

Abbott Laboratories

S&P Recommendation **BUY** ★★★★★

Price
\$46.94 (as of May 21, 2010)

12-Mo. Target Price
\$62.00

Investment Style
Large-Cap Growth

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

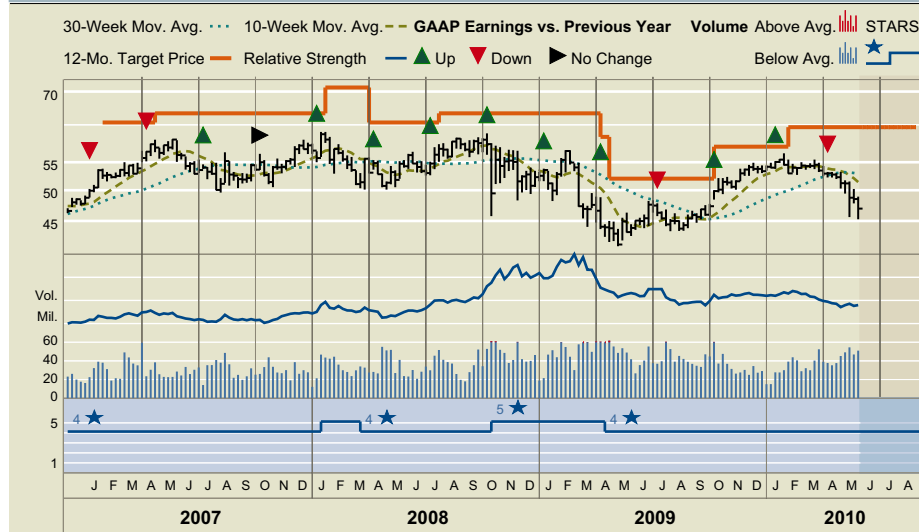
GICS Sector Health Care
Sub-Industry Pharmaceuticals

Summary This diversified life science company is a leading maker of drugs, nutritional products, diabetes monitoring devices, and diagnostics.

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

52-Wk Range	\$56.79–43.45	S&P Oper. EPS 2010E	4.18	Market Capitalization(B)	\$72.455	Beta	0.18
Trailing 12-Month EPS	\$3.41	S&P Oper. EPS 2011E	4.65	Yield (%)	3.75	S&P 3-Yr. Proj. EPS CAGR(%)	10
Trailing 12-Month P/E	13.8	P/E on S&P Oper. EPS 2010E	11.2	Dividend Rate/Share	\$1.76	S&P Credit Rating	AA
\$10K Invested 5 Yrs Ago	\$11,011	Common Shares Outstg. (M)	1,543.6	Institutional Ownership (%)	68		

Price Performance



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 both the medical device and pharmaceutical areas. We see the company as financially sound and having a strong balance sheet.

Quantitative Evaluations

S&P Quality Ranking **A**

D **C** **B-** **B** **B+** **A-** **A** **A+**

Relative Strength Rank **MODERATE**

35
LOWEST = 1 HIGHEST = 99

Analysis prepared by **Herman B. Saftlas** on May 10, 2010, when the stock traded at \$49.38.

Highlights

- ▶ We project that revenues will exceed \$35 billion in 2010, up from 2009's \$30.8 billion, lifted by an estimated contribution of about \$2.9 billion from Solvay Group (acquired in mid-February 2010). We also forecast growth in established Abbott franchises such as Humira, which continues to grow faster than the overall self-injectable anti-TNF market. The Xience drug-eluting coronary stent should also continue to bolster vascular sales, while new products should support growth in nutritional and diagnostic products.
- ▶ We expect gross margins to expand modestly from 2009's 57.1%, helped by manufacturing efficiencies. But the SG&A and R&D ratios will probably increase somewhat, reflecting new product-related costs. The new U.S. health care reform law is expected to reduce EPS by \$0.11 in 2010, which we think should be largely offset by EPS accretion of about \$0.10 from the Solvay acquisition.
- ▶ After a projected adjusted tax rate comparable to 2009's 16.8%, we forecast operating EPS of \$4.18 for 2010. Lifted by new products, we see EPS rising to \$4.65 in 2011.

Investment Rationale/Risk

- ▶ We believe Abbott's success with its targeted acquisition strategy should be a key driver for the above-average growth we forecast for ABT over the coming years. In mid-February 2010, ABT completed the \$6.2 billion acquisition of the pharmaceuticals division unit of Belgium-based Solvay SA. We view this deal positively, as it gives ABT full rights to cholesterol drugs Tricor and Trilipix, and allows it to expand in vaccines and emerging foreign markets. The deal should also diversify ABT away from its reliance on Humira. We expect this acquisition to boost EPS by \$0.10 in 2010 and \$0.20 in 2011.
- ▶ Risks to our recommendation and target price include failure to integrate the Solvay acquisition, greater than expected competitive pressures in key markets, and possible pipeline setbacks.
- ▶ Our 12-month target price of \$62 applies a premium-to-peers 14.8X multiple to our 2010 EPS estimate. We think this valuation is warranted in light of ABT's rapidly growing franchises in diversified health care markets. Our DCF model, which assumes a WACC of about 8.3% and terminal growth of 2%, also implies intrinsic value of \$62.

Revenue/Earnings Data

Revenue (Million \$)

	1Q	2Q	3Q	4Q	Year
2010	7,698	--	--	--	--
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
2006	5,183	5,501	5,574	6,218	22,476
2005	5,383	5,524	5,384	6,047	22,338

Earnings Per Share (\$)

	1Q	2Q	3Q	4Q	Year
2010	0.64	E1.02	E1.05	E1.30	E4.18
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
2006	0.56	0.40	0.46	-0.31	1.12
2005	0.53	0.56	0.44	0.63	2.16

Fiscal year ended Dec. 31. Next earnings report expected: Mid 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
0.400	06/12	07/13	07/15	08/15/09
0.400	09/17	10/13	10/15	11/15/09
0.400	12/11	01/13	01/15	02/15/10
0.440	02/19	04/13	04/15	05/15/10

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

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Abbott Laboratories**Business Summary** May 10, 2010

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 2009, pharmaceuticals accounted for 53% of operating revenues, while nutritionals represented 17%, diagnostics contributed 12%, and vascular represented 9%. Sales of other products represented 9% of 2009 sales. Foreign sales accounted for 54% of total sales in 2009.

ABT's Pharmaceutical Products Group markets a wide array of human therapeutics. Major products include: Humira to treat rheumatoid arthritis and psoriatic arthritis (\$5.5 billion in 2009 sales); Kaletra, an anti-HIV medication (\$1.4 billion); TriCor/Trilipix, cholesterol treatments (\$1.3 billion); Niaspan, a niacin-based cholesterol treatment (\$855 million); and Lupron, a treatment for prostate cancer (\$800 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 was launched in July 2008 and is presently the leading product in the domestic DES market. Boston Scientific markets the Xience stent manufactured by Abbott under the Promus name, pursuant to an agreement with ABT.

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. Pipeline compounds under development include ABT-263 and ABT-869, oncology agents being developed with Genentech; ABT-874, a treatment for psoriasis; and a number of other compounds for cancer, neurological and pain ailments, infectious diseases and other conditions. R&D expenses totaled \$2.7 billion in 2009, equal to 8.9% of net sales.

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) of at least 10% through 2012. Our EPS growth assumptions include expected margin improvement, lower debt levels, and continued strength in sales of Humira and Xience. Abbott generated over \$7 billion in operating cash flow in 2009. In June 2009, a federal jury ruled that Humira infringed patents held by Johnson & Johnson (JNJ 63, Buy) and called for \$1.67 billion in damages. ABT is appealing the court ruling. In April 2010, ABT reduced its 2010 operating EPS guidance to \$4.13-\$4.18, from \$4.20-\$4.25, reflecting the impact of new U.S. health care reform legislation.

Corporate Information**Investor Contact**

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M.D. White

Chief Acctg Officer & Cntrl

G.W. Linder

EVP & CFO

T.C. Freyman

Treas

R.E. Funck

EVP, Secy & General Counsel

L.J. Schumacher

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H. L. Fuller

A. J. Higgins

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D. A. Owen

R. S. Roberts

S. C. Scott, III

W. D. Smithburg

G. F. Tilton

M. D. White

Domicile

Illinois

Founded

1888

Employees

73,000

Stockholders

67,461

Abbott Laboratories

Quantitative Evaluations

S&P Fair Value Rank	5	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	\$53.00	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that ABT is slightly undervalued by \$6.06 or 12.9%.
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Investability Quotient Percentile	96
LOWEST = 1 HIGHEST = 100	
ABT scored higher than 96% of all companies for which an S&P Report is available.	

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation	BEARISH	Since March, 2010, the technical indicators for ABT have been BEARISH.
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Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2009	2008	2007	2006
Price/Sales	2.73	2.82	3.38	3.33
Price/EBITDA	9.65	10.02	11.87	11.66
Price/Pretax Income	11.67	14.22	19.56	32.88
P/E Ratio	14.61	17.59	24.29	43.60
Avg. Diluted Shares Outstg (M)	1,555.1	1,560.8	1,560.1	1,536.7

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	4.19	11.32	9.62	8.76
Net Income	21.37	47.64	14.45	9.02

Ratio Analysis (Annual Avg.)

	2009	2008	2007	2006
Net Margin (%)	18.68	16.21	14.27	14.09
% LT Debt to Capitalization	33.20	33.75	31.58	29.39
Return on Equity (%)	NA	NA	21.28	22.18

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Tangible Book Value	2.17	1.51	1.24	NM	2.89	2.22	2.90	1.93	1.14	4.54
Cash Flow	5.04	4.21	3.50	2.13	3.02	2.84	2.56	2.52	1.74	2.31
Earnings	3.69	3.03	2.31	1.12	2.16	2.02	1.75	1.78	0.99	1.78
S&P Core Earnings	3.61	2.86	2.31	1.16	2.01	1.90	1.95	1.62	0.77	NA
Dividends	1.56	1.41	1.27	1.16	1.09	1.03	0.97	0.92	0.82	0.74
Payout Ratio	42%	46%	55%	104%	50%	51%	55%	51%	83%	42%
Prices:High	57.39	61.09	59.50	49.87	50.00	47.63	47.15	58.00	57.17	56.25
Prices:Low	41.27	45.75	48.75	39.18	37.50	38.26	33.75	29.80	42.00	29.38
P/E Ratio:High	16	20	26	45	23	24	27	33	58	32
P/E Ratio:Low	11	15	21	35	17	19	19	17	42	16

Income Statement Analysis (Million \$)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenue	30,765	29,528	25,914	22,476	22,338	19,680	19,681	17,685	16,285	13,746
Operating Income	8,698	8,316	7,378	6,419	5,738	5,187	4,597	4,815	3,062	4,228
Depreciation	2,090	1,839	1,855	1,559	1,359	1,289	1,274	1,177	1,168	827
Interest Expense	520	528	593	416	241	200	146	239	307	114
Pretax Income	7,194	5,856	4,479	2,276	4,620	4,126	3,734	3,673	1,883	3,816
Effective Tax Rate	20.1%	19.2%	19.3%	24.6%	27.0%	23.0%	26.3%	23.9%	17.7%	27.0%
Net Income	5,746	4,734	3,606	1,717	3,372	3,176	2,753	2,794	1,550	2,786
S&P Core Earnings	5,599	4,473	3,609	1,787	3,158	2,972	2,971	2,561	1,233	NA

Balance Sheet & Other Financial Data (Million \$)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Cash	9,932	5,080	2,821	521	2,894	1,226	995	704	657	914
Current Assets	23,314	17,043	14,043	11,282	11,386	10,734	10,290	9,122	8,419	7,376
Total Assets	52,417	42,419	39,714	36,178	29,141	28,767	26,715	24,259	23,296	15,283
Current Liabilities	13,049	11,592	9,103	11,951	7,416	6,826	7,640	7,002	7,927	4,298
Long Term Debt	11,484	8,713	9,488	7,010	4,572	4,788	3,452	4,274	4,335	1,076
Common Equity	22,856	17,480	17,779	14,054	14,415	14,326	13,072	10,665	9,059	8,571
Total Capital	34,594	26,193	27,266	21,064	19,570	19,334	16,525	14,939	13,395	9,647
Capital Expenditures	1,089	1,288	1,656	1,338	1,207	1,292	1,247	1,296	1,164	1,036
Cash Flow	7,835	6,573	5,461	3,276	4,731	4,465	4,027	3,971	2,718	3,613
Current Ratio	1.8	1.5	1.5	0.9	1.5	1.6	1.3	1.3	1.1	1.7
% Long Term Debt of Capitalization	Nil	33.3	34.8	33.3	23.4	24.8	20.9	28.6	32.4	11.2
% Net Income of Revenue	18.7	16.0	13.9	7.6	15.1	16.1	14.0	15.8	9.5	20.3
% Return on Assets	NA	11.5	9.5	5.3	11.6	11.6	10.8	11.7	8.0	18.7
% Return on Equity	NA	26.9	22.7	12.1	23.5	23.2	23.2	28.3	17.6	34.8

Data as orig reprinted; 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 positive. We see improving sales and earnings trends in 2010, helped by firmer pricing, new products and cost containment efforts. We expect recently enacted health care reform legislation to negatively affect industry profitability over the next few years. However, we see eventual benefits accruing from significant expansion of the market, with new coverage being provided to 32 million currently uninsured Americans, more than offsetting the negatives. We favor the shares of firms with well defined growth prospects and generous dividend yields, as we believe they should outperform over the coming quarters.

The branded drug sector still faces a major patent cliff in 2011-2013, with impending patent expirations on mega blockbusters such as Lipitor, Plavix and Zyprexa. However, we believe its impact on most players should be cushioned by significant cost restructuring measures, merger synergies and new product launches.

Long-term industry fundamentals, in our opinion, continue to be bright. 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 2010 to be comparable to the 2009 level.

Year to date through April 23, the S&P Pharmaceuticals Index was down 2.2%, versus a 10.1% rise 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

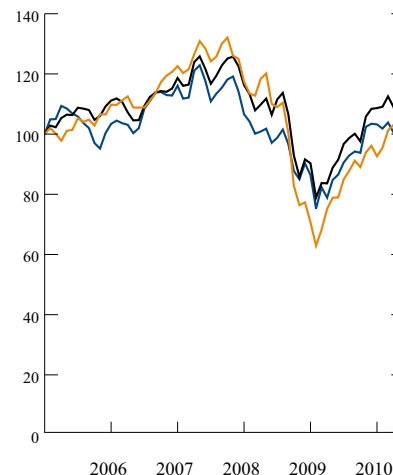
few years, providing significant opportunities for this group. We also look for generics to benefit from the new health care reform plan. We favor companies with rich generic pipelines, especially those with first-to-file generics with the potential for 180 days of marketing exclusivity, and competence 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 04/30/10



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	72,455	46.94	56.79/43.45	0.18	3.7	14	53.00	A	96	18.7	NA
Bristol-Myers Squibb	BMJ	39,484	22.96	27.07/19.12	0.71	5.6	4	23.30	B+	98	17.2	NA
Johnson & Johnson	JNJ	167,911	60.88	66.20/53.86	0.56	3.5	13	63.70	A+	100	19.8	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 21, 2010**

ABT announces definitive agreement with Piramal Healthcare Limited to acquire full ownership of Piramal's Healthcare Solutions business (Domestic Formulations) for an up-front payment of \$2.12B, plus \$400M annually for next four years, giving co. No. 1 position in the Indian pharmaceutical market. Says transaction will not impact ABT's ongoing EPS guidance in 2010.

May 21, 2010

11:07 am ET ... S&P MAINTAINS BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 46.21****): ABT agrees to acquire India-based generic drug manufacturer Piramal Healthcare Solutions for \$3.7B, consisting of \$2.12B in cash at close and \$400M annually over the next 4 years, subject to approvals. Although we believe this deal will propel ABT to the leading drug firm in the fast growing Indian market with an estimated 7% market share, we believe ABT is paying a big premium at 7.4X forward sales. This planned deal also follows its recent \$6.2B acquisition of Belgium-based Solvay SA in February and we see potential for integration issues. Our 12-mo. target price stays \$62. /Herman Saftla, J.Loo-CFA

April 30, 2010

The shareholders of Abbott Laboratories elected Robert J. Alpern, M.D., Roxanne S. Austin, William M. Daley, W. James Farrell, H. Laurance Fuller, William A. Osborn, The Rt. Hon. Lord Owen CH FRCP, Roy S. Roberts, Samuel C. Scott III, William D. Smithburg, Glenn F. Tilton, Miles D. White its entire Board of Directors.

April 26, 2010

Abbott Laboratories announced at its AGM held on April 23, 2010, Abbott's 12 incumbent directors were elected to the board of directors: Robert J. Alpern, M.D., Ensign professor of medicine, professor of internal medicine, and dean of Yale School of Medicine. Roxanne S. Austin, president and chief executive officer, Move Networks Inc. and president, Austin Investment Advisors. William M. Daley, vice chairman and head of the office of corporate responsibility and chairman of the Midwest, JPMorgan Chase & Co. W. James Farrell, retired chairman and chief executive officer, Illinois Tool Works Inc. H. Laurance Fuller, retired co-chairman of the board, BP Amoco, p.l.c. William A. Osborn, retired chairman and chief executive officer, Northern Trust Corporation and The Northern Trust Company. The Rt. Hon. Lord Owen CH FRCP, chairman of Europe Steel Ltd. Roy S. Roberts, managing director, Reliant Equity Investors. Samuel C. Scott III, retired chairman, president and chief executive officer, Corn Products International Inc. William D. Smithburg, retired chairman, president and chief executive officer, The Quaker Oats Company. Glenn F. Tilton, chairman, president and chief executive officer, UAL Corporation and United Air Lines Inc., a wholly owned subsidiary of UAL Corporation. Miles D. White, chairman of the board and chief executive officer, Abbott. and W. Ann Reynolds retired from the board of directors after 30 years of service. The company is optimistic about the fundamental performance of business with double-digit ongoing earnings per share growth expected again in 2010.

April 21, 2010

10:44 am ET ... RETRANSMIT - S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 52.0****): Q1 operating EPS rose 11% to \$0.81, \$0.02 above our view, lifted by a 4.4% FX tailwind, and a sales increase of 14.6% on Humira (up 36%), Tricor/Trilipix (up 15%), and foreign vascular (up 33%). We see 12% EPS growth in '10, fueled by strength in Humira and Xience, accretion from recently acquired Solvay, and improving margins. Given ABT's diversified global sales base, we expect health care reform to reduce sales by less than 1% in '10. We reiterate our target price of \$62, applying a peer large capitalization diversified healthcare stock P/E of 14.8X to our '10 estimate. /H.Saftlas

April 21, 2010

10:42 am ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 52.0**): Q1 operating EPS rose 11% to \$0.81, \$0.02 above our view, lifted by a 4.4% FX tailwind, and a sales increase of 14.6% on Humira (up 36%), Tricor/Trilipix (up 15%), and foreign vascular (up 33%). We see 12% EPS growth in '10, fueled by strength in Humira and Xience, accretion from recently acquired Solvay, and improving margins. Given ABT's diversified global sales base, we expect health care reform to reduce sales by less than 1% in '10. We reiterate our target price of \$62, applying a peer large capitalization diversified healthcare stock P/E of 14.8X to our '10 estimate. /H.Saftlas

March 10, 2010

10:39 am ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 55.29****): ABT is acquiring Facet Biotech (FACT 27, NR) for a net cost of \$450M. We see this as another strategic move by ABT to enhance its biologics position in immunology and oncology. We think FACT's key R&D compound is daclizumab, a promising MS drug that is being partnered with Biogen Idec (BIIB 59***). We expect daclizumab to enter Phase III trials in Q2. FACT also brings several novel oncology compounds. We reiterate our target price of \$62, applying a peer large capitalization diversified healthcare stock P/E of 14.9X to our \$4.15 EPS estimate for '10. /H. Saftlas

January 27, 2010

10:37 am ET ... S&P REITERATES BUY OPINION ON SHARES OF ABBOTT LABORATORIES (ABT 54.0****): Q4 non-GAAP EPS rose 11.3% to \$1.18, \$0.02 above our forecast. Top line growth of 10.6% (with only 2.4% from positive FX) reflected strength in nutritional, diagnostic, and vascular products. We see further robust double-digit sales and EPS growth in '10, helped by strong gains in sales of Humira and Xience, and better gross margins. We expect the acquisition of Solvay to be completed in February, and will add \$0.10 to EPS. We are raising our target price by \$4 to \$62, applying a peer 14.5X P/E to our \$4.25 EPS estimate for '10 (increased by \$0.10 from our previous forecast). /H.Saftlas

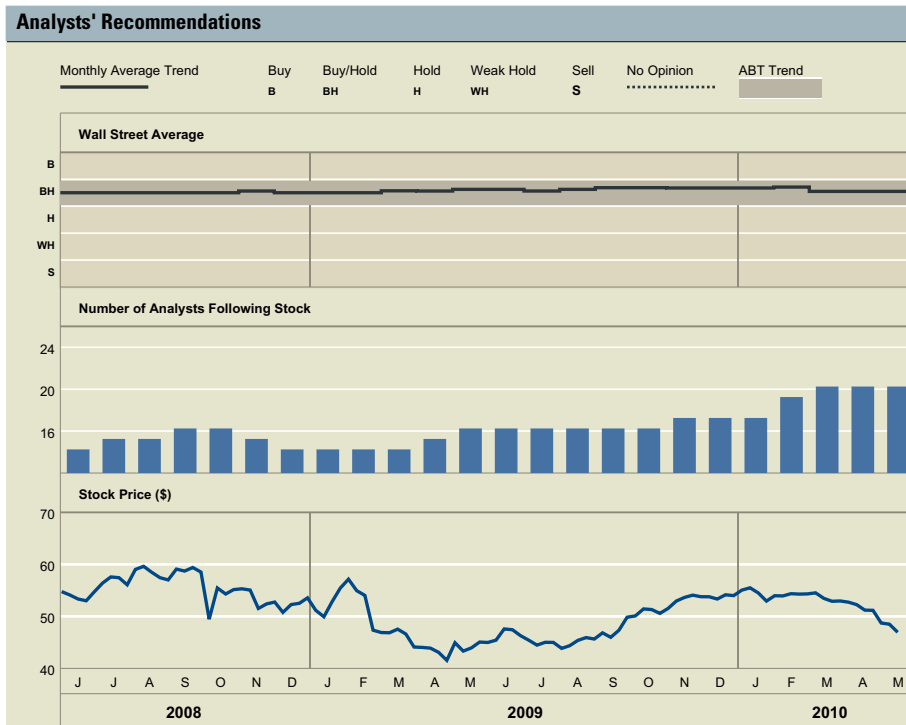
January 8, 2010

03:32 pm ET ... S&P MAINTAINS BUY OPINION ON SHARES OF BOSTON SCIENTIFIC (BSX 9.02****): An article in medical journal The Lancet, reviewing data from the COMPARE trial of 9/2009, noted Abbott Laboratories (ABT 55****) XIENCE stent was superior to BSX's Taxus Liberte, adding that palitaxel-eluting stents like Taxus should no longer be used. Though we see Taxus losing some share, we look for BSX to try to convert accounts to BSX's new PROMUS stent. While we trim our '09 and '10 EPS estimates by \$0.04 to \$0.51 and \$0.62 respectively, we continue to expect new CEO Ray Elliott to lay out plans to improve product flow and drive margins, and we keep our \$12 target price. /J.Englander-CFA

November 16, 2009

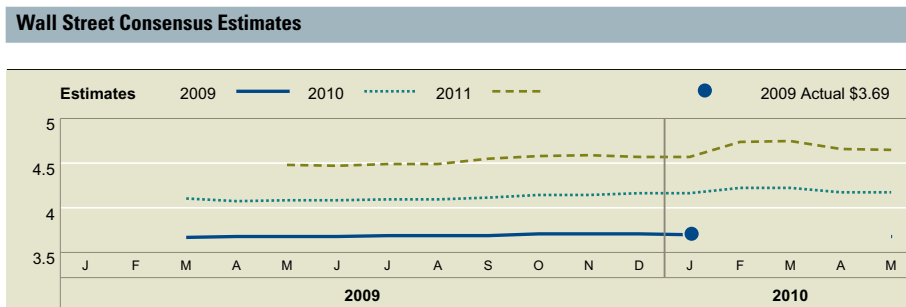
ABT says results from ARBITER 6 - HALTS study shows patients at high cardiovascular risk had "significant" regression of atherosclerosis after 8, 14 mos of therapy with ABT's Niaspan plus statin, the study's primary endpoint. A secondary endpoint, treatment with Niaspan plus statin also resulted in "significantly" fewer major adverse cardiac events vs. ezetimibe (MRK's Zetia) plus a statin. MRK says ABT study doesn't have "rigor or size to provide meaningful insight" into effect of either drug.

Abbott Laboratories



Of the total 22 companies following ABT, 20 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	7	35	7	7
Buy/Hold	9	45	9	9
Hold	3	15	3	3
Weak Hold	0	0	0	0
Sell	1	5	1	0
No Opinion	0	0	0	0
Total	20	100	20	19



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2011	4.66	4.81	4.50	18	10.1
2010	4.18	4.25	4.10	20	11.2
2011 vs. 2010	▲ 11%	▲ 13%	▲ 10%	▼ -10%	▼ -10%
Q2'11	1.12	1.13	1.11	17	41.9
Q2'10	1.00	1.03	0.99	17	46.9
Q2'11 vs. Q2'10	▲ 12%	▲ 10%	▲ 12%	0%	▼ -11%

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

- Argus Research Corp.
- Atlantic Equities
- Barclays Capital
- Cowen & Co.
- Credit Suisse First Boston
- Crowell Weedon & Co.
- Davenport & Co Of Virginia
- First Global Stockbroking Ltd.
- Goldman Sachs & Co.
- JJB Hilliard WL Lyons
- JP Morgan Securities
- Leerink Swann
- Morgan Stanley & Company
- Noble Financial Group
- RBC Capital Markets (US)
- Raymond James & Assoc, Inc.
- Sanford C Bernstein & Co., Inc.
- Smith Barney
- UBS Warburg
- Wachovia Securities
- Wall Street Strategies
- Wedbush Morgan

Wall Street Consensus vs. Performance

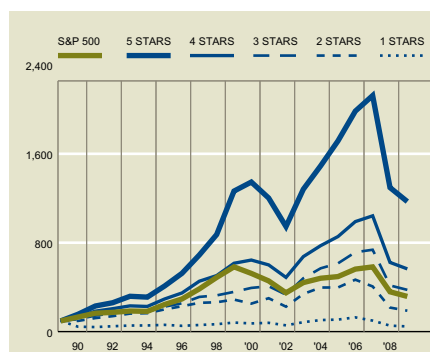
For fiscal year 2010, analysts estimate that ABT will earn \$4.18. For the 1st quarter of fiscal year 2010, ABT announced earnings per share of \$0.64, representing 15% of the total annual estimate. For fiscal year 2011, analysts estimate that ABT's earnings per share will grow by 11% to \$4.66.

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.

STARS Average Annual Performance



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.

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.

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 capsize 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	85	115
Technical Indicators	32	40
Liquidity/Volatility Measures	17	20
Quantitative Measures	24	75
IQ Total	158	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; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.

S&P Equity Research Services

Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes Standard & Poor's LLC-London; Standard & Poor's Equity Research Services Asia includes Standard & Poor's LLC's offices in Hong Kong, Singapore and Tokyo, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

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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In North America: As of March 31, 2010, research analysts at Standard & Poor's Equity Research Services U.S. have recommended 35.9% of issuers with buy recommendations, 52.8% with hold recommendations and 11.3% with sell recommendations.

In Europe: As of March 31, 2010, research analysts at Standard & Poor's Equity Research Services Europe have recommended 37.9% of issuers with buy recommendations, 39.3% with hold recommendations and 22.8% with sell recommendations.

In Asia: As of March 31, 2010, research analysts at Standard & Poor's Equity Research Services Asia have recommended 42.9% of issuers with buy recommendations, 49.1% with hold recommendations and 8.0% with sell recommendations.

Globally: As of March 31, 2010, research analysts at Standard & Poor's Equity Research Services globally have recommended 36.9% of issuers with buy recommendations, 50.1% with hold recommendations and 13.0% 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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