***TICKER: ABT; STOCK NAME: Abbott Labs***

***STUDIED BY: Taira Williams***

***DATE: 06/07/2010***

***RECOMMENDATION: BUY***

***Company Overview***

*Abbott Laboratories (Abbott) is engaged in discovery, development, manufacture, and sale of diversified line of healthcare products. The Company operates in four segments: Pharmaceutical Products, Diagnostic Products, Nutritional Products and Vascular Products.*

* ***Pharmaceutical Products*** *include a line of adult and pediatric pharmaceuticals manufactured, marketed, and sold. It generated 16.5 billion in sales, 53.6% in total.*
* ***Diagnostic Products*** *include a line of diagnostic systems and tests manufactured, marketed, and sold to blood banks, hospitals, commercial laboratories, clinics, physicians' offices, alternate-care testing sites and plasma protein therapeutic companies. It generated 3.6 million, 11.6% of sales. It produces self-monitoring systems for diabetics, screening products for variety of medical conditions and automated equipment for handling DNA and RNA samples.*
* ***Nutritional Products*** *include a line of pediatric and adult nutritional products manufactured, marketed, and sold worldwide. It generated 5.3 billion, 17.2% of sales. The unit produces baby formula and nutritional supplements for both children and adults*
* ***Vascular Products*** *include a line of coronary, endovascular, and vessel closure devices for the treatment of vascular disease manufactured, marketed and sold worldwide. It generated 2.7 billion, 8.8 % of sales. The unit produces stents and catheters, guide wires and other equipment necessary to place them at the sites of constricted coronary and carotid arteries.*

***New Products Consist of …***

*A stent made of absorbable compound rather than metal. If approved by federal regulars the product will help position Abbott Labs in the stent market. Abbot Labs is also working on several cancer treatments, chronic pain, neurological problems, infectious diseases and autoimmune disorder psoriasis*

***Acquisitions:***

* ***Solvay Pharmaceuticals*** *a division of Belgian Company Solvay will help position Abbott outside the US market. Solvay Pharmaceuticals gives Abbott access to markets in Asia and Eastern Europe. Two Solvay Products the Cholesterol free TriCor and TriLipix.*
* ***Humira****-a treatment for rheumatoid arthritis and other autoimmune disordered. Humira accounted for 19% of the 2009 sales. International Sales are up about 30%, offsetting weaker domestic results. Humira will remain it’s patented through 2016*
* ***Vascular business of Guidant Corp****- Stent business*
* ***Advanced Medical Optics*** *–leading seller of Lasik surgical devices; No 2 in cataract surgical product and make other eye care equipment and supplies*
* ***Evalv****e- global leader in devices for minimally invasive repair of the hearts mitral valves.*

***Competitors****:*

* *Pfizer Inc*
* *Baxter International Inc*
* *Johnson & Johnson*

***Strengthen/Ratings***

* *MSN Caps Rating:* ***5 stars***
* *VL: Rated this stock an* ***A++***
* *Morningstar:5 stars; Economic Moat is* ***Wide***
* *Yahoo-EPS Avg Est June 2010 1.00; Sept 2010* ***1.04****; Dec 2010* ***4.16****; Dec 2011* ***4.64***
* *Yahoo-Revenue ESt June 2010 8.88B; Sept 2010* ***9.04B****; Dec 2010* ***35.47B****: Dec 2011* ***38.26B***
* *Yahoo – 4-5 Star*

***Pros***

* *Abbott Labs is strengthening themselves in the Emerging Markets with acquisition of foreign company; such as Solvay Pharmaceuticals. Humira is doing well internationally.*
* *Excellent International Presence (Asia, and Eastern Europe)*
* *New Products in the Pipeline, such as cancer treatments, Chronic pain, infectious disease etc….*
* *Humira has a patented through 2016, so no generic company can gain access until their patent expires.*
* *Earnings have done exceptionally well, superseding analyst expectations.*

***Cons***

*Currency fluctuations (Emerging Markets)*

*Lost patent on Depakote in 2008, a treatment for epilepsy ad bipolar disorder.*

*My recommendation would be to buy this company. The strength of this company is in good shape, and the company is entering in emerging markets. Abbott Labs has several new products in the pipeline and Humira has a patent through 2016 before generic companies can enter. I would however keep an eye out for the currency fluctuation, but with any foreign company you will have to .Although we have more than enough medical stock within our portfolio, if we decide to sell a medicinal stock this company would be one to consider or for your own personal portfolio.*