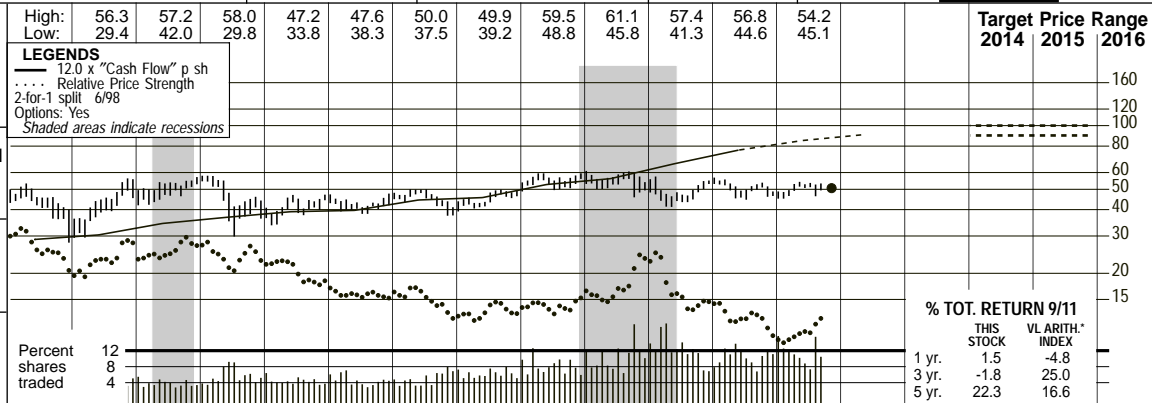


# ABBOTT LABS. NYSE-ABT

RECENT PRICE **50.50** P/E RATIO **10.6** (Trailing: 11.5; Median: 18.0) RELATIVE P/E RATIO **0.82** DIV'D YLD **3.8%** VALUE LINE

**TIMELINESS** 2 Raised 4/29/11  
**SAFETY** 1 Raised 9/11/08  
**TECHNICAL** 2 Lowered 9/16/11  
**BETA** .60 (1.00 = Market)



**2014-16 PROJECTIONS**

Price	100	Gain	(+100%)	Ann'l Total Return	21%
High	100	Low	(+80%)		18%

**Insider Decisions**

	N	D	J	F	M	A	M	J	J
to Buy	0	1	0	0	0	0	0	0	0
to Sell	2	1	1	4	1	2	0	0	0
Options to Sell	3	1	2	15	1	4	2	1	1

**Institutional Decisions**

	4Q2010	1Q2011	2Q2011
to Buy	701	708	659
to Sell	596	605	607
Hlds(000)	1001242	989533	990793

**Percent shares traded**

12	8	4
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**% TOT. RETURN 9/11**

	THIS STOCK	VLARITH. INDEX
1 yr.	1.5	-4.8
3 yr.	-1.8	25.0
5 yr.	22.3	16.6

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
6.36	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	<b>24.85</b>	<b>25.95</b>	Sales per sh	<b>29.85</b>
1.43	1.66	1.85	2.03	2.23	2.34	2.65	2.83	3.01	3.05	3.42	3.51	4.05	5.09	5.09	5.90	<b>6.55</b>	<b>7.00</b>	"Cash Flow" per sh	<b>7.85</b>
1.06	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	<b>4.67</b>	<b>5.00</b>	Earnings per sh <sup>A</sup>	<b>6.00</b>
.42	.48	.54	.60	.66	.74	.82	.94	.98	1.04	1.10	1.18	1.30	1.44	1.60	1.76	<b>1.88</b>	<b>2.00</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>2.20</b>
.60	.61	.66	.65	.64	.67	.75	.83	.79	.82	.78	.87	1.07	.85	.70	.66	<b>.85</b>	<b>.75</b>	Cap'l Spending per sh	<b>.90</b>
2.79	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	<b>17.05</b>	<b>18.40</b>	Book Value per sh <sup>C</sup>	<b>20.50</b>
1574.6	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	<b>1555.0</b>	<b>1550.0</b>	Common Shs Outst'g <sup>D</sup>	<b>1535.0</b>
18.1	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	<b>10.5</b>	<b>10.5</b>	Avg Ann'l P/E Ratio	<b>15.0</b>
1.21	1.17	1.33	1.41	1.50	1.53	1.36	1.22	1.07	.99	.96	.97	1.02	1.10	.87	.79	<b>1.0</b>	<b>1.0</b>	Relative P/E Ratio	<b>1.00</b>
2.2%	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%	<b>3.8%</b>	<b>3.8%</b>	Avg Ann'l Div'd Yield	<b>2.3%</b>

**CAPITAL STRUCTURE as of 6/30/11**

Total Debt \$18.2 bill. Due in 5 Yrs \$6.5 bill.  
 LT Debt \$12.6 bill. LT Interest \$0.5 bill.  
 (39% of Capital)

**Pension Assets-12/10** \$7.5 bill. **Oblig.** \$8.6 bill.

**Preferred Stock** None

**Common Stock** 1,556,576,533 shares

**MARKET CAP: \$79 billion (Large Cap)**

16285	17685	19681	19680	22338	22476	25914	29528	30765	35167	<b>38600</b>	<b>40250</b>	Sales (\$mill)	<b>45800</b>
27.0%	28.9%	27.0%	28.2%	27.6%	28.2%	26.2%	25.5%	28.8%	30.3%	<b>30.9%</b>	<b>31.5%</b>	Operating Margin	<b>31.0%</b>
1168.0	1177.3	1274.0	1288.7	1358.9	1558.8	1854.9	1838.8	2089.3	2624.3	<b>2900</b>	<b>3050</b>	Depreciation (\$mill)	<b>2850</b>
2944.1	3242.4	3479.2	3522.8	3908.5	3841.8	4429.3	4734.2	5805.2	6501.1	<b>7300</b>	<b>7800</b>	Net Profit (\$mill)	<b>9200</b>
8.4%	24.5%	22.0%	21.4%	24.3%	23.5%	19.3%	19.2%	17.0%	15.0%	<b>15.5%</b>	<b>15.0%</b>	Income Tax Rate	<b>17.0%</b>
18.1%	18.3%	17.7%	17.9%	17.5%	17.1%	17.1%	16.0%	18.9%	18.5%	<b>18.9%</b>	<b>19.4%</b>	Net Profit Margin	<b>20.0%</b>
492.4	2119.6	2650.9	3908.9	3970.5	6669.3	4939.4	5450.7	10264	5055.1	<b>7200</b>	<b>7750</b>	Working Cap'l (\$mill)	<b>10300</b>
4335.5	4274.0	3452.3	4787.9	4571.5	7009.7	9487.8	8713.3	11266	12524	<b>12800</b>	<b>10800</b>	Long-Term Debt (\$mill)	<b>9000</b>
9059.4	10665	13072	14326	14415	14054	17779	17480	22856	22388	<b>26550</b>	<b>28500</b>	Shr. Equity (\$mill)	<b>31500</b>
22.8%	22.3%	21.5%	18.8%	21.0%	18.8%	17.0%	18.8%	17.5%	19.1%	<b>19.0%</b>	<b>20.0%</b>	Return on Total Cap'l	<b>23.0%</b>
32.5%	30.4%	26.6%	24.6%	27.1%	27.3%	24.9%	27.1%	25.4%	29.0%	<b>27.5%</b>	<b>27.5%</b>	Return on Shr. Equity	<b>29.0%</b>
18.5%	17.0%	15.0%	13.4%	15.4%	14.7%	13.9%	14.6%	14.8%	17.1%	<b>16.5%</b>	<b>16.5%</b>	Retained to Com Eq	<b>18.0%</b>
43%	44%	44%	45%	43%	46%	44%	46%	42%	41%	<b>40%</b>	<b>39%</b>	All Div'ds to Net Prof	<b>37%</b>

**CURRENT POSITION**

(\$MILL.)	2009	2010	6/30/11
Cash Assets	8809.3	3648.4	4077.0
Receivables	6541.9	7184.0	7038.1
Inventory (FIFO)	3264.9	3188.7	3475.0
Other	4697.8	8296.4	9542.1
Current Assets	23313.9	22317.5	24132.2
Accs Payable	1280.5	1535.8	1448.6
Debt Due	5189.6	6394.8	5591.3
Other	6579.4	9331.8	8800.0
Current Liab.	13049.5	17262.4	15839.9

**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.; Nutri-

tional 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. of change (per sh)	Past 5 Yrs.	Est'd '08-'10 to '14-'16
Sales	9.0%	7.5%
"Cash Flow"	9.0%	8.5%
Earnings	8.0%	10.0%
Dividends	9.0%	9.0%
Book Value	11.0%	12.5%

**Abbott Laboratories is on track for another year of double-digit earnings growth in 2011.** Second-quarter share net improved 11%, to \$1.12, which matched our expectation. The top line advanced 9%, though constant-currency growth was only 4.4%. The softer organic growth was attributable to lower contributions from a few segments, particularly the Established Pharmaceuticals division. Importantly, *Humira* demand remained robust with sales climbing 19% in the U.S. and 31% (19% excluding currency effects) internationally. Meanwhile, emerging market performance remains strong.

products that offer the benefit of oral administration. However, it should still have the market to itself for a few years, and ought to remain a significant contributor to earnings at least through the 2014-2016 period. Meanwhile, ABT has time to allow its segment and geographic diversification strategy to play out. The company has invested heavily to expand its presence in higher-growth emerging markets, like India. Emerging market sales climbed 23% in the recent period, to \$2.6 billion (27% of total sales). The region represents a substantial avenue of growth, and accounted for 58% of the Established Pharmaceuticals segment and 42% of Nutritionals in the recent quarter. Notably, emerging market nutritionals sales should exceed \$2 billion this year, and are projected to double over the next five years.

**QUARTERLY SALES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	6765	7314	7498	7951	29528
2009	6718	7496	7761	8790	30765
2010	7698	8826	8675	9968	35167
2011	9041	9616	<b>9580</b>	<b>10363</b>	<b>38600</b>
2012	<b>9450</b>	<b>9850</b>	<b>9800</b>	<b>11150</b>	<b>40250</b>

**We have raised our 2011 share-net estimate by \$0.05, to \$4.67.** Our revised estimate is in the upper end of management's updated guidance range of \$4.58-\$4.68. The top-line outlook is a little more favorable, with a higher projected contribution from *Humira* and a boost from currency translation.

**These shares maintain an Above-Average (2) Timeliness rank.** ABT's valuation remains attractive at a P/E ratio of 10.6, and the shares have decent appreciation potential. Moreover, investors should find the solid dividend yield and top rank for Price Stability appealing.

**QUARTERLY DIVIDENDS PAID <sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2007	.295	.325	.325	.325	1.27
2008	.325	.36	.36	.36	1.41
2009	.36	.40	.40	.40	1.56
2010	.40	.44	.44	.44	1.72
2011	.44	.48			

**The long-term outlook remains solid.** Investor concerns regarding the potential impact of competition on *Humira* sales appear to be overblown. *Humira* will likely eventually have to deal with competing

able. (C) Includes intangibles. In '10: \$28.1 billion, \$18.15 a share. (D) In millions.

**To subscribe call 1-800-833-0046.**

**Company's Financial Strength** A++  
**Stock's Price Stability** 100  
**Price Growth Persistence** 40  
**Earnings Predictability** 100

Joel Schwed  
 October 14, 2011