### Abbott Laboratories

**GICS Sector** Health Care  
**Sub-Industry** Health Care Equipment  

**Summary** This diversified healthcare products company is now focused on nutraceuticals, diagnostics, generic drugs, and medical devices, following the spinoff of its R&D based prescription pharmaceuticals business at the beginning of 2013.

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

- **52-Wk Range**: $72.47 - 31.64  
- **S&P Oper. EPS 2013E**: 2.04  
- **Market Capitalization (B)**: $57.382  
- **Beta**: 0.21  
- **Trailing 12-Month EPS**: $3.28  
- **Yield (%)**: 1.52  
- **Trailing 12-Month P/E**: 11.2  
- **Dividend Rate/Share**: $0.56  
- **Trailing 5 Yrs Ago**: NA  
- **Common Shares Outstg. (M)**: 1,558.9  
- **Institutional Ownership (%)**: 66  

### Investment Rationales/Risk

- **Price Performance**:  
  - **30-Week Mov. Avg.**:  
  - **10-Week Mov. Avg.**:  
  - **GAAP Earnings vs. Previous Year**:  
  - **Volume Above Avg.**:  
  - **STARS**:  
  - **52 Wk Range**:  
  - **12-Mo. Target Price**:  
  - **Relative Strength**:  
  - **No Change**:  
  - **Above Avg.**:  
  - **Below Avg.**:  
  - **MODERATE**:  
  - **LOW**:  
  - **HIGH**:  
  - **S&P 3-Yr. Proj. EPS CAGR(%)**: 8  
  - **S&P Credit Rating**: A+  

### Revenue/Earnings Data

- **Revenue (Million U.S. $)**

- **Earnings Per Share (U.S. $)**
  - **1Q**: 2013: 0.60 2014: 0.85 2015: 0.69 2016: 0.89 2017: 3.03 2018: 3.03  
  - **2Q**: 2013: 0.92 2014: 0.83 2015: 0.95 2016: 0.98 2017: 3.69 2018: 3.69  
  - **3Q**: 2013: 0.55 2014: 1.23 2015: 0.19 2016: 1.02 2017: 3.01 2018: 3.01  
  - **4Q**: 2013: 0.55 2014: 1.23 2015: 0.19 2016: 1.02 2017: 3.01 2018: 3.01  

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

- **Amount ($)**
  - 0.140 2013: 12/14 01/11 01/15 02/15/13  
  - 0.140 2014: 12/14 01/11 01/15 02/15/13  
  - 0.140 2015: 02/15 04/11 04/15 05/15/13  
  - 0.140 2016: 06/14 07/11 07/15 08/15/13  

Dividends have been paid since 1936. Source: Company reports.

### Analysis

Analysis prepared by Equity Analyst Herman Saftlas on Apr 24, 2013, when the stock traded at $37.13.

**Highlights**

- We project sales of about $22.8 billion in 2013, up from an estimated pro forma of $21.8 billion in 2012. We think nutritional products should rank among ABT’s faster growing segments, helped by new products and greater penetration of foreign markets. We also see growth for diagnostics, driven by strong demand for molecular diagnostic products and core laboratory diagnostics. New products such as the Xience Expedition stent, absorbable stent and MitraClip mitral valve repair system should spur volume in medical devices, while greater expansion in emerging markets should bolster sales of generic drugs.

- Gross margins are likely to approximate or rise modestly from the pro forma 54% that we estimate for 2012, helped by better volume and efficiencies. We also see synergies accruing on the SG&A line, but new product costs will likely push up R&D spending. Interest expense will also probably be somewhat higher.

- Following a projected adjusted effective tax rate at about 21%, we forecast non-GAAP operating EPS of $2.04 for 2013. We see EPS, aided by new products, reaching $2.24 in 2014.

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- Effective January 1, 2013, ABT spun off to shareholders its research-based pharmaceuticals business in the form of shares of a new publicly traded company called Abbvie (ABBV). Abbvie’s products include Humira treatment for rheumatoid arthritis, a portfolio of other branded drugs, and a fairly robust R&D pipeline. Abbott has retained its established nutritional, diagnostics, devices and branded generics operations. While we see Abbott well situated in solid global healthcare markets, we believe that many of those markets are relatively mature, with future growth likely to be driven primarily through margin expansion.

- Risks to our recommendation and target price include greater than expected competitive and pricing pressures in the company’s principal markets, as well as possible pipeline setbacks.

- Our 12-month target price of $40 applies a premium-to-peers P/E of 17.9X our 2014 EPS estimate, which we believe is reasonable given ABT’s dominant positions in many of its markets. Our sum-of-the-parts analysis also indicates inherent worth of about $40. The $0.56 annual dividend presently yields 1.5%.

Please read the Required Disclosures and Analyst Certification on the last page of this report.
CORPORATE OVERVIEW. Following the early January 2013 spinoff of its research-based pharmaceuticals operations in the form shares in a new company called Abbvie, Abbott’s businesses are now largely concentrated in nutritional, medical products and generic drugs. These diverse operations are largely a result of strategic acquisitions made over the years, as well as from internal R&D programs. Abbott commands leading market positions in immunoassay and blood screening products, coronary metallic drug-eluting stents, LASIK devices, and pediatric nutritional products (in the U.S.). The company is the worldwide leader in adult nutrionals.

On a pro forma basis, indicated sales of about $21.8 billion in 2012 were divided as follows: nutrionals 30%, established pharmaceuticals 23%, diagnostics 20%, vascular products 14%, and other products 13%. The United States accounted for an indicated 30% of company sales in 2012, developed markets outside of the U.S. for 30%, and emerging markets for 40%. Abbott expects emerging markets to represent about 50% of its total sales by 2015.

Nutrionals 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 nutrionals, such as Ensure and ProSure for patients with special dietary needs, including cancer and diabetes patients. ABT also markets enteral feeding (tube feeding) items. Emerging markets account for close to 45% of the company’s nutrional sales.

The company’s continuing established pharmaceuticals business comprise branded generics which are sold in emerging markets (50% of this division’s sales) and developed markets (50%). Branded generics typically command higher margins than conventional generics, especially in emerging markets, as their branded labels afford them a sense of quality and reliability over unbranded drugs. ABT’s growth strategy for this business comprises efforts to increase the breadth of product offerings by launching new and improved formulations, and registering products across multiple geographic regions.

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.

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. During 2013, ABT plans to expand its launch of the new Xience Xpedition stent line in the U.S., launch that line in Japan, and increase global market penetration of newer products such as the MitraClip mitral valve repair system and Absorb bioresorbable vascular scaffold.

Other products include diabetes care items such as the Precision and FreeStyle lines of hand-held glucose monitors for diabetes patients, as well as data management and point-of-care systems, insulin pumps and syringes for diabetics. Glucerna shakes and nutrition bars tailored for diabetics are also offered.

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.

Abbott launched several new products and initiated new clinical trials during the first quarter of 2013. These include 19 new nutrional items; the Accelerator a600 next-generation automation solution for the core laboratory; several new diagnostic tests on the Architect platform; the launch of the Xience Xpedition drug-eluting stent in the U.S. and the launch of the Tecnis OptiBlue cataract intraocular lens in Japan.

FINANCIAL TRENDS. In early 2013, Abbott noted that it had significant cash flow generation potential, upward of $4 billion, which should enable the company with ample resources for investments in future growth and returns to shareholders. In mid-April 2013, Abbott confirmed prior non-GAAP operating EPS guidance for 2013 in the $1.98 to $2.04 range. EPS exclude net specified items of approximately $0.59. Specified items are primarily associated with intangible amortization expense, cost reduction initiatives, and the favorable effect of U.S. tax law changes enacted in 2013 related to 2012 results.
## Quantitative Evaluations

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

<table>
<thead>
<tr>
<th>Rank</th>
<th>Fair Value Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>$41.40</td>
</tr>
</tbody>
</table>

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that ABT is slightly undervalued by $4.59 or 12.5%.

### Investability Quotient
- Percentile: ABT scored higher than 100% of all companies for which an S&P Report is available.

### Volatility
- Since June, 2013, the technical indicators for ABT have been NEUTRAL.

### Insider Activity

## Company Financials Fiscal Year Ended Dec. 31

<table>
<thead>
<tr>
<th>Per Share Data (U.S. $)</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible Book Value</td>
<td>1.50</td>
<td>NM</td>
<td>NM</td>
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<tr>
<td>Cash Flow</td>
<td>5.49</td>
<td>4.96</td>
<td>4.66</td>
</tr>
<tr>
<td>Earnings</td>
<td>3.72</td>
<td>3.01</td>
<td>2.96</td>
</tr>
<tr>
<td>S&amp;P Core Earnings</td>
<td>3.85</td>
<td>3.82</td>
<td>3.05</td>
</tr>
<tr>
<td>Dividends</td>
<td>2.01</td>
<td>1.88</td>
<td>1.72</td>
</tr>
<tr>
<td>Payout Ratio</td>
<td>54%</td>
<td>63%</td>
<td>58%</td>
</tr>
<tr>
<td>Prices-High</td>
<td>72.47</td>
<td>56.44</td>
<td>56.79</td>
</tr>
<tr>
<td>Prices-Low</td>
<td>53.96</td>
<td>45.07</td>
<td>44.59</td>
</tr>
<tr>
<td>P/E Ratio:High</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>P/E Ratio:Low</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Revenue</th>
<th>39,874</th>
<th>38,851</th>
<th>35,167</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>11,595</td>
<td>11,119</td>
<td>8,954</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,783</td>
<td>3,044</td>
<td>2,624</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>592</td>
<td>445</td>
<td>448</td>
</tr>
<tr>
<td>Pretax Income</td>
<td>6,263</td>
<td>5,199</td>
<td>5,713</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>4.79%</td>
<td>9.04%</td>
<td>19.0%</td>
</tr>
<tr>
<td>Net Income</td>
<td>5,963</td>
<td>4,729</td>
<td>4,626</td>
</tr>
<tr>
<td>S&amp;P Core Earnings</td>
<td>6,122</td>
<td>5,985</td>
<td>4,793</td>
</tr>
</tbody>
</table>

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

| Cash                     | 15,174 | 8,067  | 5,451  |
| Current Assets           | 31,233 | 23,769 | 22,318 |
| Total Assets             | 67,235 | 60,277 | 59,462 |
| Current Liabilities      | 13,280 | 15,480 | 17,262 |
| Long Term Debt           | 18,085 | 12,040 | 12,560 |
| Common Equity            | 26,721 | 24,440 | 22,388 |
| Total Capital            | 45,207 | 37,593 | 37,169 |
| Capital Expenditures     | 1,795  | 1,492  | 1,015  |
| Cash Flow                | 8,746  | 7,772  | 7,250  |
| Current Ratio            | 2.4    | 1.5    | 1.3    |
| % Long Term Debt of Capitalization | 40.0 | Nil | 33.8 |
| % Net Income of Revenue  | 15.0   | 12.2   | 13.2   |
| % Return on Assets       | 9.4    | NA     | NA     |
| % Return on Equity       | 23.1   | NA     | NA     |

Our fundamental outlook for the health care equipment sub-industry for the next 12 months is neutral. We continue to view many product categories as historically recession-resistant, and we expect they will continue to grow, albeit more slowly than they did prior to the recent recession. We remain concerned about continued weak demand for elective medical procedures. In addition, procedure rates have declined in areas we would not normally view as elective, such as cardiac rhythm management, which had been impacted by a U.S. Justice Department probe of implantation, interventional cardiology and orthopedics, and a still-soft economy. On the other hand, a number of orthopedic product makers have been expressing the view that procedure rates for their products appear to be stabilizing and/or recovering modestly in certain categories.

We believe the new medical device tax required by the health care reform law and that took effect this year has prompted the sub-industry to align its cost structure to partially offset the impact of the tax. However, since the levy is income tax deductible, its after-tax effect will be lower, and we therefore view the impact of health care reform as manageable. Many equipment makers have implemented cost reduction initiatives to help offset the levy.

We expect 2013 revenues to rise in constant currency at a mid- to high-single digit pace, aided by new products, expansion into emerging markets, and, in some cases, acquisitions. Still, we expect extended replacement cycles at U.S. hospitals in some areas, pricing pressures, the continuation of European austerity measures, lower demand in certain important product categories and unfavorable currency exchange to continue to affect growth. However, we are seeing sales gains, albeit uneven ones, in equipment that hospitals believe can differentiate them from one another and/or offer a possible high return on investment.

We see positive longer-term fundamentals, including increasing global demand for quality health care, aging populations and rising R&D outlays, leading to a steady flow of new diagnostic and therapeutic products in cardiology, orthopedics, and other areas.

Year to date to May 24, the S&P Health Care Equipment Index was up 15.3%, versus a 15.7% increase in the S&P 1500 Composite Index. In 2012, the sub-industry index rose 16.8%, versus a 13.7% increase in the 1500. The gains in 2012 and so far in 2013 suggest to us that investors have been generally pleased with the health care equipment makers’ performance, although it has been among the slower advancers in the Health Care group of indices year to date.

--Philip M. Seligman

Abbott Laboratories

Sub-Industry : Health Care Equipment Peer Group*: Based on market capitalizations within GICS Sub-Industry

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>Stock Symbol</th>
<th>Stock Price($)</th>
<th>52 Week High/Low($)</th>
<th>Beta</th>
<th>Yield (%)</th>
<th>P/E Ratio</th>
<th>Fair Value Calc.($)</th>
<th>Quality Ranking</th>
<th>Return on Revenue (%)</th>
<th>LTD to Cap (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbott Laboratories</td>
<td>ABT</td>
<td>36.81</td>
<td>72.47/31.64</td>
<td>0.21</td>
<td>1.5</td>
<td>41.40</td>
<td>A</td>
<td>100</td>
<td>15.0</td>
<td>40.0</td>
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<td>37.80</td>
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<td>41.40</td>
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<td>A</td>
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<td>40.0</td>
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<td>41.40</td>
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<td>A</td>
<td>100</td>
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<td>41.40</td>
<td>A</td>
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<td>100</td>
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<td>A</td>
<td>100</td>
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<td>1.5</td>
<td>41.40</td>
<td>A</td>
<td>100</td>
<td>15.0</td>
<td>40.0</td>
</tr>
</tbody>
</table>

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

April 18, 2013
UP 0.17 to 37.45... ABT announces Tecnis Toric 1-Piece intraocular lens (IOL) has received FDA approval and is launching in the U.S. for the treatment of cataract patients with pre-existing corneal astigmatism.

April 17, 2013
11:14 am ET ... S&P REITERATES HOLD OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 37.2899***): We are encouraged by ABT’s guidance for double-digit EPS growth in 2013. We raise our 2013 EPS estimate $0.04 to $2.04, which is at the upper end of ABT’s guidance range. We also increase our target price by $4 to $40, on revised P/E and DCF assumptions. Although developed markets remain challenged by constrained pricing and utilization, emerging markets remain robust, with operational sales in those markets up 15% in Q1. Sales of nutritional products were strong in Q1, lifted by 19 new product launches. We see margin improvement in nutrition and diagnostics units this year. /H. Saftlas

April 17, 2013
11:14 am ET ... S&P REITERATES HOLD OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 37.2899***): We are encouraged by ABT’s guidance for double-digit EPS growth in 2013. We raise our 2013 EPS estimate $0.04 to $2.04, which is at the upper end of ABT’s guidance range. We also increase our target price by $4 to $40, on revised P/E and DCF assumptions. Although developed markets remain challenged by constrained pricing and utilization, emerging markets remain robust, with operational sales in those markets up 15% in Q1. Sales of nutritional products were strong in Q1, lifted by 19 new product launches. We see margin improvement in nutrition and diagnostics units this year. /H. Saftlas

January 30, 2013
TH A HOLD OPINION (ABBV 37.34***): This spin-off from Abbott Laboratories (ABT 33****) ranks among the world’s leading drugmakers. Still, we note that some 45% of sales come from one drug—Humira, a rheumatoid arthritis treatment whose patent expires in 2018. We also see generics impacting ABBV’s lipid lowering and HIV franchises. On the plus side, we like ABBV’s robust pipeline, which we think has promising therapies for hepatitis C, Parkinson’s disease and cancer. Our target price of $40 applies a modest premium-to-peers P/E of 12.8X to our 2013 EPS estimate of $3.12. The $1.60 dividend provides a 4.3% yield. /H. Saftlas

January 23, 2013
12:03 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 32.88***): We maintain our target price of $36, and our 2013 operating EPS estimate of $2.00, near the midpoint of ABT’s new $1.98-2.04 guidance range. Q4 EPS of $1.51, vs. $1.45, was $0.06 below our forecast. While sales rose 4.4%, we attribute most of the gain to strength in drugs such as Humira that are not booked by recently spun-off Abbvie (ABBV 37, NR). For 2013, we see mid-single top line growth, helped by new products such as Absorb vascular scaffold and MitraClip valve repair system, as well as by greater penetration of emerging markets. The dividend presently yields 1.7%. /H. Saftlas

January 14, 2013
05:44 pm ET ... S&P DOWNGRADES OPINION ON SHARES OF ABBOTT LABORATORIES TO HOLD FROM BUY (ABT 33.37***): We are reducing our 12-month target price by $40 to $36, to reflect the recent spin-off of the company’s research-based pharmaceuticals business as shares of a new publicly traded firm called AbbVie, Inc. (ABBV 34, NR). Our new target price applies a premium-to-peers P/E multiple of 18X to our new $2.00 EPS estimate for 2013 (versus our prior pre-spinoff estimate of $3.55). While we view ABT as well positioned in diversified health care products markets, we think many of those markets are relatively mature, with future EPS growth likely coming largely from margin expansion. /H. Saftlas

November 29, 2012
ABT announces that its Board has approved the separation of its research-based pharmaceuticals business, which will be know as AbbVie Inc., and declared a special dividend distribution of all the outstanding shares of AbbVie common stock. For every 1 shares 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 64.67***): 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. AbbVie plans to pay a $1.80 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 Q2 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 lower gross margins, Q2 EPS rose 10% to $3.29, $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 $3.08. 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 nutritional 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 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

Source: S&P
Of the total 35 companies following ABT, 29 analysts currently publish recommendations.

### Analysts' Recommendations

<table>
<thead>
<tr>
<th>Monthly Average Trend</th>
<th>Buy</th>
<th>Buy/Hold</th>
<th>Hold</th>
<th>Weak Hold</th>
<th>Sell</th>
<th>No Opinion</th>
<th>ABT Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>BH</td>
<td>H</td>
<td>WH</td>
<td>S</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Wall Street Average

**Number of Analysts Following Stock**

<table>
<thead>
<tr>
<th>Stock Price ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
</tr>
<tr>
<td>40</td>
</tr>
<tr>
<td>60</td>
</tr>
<tr>
<td>80</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of Ratings % of Total 1 Mo. Prior 3 Mos. Prior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
</tr>
<tr>
<td>8 28 8 7</td>
</tr>
<tr>
<td>Buy/Hold</td>
</tr>
<tr>
<td>3 10 3 2</td>
</tr>
<tr>
<td>Hold</td>
</tr>
<tr>
<td>14 48 14 15</td>
</tr>
<tr>
<td>Weak Hold</td>
</tr>
<tr>
<td>1 3 1 0</td>
</tr>
<tr>
<td>Sell</td>
</tr>
<tr>
<td>1 3 1 1</td>
</tr>
<tr>
<td>No Opinion</td>
</tr>
<tr>
<td>2 7 1 2</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>29 100 28 27</td>
</tr>
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### Wall Street Consensus Estimates

<table>
<thead>
<tr>
<th>Estimates 2012</th>
<th>2013</th>
<th>2014</th>
<th>2014 Actual $3.72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>2.24</td>
<td>2.54</td>
<td>2.03</td>
</tr>
<tr>
<td>2013</td>
<td>2.01</td>
<td>2.07</td>
<td>1.87</td>
</tr>
<tr>
<td>2014 vs. 2013</td>
<td>▲ 11%</td>
<td>▲ 23%</td>
<td>▲ 9%</td>
</tr>
<tr>
<td>Q2'14</td>
<td>0.52</td>
<td>0.57</td>
<td>0.48</td>
</tr>
<tr>
<td>Q2'13</td>
<td>0.44</td>
<td>0.45</td>
<td>0.43</td>
</tr>
<tr>
<td>Q2'14 vs. Q2'13</td>
<td>▲ 18%</td>
<td>▲ 27%</td>
<td>▲ 12%</td>
</tr>
</tbody>
</table>

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
- BMO Capital Markets, U.S. Equity Research
- Barclays
- BofA Merrill Lynch
- Brean Capital LLC
- 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 Stockbrokering (P) Ltd.
- Gabelli & Company, Inc.
- Goldman Sachs
- Hilliard Lyons
- JP Morgan
- Jefferies & Company, Inc.
- Leerink Swann LLC
- Morgan Keegan & Company
- Morgan Stanley
- Morningstar Inc.
- Noble Financial Group
- RBC Capital Markets
- Raymond James & Associates
- S&P Equity Research

### Wall Street Consensus vs. Performance

For fiscal year 2013, analysts estimate that ABT will earn $2.01. For the 1st quarter of fiscal year 2013, ABT announced earnings per share of $0.34, representing 17% of the total annual estimate. For fiscal year 2014, analysts estimate that ABT’s earnings per share will grow by 11% to $2.24.

Source: S&P Capital IQ Estimates, Inc.
Abbott Laboratories

Glossary

S&P STARS
Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has used STARS® methodology to rank Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank equities according to their individual forecast of an equity'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 Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's earnings and dividend 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
- **A** Above Average
- **B+** Average
- **B** Below Average
- **C** Lower
- **D** Lowest

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.

S&P Capital IQ EPS Estimates
S&P Capital IQ 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 Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ 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
S&P Capital IQ 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 S&P Capital IQ 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.

S&P 12 Month Target Price
The S&P Capital IQ 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.

S&P Capital IQ Equity Research

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Abbreviations Used in S&P Capital IQ Equity Research Reports

- **CAGR**: Compound Annual Growth Rate
- **CY**: Calendar Year
- **DCF**: Discounted Cash Flow
- **DDM**: Dividend Discount Model
- **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
- **FPO**: Funds From Operations
- **FY**: Fiscal Year
- **P/E**: Price/Earnings
- **P/NAV**: Price to Net Asset Value
- **PEG**: P/E-to-Growth Ratio
- **PV**: Present Value
- **R&D**: Research & Development
- **ROCE**: Return on Capital Employed
- **ROE**: Return on Equity
- **ROI**: Return on Investment
- **ROIC**: Return on Invested Capital
- **ROA**: Return on Assets
- **SG&A**: Selling, General, Administrative Expenses
- **STARS®**: Sum-of-The-Parts
- **WACC**: Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary 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 Capital IQ equity analysts, S&P Capital IQ ranks stocks in accordance with three other ranking methodologies: (a) S&P's Capital IQ's quantitative evaluations are derived from S&P Capital IQ's proprietary Fair Value ranking model, The Fair Value Ranking methodology is a relative ranking methodology. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity. (b) Global Markets Intelligence uses two different quantitative methodologies to determine recommendations for the Trade Detector research report. One methodology is based on a target price model, while the other methodology is based on four separate quantitative strategies. The STARS, quantitative evaluations and Trade Detector methodologies reflect different criteria, assumptions and analytical methods and may have differing recommendations.

S&P Capital IQ Global STARS Distribution as of March 31, 2013

<table>
<thead>
<tr>
<th>Ranking</th>
<th>North America</th>
<th>Europe</th>
<th>Asia</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>35.0%</td>
<td>27.7%</td>
<td>38.7%</td>
<td>34.3%</td>
</tr>
<tr>
<td>Hold</td>
<td>56.0%</td>
<td>48.6%</td>
<td>50.3%</td>
<td>54.2%</td>
</tr>
<tr>
<td>Sell</td>
<td>9.0%</td>
<td>23.7%</td>
<td>11.0%</td>
<td>11.5%</td>
</tr>
<tr>
<td>total</td>
<td>90.0%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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, and the share price is not anticipated to show a gain.
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 is 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 the S&P Europe 350 Index and the S&P Asia 50 index, respectively.

For All Regions:
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S&P Capital IQ Global Quantitative Model Recommendations Distribution as of March 31, 2013

<table>
<thead>
<tr>
<th>Ranking</th>
<th>North America</th>
<th>Europe</th>
<th>Asia</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>40.0%</td>
<td>40.0%</td>
<td>58.6%</td>
<td>47.2%</td>
</tr>
<tr>
<td>Hold</td>
<td>20.0%</td>
<td>20.9%</td>
<td>18.0%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Sell</td>
<td>40.0%</td>
<td>39.1%</td>
<td>25.4%</td>
<td>33.4%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Trade Detector Recommendations Distribution as of March 31, 2013

The Trade Detector research report was published after March 31, 2013. Ranking distributions will be provided as of June 30, 2013.

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