

ABBOTT LABS. NYSE-ABT

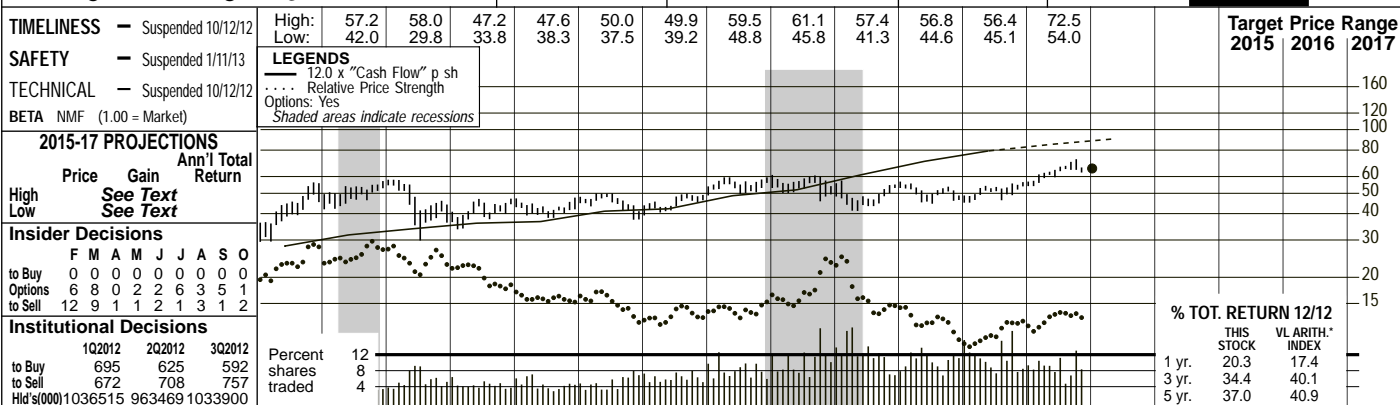
RECENT PRICE **32.05** E

P/E RATIO **NMF** (Trailing: NMF Median: 18.0)

RELATIVE P/E RATIO **NMF**

DIV'D YLD **NMF**

VALUE LINE



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
7.11	7.78	8.14	8.61	8.89	10.48	11.31	12.45	12.49	14.51	14.62	16.72	19.40	19.82	22.73	24.74	25.30		Sales per sh	
1.66	1.85	2.03	2.23	2.34	2.65	2.83	3.01	3.05	3.42	3.51	4.05	4.32	5.90	6.61	7.05			"Cash Flow" per sh	
1.21	1.34	1.51	1.66	1.78	1.88	2.06	2.21	2.27	2.50	2.52	2.84	3.03	3.72	4.17	4.66	5.10		Earnings per sh ^A	
.48	.54	.60	.66	.74	.82	.94	.98	1.04	1.10	1.18	1.30	1.44	1.60	1.76	1.88	2.01	SEE	Div'ds Decl'd per sh ^B	SEE
.61	.66	.65	.64	.67	.75	.83	.79	.82	.78	.87	1.07	.85	.70	.66	.95	.95	TEXT	Cap'l Spending per sh	TEXT
3.11	3.27	3.73	4.85	5.54	5.83	6.82	8.27	9.09	9.37	9.14	11.47	11.48	14.73	14.47	15.56	17.05		Book Value per sh ^C	
1548.9	1528.2	1533.8	1530.7	1545.9	1554.5	1563.1	1580.2	1575.1	1539.2	1537.2	1549.9	1522.4	1551.9	1547.0	1570.4	1570.0		Common Shs Outst'g ^D	
18.7	23.1	27.1	26.3	23.5	26.6	22.3	18.7	18.7	18.1	17.9	19.2	18.3	13.0	12.2	11.0	12.3		Avg Ann'l P/E Ratio	
1.17	1.33	1.41	1.50	1.53	1.36	1.22	1.07	.99	.96	.97	1.02	1.10	.87	.78	.69	.77		Relative P/E Ratio	
2.1%	1.7%	1.5%	1.5%	1.8%	1.6%	2.0%	2.4%	2.5%	2.4%	2.6%	2.4%	2.6%	3.3%	3.5%	3.7%	3.2%		Avg Ann'l Div'd Yield	

CAPITAL STRUCTURE as of 9/30/12
 Total Debt \$16.3 bill. Due in 5 Yrs \$6.5 bill.
 LT Debt \$12.1 bill. LT Interest \$0.5 bill.
 (39% of Capital)

Pension Assets-12/11 \$7.0 bill. **Oblig.** \$9.0 bill.

Preferred Stock None

Common Stock 1,580,667,737 shares

MARKET CAP: \$50.7 billion (Large Cap)

2010	2011	9/30/12
17685	19681	19680
28.9%	27.0%	28.2%
1177.3	1274.0	1288.7
3242.4	3479.2	3522.8
24.5%	22.0%	21.4%
18.3%	17.7%	17.9%
2119.6	2650.9	3908.9
4274.0	3452.3	4787.9
10665	13072	14326
22.3%	21.5%	18.8%
30.4%	26.6%	24.6%
17.0%	15.0%	13.4%
44%	44%	45%

BUSINESS: Abbott Laboratories operates four segments: Pharmaceutical Products (56.5% of '10 sales) develops, manufactures, and sells a broad line of adult and pediatric pharmaceuticals, which are sold primarily on the prescription, or recommendation, of physicians; Diagnostic Products (10.8%) diagnostic systems and tests for blood banks, hospitals, labs, physicians' offices, etc.; Nutritional Products (15.7%) a wide range of adult and pediatric nutritional products; Vascular products (9.1%) coronary, vessel-closure, and endovascular devices; Other (7.9%). '10 R&D: \$3.7 billion. Employs about 69,000. Chairman & CEO: Miles D. White. Incorporated: IL. Address: 100 Abbott Park Road, Abbott Park, IL 60064. Telephone: 847-937-6100. Internet: www.abbott.com.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '09-'11 to '15-'17

of change (per sh)	10 Yrs.	5 Yrs.	to '15-'17
Sales	9.0%	10.0%	7.5%
"Cash Flow"	9.5%	12.0%	8.5%
Earnings	9.0%	11.5%	10.0%
Dividends	9.0%	9.5%	9.0%
Book Value	10.5%	10.0%	12.5%

The highly anticipated Abbott Laboratories spinoff was completed as we went to press. Note that all our historical figures reflect the pre-spinoff single company. The spinoff transaction kicked in on the first day of trading for 2013, with the two stocks, ABT and ABBV (AbbVie), trading on the NYSE. The initial trading prices were more evenly split than most investors anticipated, with both stocks opening in the low-\$30 range. The two separate stocks should gradually move toward more discount pricing. Notably, we look for AbbVie (the pharmaceutical business) to climb to the upper-\$30 range, and may be a more attractive near-term spinoff play based on the initial valuations. As expected, AbbVie will pay the higher dividend, at \$1.60 annually, compared to \$0.56 for ABT. Notably, based on the initial post spinoff pricing, ABBV's yield is over 4.5%, which is well above the historical "old" ABT yield.

Both the Proprietary Pharmaceutical (AbbVie) and Medical Products (Abbott) businesses are attractive investments. However, the two companies have distinct business prospects and growth

profiles, and should appeal to different investor bases. AbbVie accounted for 45% (\$17.4 billion) of overall sales in 2011, with nearly half of these sales coming from blockbuster drug *Humira*. Yet, the higher-margin business delivered \$6.2 billion in operating cash flow, which was 69% of (old) Abbott's total. AbbVie's profile will feature strong margins and cash flow, coupled with relatively slower growth. AbbVie has a much larger U.S. exposure, with domestic sales accounting for 56% in 2011. On the other hand, "new" Abbott has more substantial international exposure, with only 29% of 2011 sales from the U.S., and a significant presence in higher-growth emerging markets. Indeed, approximately 40% of sales will come from emerging markets. This, coupled with a lower dividend payment, should make ABT more attractive to growth investors.

The Timeliness rank for this stock remains suspended, due to the recent spinoff. From a longer-term perspective, we believe that both companies are attractive investments, and the spinoff should help improve overall value.

Joel Schwed
 January 11, 2013

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	6718	7494	7762	8791	30765
2010	7698	8827	8674	9967	35167
2011	9041	9616	9817	10377	38851
2012	9457	9807	9773	10713	39750
2013	SEE TEXT		SEE TEXT		

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.73	.89	.92	1.18	3.72
2010	.81	1.01	1.05	1.30	4.17
2011	.91	1.12	1.18	1.45	4.66
2012	1.03	1.23	1.30	1.54	5.10
2013	SEE TEXT		SEE TEXT		

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.36	.40	.40	.40	1.56
2010	.40	.44	.44	.44	1.72
2011	.44	.48	.48	.48	1.88
2012	.48	.51	.51	.51	2.01
2013	SEE TEXT		SEE TEXT		

(A) Primary earnings thru '96, diluted earnings thereafter. Excludes nonrecurring gain/(losses): '99, (9c); '01, (89c); '02, (28c); '03, (46c); '04, (21c); '05, (34c); '06, (\$1.40); '07, (53c); '08, 19c; '10, (\$1.21). Next earnings report due late January. (B) Dividends historically paid in February, May, August, and November. ■ Dividend reinvestment plan available. (C) Includes intangibles. In '11: \$25.7 billion, \$16.37 a share. (D) In millions. (E) Price on 1/2/13 at 4:00 PM EST.

Company's Financial Strength NMF
Stock's Price Stability NMF
Price Growth Persistence NMF
Earnings Predictability NMF