, Ph.D., Dean of the J.L. Kellogg Graduate School of Management at Northwestern University, and Nancy McKinstry, Chief Executive Officer and Chairman of the Executive Board of Wolters Kluwer N.V., were named to the Abbott Laboratories Board of Directors, effective immediately. On December 9, 2011, the company's Board of Directors amended the first sentence of Article III, Section 2 of Abbott's by-laws to provide that Abbott's Board of Directors shall consist of twelve persons, effective as of December 9, 2011. Abbott's by-laws previously provided that the Board of Directors consisted of ten persons.

November 23, 2011

10:49 am ET ... S&P REITERATES HOLD OPINION ON SHARES OF BOSTON SCIENTIFIC (BSX 5.46****): FDA clears BSX's next generation Promus Element drug-eluting stent several months sooner than we had expected. We see this as a positive development, as margins on BSX manufactured Promus Element should be considerably higher than on the original Promus, which BSX markets under license from Abbott Laboratories (ABT 53, Buy). BSX plans to begin marketing Promus Element immediately, with approval in Japan expected by mid-2012. BSX projects combined U.S. and Japanese launches of Promus Element to add \$200M

to gross margin after 2012. We reiterate our target price of \$6.50. /P.Seligman, /H. Saftlas

October 19, 2011

ABT plans to separate into 2 public cos, one in diversified medical products, other in research-based pharms. Says diversified medical products co. will consist of ABT's existing diversified medical products portfolio, will keep Abbott name; research-based pharm. co. will incl. co.'s proprietary pharmaceuticals and biologics, will be named later. Posts \$1.18 vs. \$1.05 Q3 EPS (excl. items) on 13% worldwide sales gain. Sees \$4.64-\$4.66 '11 ongoing EPS (excl. items).

October 19, 2011

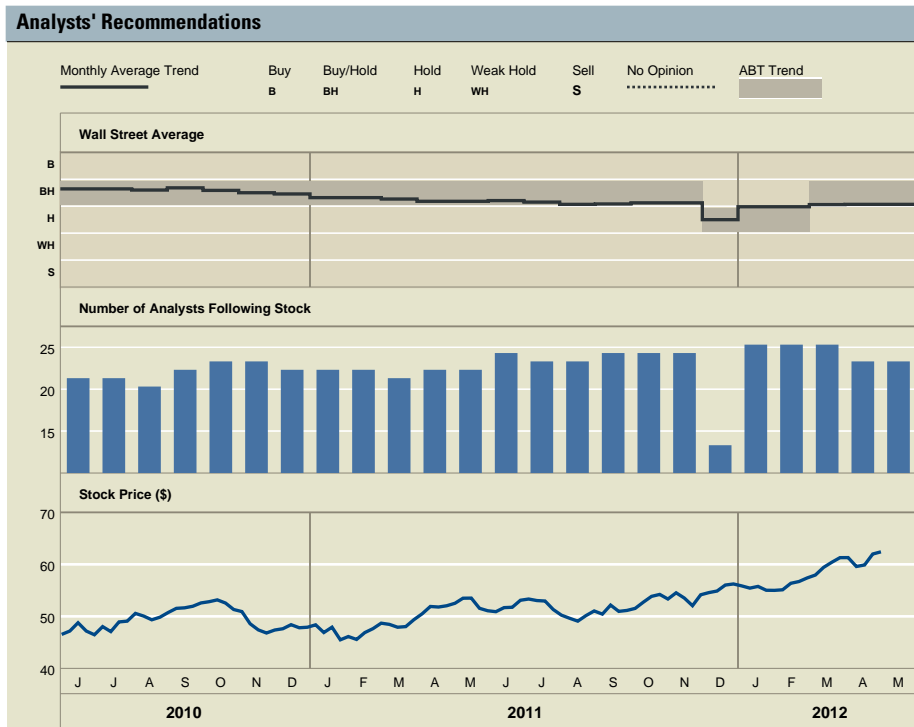
11:09 am ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 54.27****): ABT announces plans to spin off to shareholders its research based pharmaceutical business as a separate firm (to be named), with Abbott retaining its diversified medical products operations. We believe this move will result in higher valuations for each company, with investors better able to focus on the respective growth potential of each firm. We expect the planned tax free spinoff, subject to customary approvals, to be completed by the end of '12. We raise our target price by \$3 to \$61, applying a peer P/E of 13.1X to our revised \$4.66 '11 EPS est. (raised by \$0.06). /H. Saftlas

September 13, 2011

09:47 am ET ... S&P MAINTAINS BUY OPINION ON SHARES OF NEUROCRINE BIOSCIENCES (NBIX 6.00****): NBIX's partner Abbott Labs (ABT 50.4, Buy) initiates Phase II study of elagolix for treatment of uterine fibroids, triggering a \$10M milestone payment to NBIX. We are encouraged by the progress of the elagolix program, and continue to expect its advance to Phase III study in the more advanced indication of endometriosis before the end of '11. Although we see limited near-term share catalysts, we expect milestone payments to limit NBIX's cash burn enabling the funding of its earlier-stage clinical pipeline, led by Phase II VMAT2 inhibitor for movement disorder tardive dyskinesia. /S.Silver

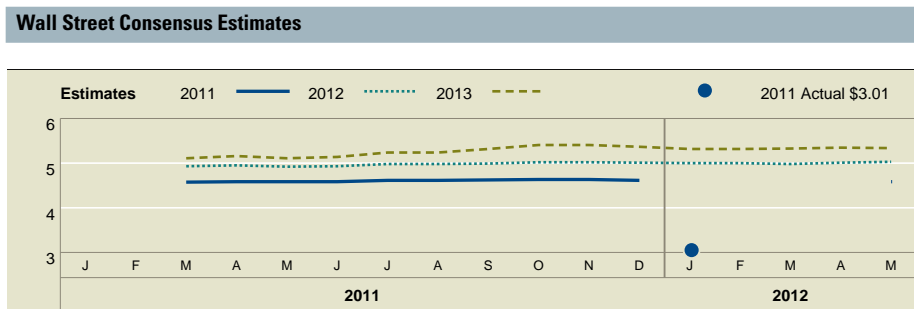
July 20, 2011

10:40 am ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 52.00****): Q2 operating EPS rose 11% to \$1.12, \$0.02 below our estimate. Sales advanced 9%, lifted by a 4.6% gain from forex, 25% growth in Humira arthritis drug, and 23% expansion in emerging markets sales. Despite a recent unfavorable Niaspan study, and the impact of infant formula recalls, we still see 10% EPS growth this year fueled by gains in key drug and medical device lines, and cost controls. We expect new indications to boost Humira sales by over \$1B. We reiterate our \$58 target price, applying a near peer P/E of 11.7X to our \$4.95 '12 EPS forecast. The dividend yields 3.7%. /H. Saftlas



Of the total 34 companies following ABT, 25 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	5	20	5	4
Buy/Hold	5	20	5	6
Hold	12	48	12	14
Weak Hold	0	0	0	0
Sell	1	4	1	1
No Opinion	2	8	2	0
Total	25	100	25	25



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	5.36	5.72	4.91	23	11.6
2012	5.05	5.17	4.92	21	12.4
2013 vs. 2012	▲6%	▲11%	▼-0.2%	▲10%	▼-6%
Q2'13	1.30	1.34	1.29	20	48.0
Q2'12	1.22	1.25	1.19	20	51.2
Q2'13 vs. Q2'12	▲7%	▲7%	▲8%	0%	▼-6%

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

BUY/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
- 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
- Sanford C. Bernstein & Co., Inc.

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that ABT will earn \$5.05. For the 1st quarter of fiscal year 2012, ABT announced earnings per share of \$0.78, representing 15% of the total annual estimate. For fiscal year 2013, analysts estimate that ABT's earnings per share will grow by 6% to \$5.36.

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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	30	40
Liquidity/Volatility Measures	17	20
Quantitative Measures	61	75
IQ Total	159	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.

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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).

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S&P Global STARS Distribution

In North America: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services North America recommended 34.5% of issuers with buy recommendations, 57.9% with hold recommendations and 7.6% with sell recommendations.

In Europe: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 30.1% of issuers with buy recommendations, 49.4% with hold recommendations and 20.5% with sell recommendations.

In Asia: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services Asia recommended 35.9% of issuers with buy recommendations, 54.3% with hold recommendations and 9.8% with sell recommendations.

Globally: As of March 30, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 34.0% of issuers with buy recommendations, 56.3% with hold recommendations and 9.7% 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.

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In Asia: As of March 30, 2012, Standard & Poor's Quantitative Services Asia recommended 35.9% of issuers with buy recommendations, 22.0% with hold recommendations and 32.0% with sell recommendations.

Globally: As of March 30, 2012, Standard & Poor's Quantitative Services globally recommended 44.0% of issuers with buy recommendations, 20.0% with hold recommendations and 34.0% with sell recommendations.

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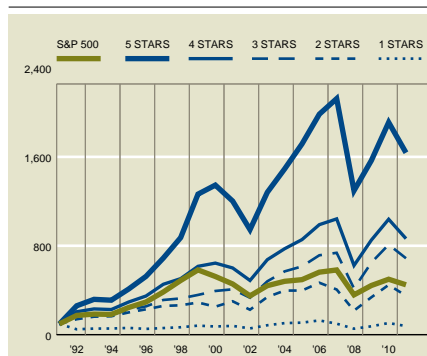
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U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of \$100 For the Period 12/31/1986 through 04/30/2012



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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