Stock Report | June 7, 2014 | NYS Symbol: ABT | ABT is in the S&P 500

Abbott Laboratories

S&P Capital IQ
Recommendation HOLD
S&P Capital IQ Equity Analyst Jeffrey Loo, CFA

GICS Sector Health Care
Sub-Industry Health Care Equipment

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

<table>
<thead>
<tr>
<th>Statistic</th>
<th>52-Wk Range</th>
<th>Trailing 12-Month EPS</th>
<th>Trailing 12-Month P/E</th>
<th>$10K Invested 5 Yrs Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Oper. EPS 2014E</td>
<td>$40.49–32.70</td>
<td>$1.53</td>
<td>26.2</td>
<td>NA</td>
</tr>
<tr>
<td>Market Capitalization(B)</td>
<td>2.20</td>
<td>2.47</td>
<td>18.2</td>
<td>1,501.9</td>
</tr>
<tr>
<td>Beta</td>
<td>$60.093</td>
<td>$2.20</td>
<td>$0.88</td>
<td>68</td>
</tr>
<tr>
<td>S&amp;P 3-Yr. Proj. EPS CAGR(%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S&amp;P Quality Ranking</td>
<td></td>
<td></td>
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</tbody>
</table>

Price Performance

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst Jeffrey Loo, CFA on Apr 16, 2014 05:10 PM, when the stock traded at $38.38.

Highlights

- We expect 2014 sales to grow 3%, to $22.5 billion. This forecast also accounts for the pediatric nutrition supplier disruption that occurred during August in China, which we see cutting sales by $100 million in 2014. The supplier has determined that the product had been safe for consumption, but we think recovery will take some time and ABT believes sales will recover to pre-recall levels by Q3 2014. We see sales driven by robust growth in emerging markets, which account for about 40% of sales, tempered by modest growth in developed countries. By segment, we expect nutritional products and diagnostics to each grow 6.0%, while products and diagnostics will return to modest growth in late 2014, with devices aided by acquisitions. In October 2013, ABT announced it is raising its quarterly dividend 57%, to $0.22 a share from $0.14. In January 2014, ABT announced a $2 billion stock repurchase program.
- We see ABT as well positioned within the global health care markets, particularly in emerging markets, which we think could account for over 45% of sales by 2015, while U.S. sales decline to less than 30% of sales. We expect solid growth in the nutritional products (despite the supplier issue) and diagnostics segments to offset softness in established pharmaceuticals and medical devices. We believe the latter two segments will return to modest growth in late 2014, with devices aided by acquisitions. In October 2013, ABT announced it is raising its quarterly dividend 57%, to $0.22 a share from $0.14. In January 2014, ABT announced a $2 billion stock repurchase program.
- Risks to our recommendation and target price include a prolonged adverse impact from ABT’s pediatric nutritional product supplier, greater-than-expected pricing pressures, and an adverse foreign currency impact.
- Our 12-month target price of $42 applies a slight premium to-peers P/E-to-growth ratio of 1.7X, using our forward 12-month EPS estimate of $2.26, warranted, in our view, by ABT’s leadership position in several end-markets.

Investment Rationale/Risk

- We expect 2014 sales to grow 3%, to $22.5 billion. This forecast also accounts for the pediatric nutrition supplier disruption that occurred during August in China, which we see cutting sales by $100 million in 2014. The supplier has determined that the product had been safe for consumption, but we think recovery will take some time and ABT believes sales will recover to pre-recall levels by Q3 2014. We see sales driven by robust growth in emerging markets, which account for about 40% of sales, tempered by modest growth in developed countries. By segment, we expect nutritional products and diagnostics to each grow 6.0%, while established pharmaceuticals are expected to decline 1.0% and medical devices flat. We look for gross margins to decline 0.3 of a percentage point, to 55.2%, and operating margins to grow 0.5 percentage points to 18.8% on leverage.
- In August, ABT acquired OptiMedica, an ophthalmic device maker, for $400 million, aiding ABT to achieve double digit sales growth in vision care in 2014, and IDEV, a medical device maker, for $310 million.
- Our 2014 EPS estimate is $2.20.

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CORPORATE OVERVIEW. Following the early January 2013 spinoff of its research-based pharmaceuticals operations in the form shares in a new company called AbbVie (ABV), Abbott’s businesses are now largely concentrated in nutritional products, diagnostics, established pharmaceuticals (branded generics), and medical devices. 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 nutri-
tionals (in the U.S.). The company is the worldwide leader in adult nutritionals.

On a pro forma basis, indicated sales of about $21.5 billion in 2012 were divided as follows: nutritional prod-
ucts 30%, diagnostics 20%, established pharmaceuticals 24%, and medical devices 26%. The United States
accounted for about 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 45-50% of its total sales by 2015.

Nutritional Products 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.
Abbott also markets enteral feeding (tube feeding) items. Emerging markets account for close to 45% of
the company’s nutritional 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 im-
proved formulations, and registering products across multiple geographic regions.

Abbott 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 expanded its launch of the new Xience Xpe-
dition stent line in Japan, and increased global market penetration of newer products such as the Mitra-
Clip 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 August 2013, ABT acquired OptiMedica, an ophthalmic device maker, for $400 million, and IDEV Tech-
nologies, a medical device maker, for $310 million. In February 2009, Abbott acquired Advanced Medical
Optics (AMO) for $4.8 billion. 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 2013. These include 19 new
nutritional 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 after the spin-off, Abbott noted that it had significant cash flow genera-
tion potential, upward of $4 billion, which should enable the company with ample resources for invest-
ments in future growth and returns to shareholders. In October 2013, Abbott announced it is raising its
quarterly dividend 57% to $0.22 a share, from $0.14, payable on February 15, 2014, to shareholders of record
January 15, 2014. Pro forma 2012 sales were $21.5 billion and adjusted operating EPS was $1.74. In 2013,
sales grew 1.6% to $21.85 billion while adjusted EPS rose 15.5% to $2.01. We forecast 2014 sales growth of
3%, to $22.5 billion, and adjusted operating EPS growth of 9.5%, to $2.20.
Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

**Fair Value Calculation**

Based on S&P Capital IQ's proprietary quantitative model suggests that ABT is slightly undervalued by $6.85 or 17.1%.

**Investability Quotient**

ABT scored higher than 99% of all companies for which an S&P Capital IQ Report is available.

**Technical Evaluation**

Since May, 2014, the technical indicators for ABT have been BULLISH.

**Insider Activity**

For further clarification on the terms used in this report, please visit www.standardandpoors.com/stockreportguide

### Company Financials  Fiscal Year Ended Dec. 31

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Tangible Book Value</td>
<td>6.24</td>
<td>5.50</td>
<td>NM</td>
<td>NM</td>
<td>2.17</td>
<td>1.51</td>
<td>1.24</td>
<td>NM</td>
<td>2.69</td>
<td>2.22</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>2.61</td>
<td>5.49</td>
<td>4.96</td>
<td>4.86</td>
<td>5.04</td>
<td>4.21</td>
<td>3.50</td>
<td>2.13</td>
<td>3.02</td>
<td>2.84</td>
</tr>
<tr>
<td>Earnings</td>
<td>1.50</td>
<td>3.72</td>
<td>3.01</td>
<td>2.96</td>
<td>3.69</td>
<td>3.03</td>
<td>2.31</td>
<td>1.12</td>
<td>2.16</td>
<td>2.02</td>
</tr>
<tr>
<td>S&amp;P Capital IQ Core Earnings</td>
<td>1.53</td>
<td>3.85</td>
<td>3.82</td>
<td>3.05</td>
<td>3.60</td>
<td>2.86</td>
<td>2.31</td>
<td>1.16</td>
<td>2.01</td>
<td>1.90</td>
</tr>
<tr>
<td>Dividends</td>
<td>0.70</td>
<td>2.01</td>
<td>1.88</td>
<td>1.72</td>
<td>1.56</td>
<td>1.41</td>
<td>1.27</td>
<td>1.16</td>
<td>1.09</td>
<td>1.03</td>
</tr>
<tr>
<td>Payout Ratio</td>
<td>47%</td>
<td>54%</td>
<td>63%</td>
<td>58%</td>
<td>42%</td>
<td>46%</td>
<td>55%</td>
<td>104%</td>
<td>50%</td>
<td>51%</td>
</tr>
<tr>
<td>Prices:High</td>
<td>38.81</td>
<td>72.47</td>
<td>56.44</td>
<td>56.79</td>
<td>57.39</td>
<td>61.09</td>
<td>59.50</td>
<td>49.87</td>
<td>50.00</td>
<td>47.83</td>
</tr>
<tr>
<td>Prices:Low</td>
<td>31.64</td>
<td>53.96</td>
<td>45.07</td>
<td>44.59</td>
<td>41.27</td>
<td>45.75</td>
<td>48.75</td>
<td>39.18</td>
<td>37.50</td>
<td>38.26</td>
</tr>
<tr>
<td>P/E Ratio:High</td>
<td>26</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>16</td>
<td>20</td>
<td>26</td>
<td>45</td>
<td>23</td>
<td>24</td>
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<tr>
<td>P/E Ratio:Low</td>
<td>21</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>21</td>
<td>35</td>
<td>17</td>
<td>19</td>
</tr>
</tbody>
</table>

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

| Revenue                | 21,848   | 39,874   | 38,851   | 35,167   | 30,756   | 29,528   | 25,914   | 22,476   | 22,338   | 19,680   |
| Operating Income       | 4,441    | 11,595   | 11,119   | 8,954    | 8,698    | 8,316    | 7,378    | 6,419    | 5,738    | 5,187    |
| Depreciation           | 1,719    | 2,783    | 3,044    | 2,624    | 2,090    | 1,839    | 1,855    | 1,559    | 1,359    | 1,289    |
| Interest Expense       | 157      | 592      | 445      | 488      | 520      | 528      | 593      | 416      | 241      | 200      |
| Pretax Income          | 2,521    | 6,263    | 5,199    | 5,713    | 7,194    | 5,856    | 4,479    | 2,276    | 4,620    | 4,126    |
| Effective Tax Rate     | 5.47%    | 4.79%    | 9.04%    | 19.0%    | 20.1%    | 19.2%    | 19.3%    | 24.6%    | 27.0%    | 23.0%    |
| Net Income             | 2,383    | 5,963    | 4,729    | 4,626    | 5,746    | 4,734    | 3,606    | 1,717    | 3,372    | 3,176    |
| S&P Capital IQ Core Earnings | 2,413 | 6,122    | 5,985    | 4,739    | 5,595    | 4,473    | 3,609    | 1,787    | 3,158    | 2,972    |

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

| Cash                   | 8,098    | 15,174   | 8,097    | 5,451    | 9,332    | 5,080    | 2,821    | 521      | 2,894    | 1,226    |
| Current Assets         | 19,247   | 31,323   | 23,769   | 22,318   | 23,314   | 17,043   | 14,043   | 11,282   | 11,386   | 10,734   |
| Total Assets           | 42,953   | 67,235   | 60,277   | 59,462   | 59,462   | 58,462   | 52,417   | 42,419   | 39,714   | 36,178   |
| Current Liabilities    | 9,507    | 13,280   | 15,480   | 17,262   | 13,049   | 11,592   | 9,103    | 11,951   | 7,416    | 6,826    |
| Long Term Debt         | 3,380    | 18,085   | 12,040   | 12,580   | 11,494   | 8,713    | 7,910    | 4,572    | 4,788    | 4,788    |
| Common Equity          | 25,171   | 26,721   | 24,440   | 22,390   | 22,856   | 17,480   | 17,779   | 14,054   | 14,415   | 14,326   |
| Total Capital          | 28,664   | 45,207   | 37,593   | 37,169   | 34,594   | 26,183   | 27,266   | 21,064   | 19,570   | 19,334   |
| Capital Expenditures   | 1,145    | 1,795    | 1,492    | 1,015    | 1,089    | 1,288    | 1,656    | 1,338    | 1,207    | 1,292    |
| Cash Flow              | 4,102    | 8,746    | 7,772    | 7,250    | 7,835    | 6,573    | 5,461    | 3,276    | 4,731    | 4,465    |
| Current Ratio          | 2.0      | 2.4      | 1.5      | 1.3      | 1.8      | 1.5      | 1.5      | 0.9      | 1.5      | 1.6      |
| % Long Term Debt of Capitalization | 11.8 | 40.0     | Nil      | 33.8     | Nil      | 33.8     | 34.8     | 33.3     | 23.4     | 24.8     |
| % Net Income of Revenue | 10.9   | 15.0     | 12.2     | 13.2     | 18.7     | 16.0     | 13.9     | 7.6      | 15.1     | 16.1     |
| % Return on Assets     | 4.3      | 9.4      | NA       | 11.5     | 9.5      | 5.3      | 11.6     | 9.9      | 11.6     | 9.9      |
| % Return on Equity     | 9.1      | 23.1     | NA       | 26.9     | 22.7     | 12.1     | 23.5     | 22.3     | 22.3     | 22.3     |
Sub-Industry Outlook

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 and more irregularly than they did prior to the recent recession. We remain concerned about continued weak demand for elective medical procedures. In addition, growth in procedure rates has slowed in areas we normally view as non-elective, such as cardiac rhythm management, interventional cardiology and orthopedics. Recently, however, some equipment makers believe certain procedure rates may have stabilized or started to recover.

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 its impact as manageable. Many equipment makers have implemented cost reduction initiatives to help offset the levy.

We expect 2014 revenues to rise in constant currency at a mid- to upper 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, European austerity measures, lower demand in certain product categories and unfavorable foreign exchange to continue to affect reported growth. We also think U.S. hospitals have become more cautious regarding their capital budgets amid the shift in some procedures from inpatient to outpatient settings and the health care reform law.

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>Stk. Mkt. Cap. (Mil. $)</th>
<th>Recent 52 Week High/Low($)</th>
<th>Beta</th>
<th>Yield (%)</th>
<th>P/E Ratio</th>
<th>Fair Value Calc.($)</th>
<th>S&amp;P IQ Ranking</th>
<th>Return on Revenue (%)</th>
<th>LTD to Cap (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abbott Laboratories</td>
<td>ABT</td>
<td>60,093</td>
<td>40.05</td>
<td>40.49/32.70</td>
<td>0.28</td>
<td>2.2</td>
<td>26</td>
<td>46.90</td>
<td>A</td>
<td>99</td>
</tr>
<tr>
<td>CareFusion Corp</td>
<td>CFN</td>
<td>9,203</td>
<td>43.77</td>
<td>44.17/35.01</td>
<td>NA</td>
<td>Nil</td>
<td>24</td>
<td>50.50</td>
<td>NR</td>
<td>95</td>
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<tr>
<td>DexCom Inc</td>
<td>DXCM</td>
<td>2,314</td>
<td>36.72</td>
<td>49.83/19.83</td>
<td>0.40</td>
<td>Nil</td>
<td>NM</td>
<td>19.70</td>
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<tr>
<td>Edwards Lifesciences</td>
<td>EW</td>
<td>9,708</td>
<td>80.40</td>
<td>97.03/60.62</td>
<td>0.45</td>
<td>Nil</td>
<td>NM</td>
<td>29</td>
<td>B+</td>
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<td>Globus Medical</td>
<td>GMD</td>
<td>2,221</td>
<td>24.13</td>
<td>27.14/15.10</td>
<td>NA</td>
<td>Nil</td>
<td>33</td>
<td>NA</td>
<td>NR</td>
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<td>HeartWare International</td>
<td>HTWR</td>
<td>1,479</td>
<td>90.11</td>
<td>105.84/69.31</td>
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<td>NM</td>
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<td>Insulet Corp</td>
<td>PODD</td>
<td>1,743</td>
<td>36.84</td>
<td>51.31/28.73</td>
<td>0.98</td>
<td>Nil</td>
<td>NM</td>
<td>18.70</td>
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<td>63</td>
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<td>Masimo Corp</td>
<td>MASI</td>
<td>1,435</td>
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<td>32.20/21.08</td>
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<td>Nil</td>
<td>21</td>
<td>31.70</td>
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<td>Novadaq Technologies</td>
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<td>804</td>
<td>14.81</td>
<td>24.09/11.72</td>
<td>0.27</td>
<td>Nil</td>
<td>NM</td>
<td>NA</td>
<td>NA</td>
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<td>NxStage Medical</td>
<td>NXTM</td>
<td>765</td>
<td>14.06</td>
<td>15.00/8.77</td>
<td>0.61</td>
<td>Nil</td>
<td>NM</td>
<td>NA</td>
<td>NR</td>
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<td>Sirona Dental Sys</td>
<td>SIRO</td>
<td>4,336</td>
<td>77.52</td>
<td>77.55/62.48</td>
<td>1.42</td>
<td>Nil</td>
<td>27</td>
<td>81.10</td>
<td>NR</td>
<td>84</td>
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<td>Sunshine Heart</td>
<td>SSSH</td>
<td>10,271</td>
<td>5.00</td>
<td>13.80/4.74</td>
<td>NA</td>
<td>Nil</td>
<td>NM</td>
<td>NA</td>
<td>NR</td>
<td>55</td>
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<td>Teleflex Inc</td>
<td>TFX</td>
<td>4,411</td>
<td>107.75</td>
<td>109.73/73.83</td>
<td>0.76</td>
<td>1.3</td>
<td>30</td>
<td>94.70</td>
<td>B+</td>
<td>62</td>
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<td>Torcier NV</td>
<td>TRNX</td>
<td>1,045</td>
<td>22.40</td>
<td>22.45/15.17</td>
<td>1.37</td>
<td>Nil</td>
<td>NM</td>
<td>NA</td>
<td>NR</td>
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<td>Volcanor Corp</td>
<td>VOLL</td>
<td>918</td>
<td>18.00</td>
<td>24.62/16.54</td>
<td>0.04</td>
<td>Nil</td>
<td>NM</td>
<td>9.00</td>
<td>NR</td>
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</tbody>
</table>

*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Industry Performance

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

Based on S&P 1500 Indexes
Five-Year market price performance through June 7, 2014

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.

Year to date to January 24, 2014, the S&P Health Care Equipment sub-index declined 0.3%, following a 25.8% rise in 2013, as a whole. The S&P 1500 Composite Index fell 3.0% in the 2014 period, following its 30.1% rise in 2013. The gains in 2013 suggest to us that while the sub-industry has been benefiting from the market’s growth, investors had been less pleased with the health care equipment makers’ performance. However, the sub-industry’s narrower year-to-date decline suggests to us that they have so far been more pleased with the December-quarter performance (preliminary or actual) and/or 2014 earnings prospects of the equipment companies than they have been with most companies in the S&P 1500 Composite Index.

--Phillip M. Seligman

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

Past performance is not an indication of future performance and should not be relied upon as such.
**S&P Capital IQ Analyst Research Notes and other Company News**

**May 19, 2014**

06:27 am ET  ABBOTT LABORATORIES (ABT 39.06) UNCHANGED, CREDIT SUISSE UPGRADES ABBOTT LABORATORIES TO OUTPERFORM...Credit Suisse upgrades Abbott Laboratories (NYSE: ABT) from Neutral to Outperform. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

**May 19, 2014**

02:03 pm ET  ABBOTT LABORATORIES (ABT 39.42) UP 0.36, UPDATE: CREDIT SUISSE UPGRADES ABBOTT LABORATORIES FOLLOWING CFR ACQUISITION ANN...Credit Suisse on Monday upgraded Abbott Laboratories (NYSE: ABT) to Outperform from Neutral following the company’s announcement to acquire CFI Pharmaceuticals SA and raised the price target to $46 from $44. Credit Suisse analyst Bruce Nuddell says the acquisition, which has an estimated value of $3.3 billion, is expected to close in 2014 and add $900 million, or $0.07/share to 2015 sales/EPs with no material 2014 impact. Nuddell raised 2014 EPS estimates to $2.23 from $2.22. Nuddell stated the increased price target derives from raised estimates and a higher as...Acquire Media

**May 16, 2014**

11:53 am ET  S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF ABBOTT LABS (ABT 39.00**): ABT agrees to acquire Chile-based CFI Pharmaceuticals for $2.9B. The deal, subject to approvals, is expected to close by the end of Q3, and is expected to be neutral to '14 EPS and add $900M to ABT sales. CFI sells more than 1,000 products across 15 Latin American countries and will more than double ABT's presence in Latin America, where we see solid growth for branded generics. But we note we saw continued sluggish growth for the rest of ABT's established pharmaceuticals unit. ABT will initially buy a holding company that owns 73% of CFR and conduct a tender offer for the rest. /Jeffrey Loo, CFA

**May 13, 2014**

09:41 am ET  ABBOTT LABORATORIES (ABT 39.27) UNCHANGED, MORGAN STANLEY SEES ACCELERATION AS MORE LIKELY FOR ABBOTT LABORATORIES...In a report published Tuesday, Morgan Stanley analyst David R.Lewis reiterated an overweight rating and $45.00 price target on Abbott Laboratories (NYSE: ABT). In the report, Morgan Stanley noted, 'Abbott is a unique healthcare asset, with high exposure to emerging markets and consumer-directed businesses, driving the potential for sustainable double-digit earnings growth. Leverage opportunities are highly visible in both Nutritional and Diagnostics, where peer margins demonstrate the potential for improvement. 'Expectations are low for the established pharma...Acquire Media

**May 5, 2014**

09:57 am ET  ABBOTT LABORATORIES (ABT 38.435) DOWN 0.12, MORGAN STANLEY SPECULATES ON POTENTIAL ABBOTT LABORATORIES TRANSACTION...In a report published Monday, Morgan Stanley analyst David R.Lewis reiterated an overweight rating and $45.00 price target on Abbott Laboratories (NYSE: ABT). In the report, Morgan Stanley noted, 'Abbott is a unique healthcare asset, with high exposure to emerging markets and consumer-directed businesses, driving the potential for sustainable double-digit earnings growth. Leverage opportunities are highly visible in both Nutritional and Diagnostics, where peer margins demonstrate the potential for improvement. 'Expectations are low for the established pharma...Acquire Media

**April 16, 2014**

07:55 am ET  SNAPSHOT - CORPORATE EARNINGS - ABBOTT LABS (ABT 37.97**): ABT reports $1 EPS of $0.41 vs. the S&P Capital IQ estimate of $0.36 and $0.42 reported a year ago. The company confirmed its 2014 EPS range of $2.16 to $2.26, implying double-digit growth from the midpoint of the range. Q1 sales declined 2.5%, pressured by negative foreign exchange; international sales account for more than 70% of ABT revenues. Quarterly highlights included the launch of several new products, including one to treat blockages in the superficial femoral artery, loaded intraocular lenses, and several nutritional products. /Global Markets Intelligence

**April 16, 2014**

11:19 am ET  S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 39.13**): We keep our target price at $42 and '14 EPS est. at $2.20. Q1 adj. EPS of $0.41 vs. $0.42 is $0.05 above our forecast. Sales, with 3% adverse forex, fell 2.5%, slightly wider than we expected. But cost control and timing issues enabled ABT to report better-than-expected operating margins of 15.5%. Diagnostics and vision care performed well, but we still see sluggish growth in established pharmaceuticals, though ABT sees better sales in H2 '14. Pediatric nutrition remains hampered by supplier recall in China, but ABT believes its on-track to return to pre-recall level by Q3 '14. /Jeffrey Loo, CFA

**April 11, 2014**

01:33 pm ET  S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF BAXTER INTERNATIONAL (BAX 73.96****): We raise our target price to $7 to $84 but keep our '14 cash EPS at $5.15. BAX plans to split into 2 units, biopharmaceutical which has sales of $6B and medical products, which has sales of $9B. The split, subject to necessary approvals, is to be completed by mid-2015. This follows similar moves in the healthcare sector as others such as Abbott Labs (ABT 38***) split off their Pharma unit. But we think BAX's split will only generate moderate share price appreciation as medical product peers trade only modestly above pharma peers at 16-20X forward PE, while pharma trades at 13-16X. /Jeffrey Loo, CFA

**April 1, 2014**

01:33 pm ET  S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF BAXTER INTERNATIONAL (BAX 73.96****): We raise our target price to $7 to $84 but keep our '14 cash EPS at $5.15. BAX plans to split into 2 units, biopharmaceutical which has sales of $6B and medical products, which has sales of $9B. The split, subject to necessary approvals, is to be completed by mid-2015. This follows similar moves in the healthcare sector as others such as Abbott Labs (ABT 38***) split off their Pharma unit. But we think BAX's split will only generate moderate share price appreciation as medical product peers trade only modestly above pharma peers at 16-20X forward PE, while pharma trades at 13-16X. /Jeffrey Loo, CFA

**March 27, 2014**

01:33 pm ET  S&P CAPITAL IQ REITERATES BUY OPINION ON SHARES OF BAXTER INTERNATIONAL (BAX 73.96****): We raise our target price to $7 to $84 but keep our '14 cash EPS at $5.15. BAX plans to split into 2 units, biopharmaceutical which has sales of $6B and medical products, which has sales of $9B. The split, subject to necessary approvals, is to be completed by mid-2015. This follows similar moves in the healthcare sector as others such as Abbott Labs (ABT 38***) split off their Pharma unit. But we think BAX's split will only generate moderate share price appreciation as medical product peers trade only modestly above pharma peers at 16-20X forward PE, while pharma trades at 13-16X. /Jeffrey Loo, CFA
Of the total 26 companies following ABT, 26 analysts currently publish recommendations.

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>No. of Recommendations</th>
<th>% of Total</th>
<th>1 Mo. Prior</th>
<th>3 Mos. Prior</th>
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<tr>
<td>Buy</td>
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<td>8</td>
<td>9</td>
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Wall Street Consensus Estimates

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<tr>
<th>Fiscal Years</th>
<th>Avg Est.</th>
<th>High Est.</th>
<th>Low Est.</th>
<th># of Est.</th>
<th>Est. P/E</th>
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<td>2015</td>
<td>2.47</td>
<td>2.80</td>
<td>2.13</td>
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<td>2014</td>
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<td>2.29</td>
<td>1.90</td>
<td>25</td>
<td>18.2</td>
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<tr>
<td>2015 vs. 2014</td>
<td>▲12%</td>
<td>▲22%</td>
<td>▲12%</td>
<td>▼-4%</td>
<td>▼-11%</td>
</tr>
<tr>
<td>Q2'15</td>
<td>0.57</td>
<td>0.61</td>
<td>0.54</td>
<td>19</td>
<td>70.3</td>
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<tr>
<td>Q2'14</td>
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<td>19</td>
<td>78.5</td>
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<tr>
<td>Q2'15 vs. Q2'14</td>
<td>▲12%</td>
<td>▲17%</td>
<td>▲15%</td>
<td>0%</td>
<td>▼-10%</td>
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</table>

A company’s earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

For fiscal year 2014, analysts estimate that ABT will earn US$ 2.20. For the 1st quarter of fiscal year 2014, ABT announced earnings per share of US$ 0.24, representing 11% of the total annual estimate. For fiscal year 2015, analysts estimate that ABT’s earnings per share will grow by 12% to US$ 2.47.
Glossary

S&P Capital IQ STARS
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- A+ Highest
- A High
- A- Above Average
- B+ Average
- B Lower
- C Lowest
- D In Reorganization
- NR Not Ranked

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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 grants, 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 Capital IQ 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 Capital IQ Fair Value.

S&P Capital IQ Equity Research

Abbreviations Used in S&P Capital IQ Equity Research Reports
CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model

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

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Reflects an S&P Capital IQ 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 S&P Capital IQ 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. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:
★★★★★ 5-STARS (Strong 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.
★★★★ 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-STAR (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.

Stock Report | June 7, 2014 | NYS Symbol: ABT
Abbott Laboratories
Required Disclosures

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**STARS Stock Reports:**
S&P Capital IQ Global STARS Distribution as of March 31, 2014

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<th>North America</th>
<th>Europe</th>
<th>Asia</th>
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<td>35.6%</td>
<td>41.9%</td>
<td>36.2%</td>
</tr>
<tr>
<td>Hold</td>
<td>52.3%</td>
<td>43.3%</td>
<td>54.3%</td>
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</tr>
<tr>
<td>Sell</td>
<td>12.3%</td>
<td>20.9%</td>
<td>3.8%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
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