

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K
WASHINGTON, D. C. 20549

(MARK ONE)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
ACT OF 1934 [FEE REQUIRED]

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1993. COMMISSION FILE NUMBER 1-2189

[LOGO] ABBOTT LABORATORIES

AN ILLINOIS CORPORATION

36-0698440

(I.R.S. employer identification
number)

ONE ABBOTT PARK ROAD
ABBOTT PARK, ILLINOIS 60064-3500

(708) 937-6100
(telephone number)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Shares, Without Par Value	New York Stock Exchange Chicago Stock Exchange Pacific Stock Exchange

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED
TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING
THE PRECEDING 12 MONTHS, AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS
FOR THE PAST 90 DAYS.

YES NO

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405
OF REGULATION S-K IS NOT CONTAINED HEREIN AND WILL NOT BE CONTAINED, TO THE BEST
OF THE REGISTRANT'S KNOWLEDGE, IN THE PROXY STATEMENT INCORPORATED BY REFERENCE
IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. []

THE AGGREGATE MARKET VALUE OF THE 748,888,598 SHARES OF VOTING STOCK HELD BY
NONAFFILIATES OF THE REGISTRANT, COMPUTED BY USING THE CLOSING PRICE AS REPORTED
ON THE CONSOLIDATED TRANSACTION REPORTING SYSTEM FOR ABBOTT LABORATORIES COMMON
SHARES WITHOUT PAR VALUE ON JANUARY 31, 1994, WAS APPROXIMATELY \$22,092,213,641.

NUMBER OF COMMON SHARES OUTSTANDING AS OF JANUARY 31, 1994: 819,811,254.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF THE ABBOTT LABORATORIES ANNUAL REPORT FOR THE YEAR ENDED DECEMBER
31, 1993 ARE INCORPORATED BY REFERENCE INTO PARTS I, II, AND IV.

PORTIONS OF THE 1994 ABBOTT LABORATORIES PROXY STATEMENT ARE INCORPORATED BY
REFERENCE INTO PART III.

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

Abbott Laboratories is an Illinois corporation, incorporated in 1900. The Company's* principal business is the discovery, development, manufacture, and sale of a broad and diversified line of health care products and services.

FINANCIAL INFORMATION RELATING TO INDUSTRY SEGMENTS,
GEOGRAPHIC AREAS, AND CLASSES OF SIMILAR PRODUCTS

Incorporated herein by reference is the footnote entitled "Industry Segment and Geographic Area Information" of the Consolidated Financial Statements in the Abbott Laboratories Annual Report for the year ended December 31, 1993 ("1993 Annual Report"), filed as an exhibit to this report. Also incorporated herein by reference is the text and table of sales by class of similar products included in the section of the 1993 Annual Report captioned "Financial Review."

NARRATIVE DESCRIPTION OF BUSINESS

PHARMACEUTICAL AND NUTRITIONAL PRODUCTS

Included in this segment is a broad line of adult and pediatric pharmaceuticals and nutritionals. These products are sold primarily on the prescription or recommendation of physicians or other health care professionals. The segment also includes agricultural and chemical products, bulk pharmaceuticals, and consumer products.

Principal pharmaceutical and nutritional products include the anti-infectives clarithromycin, sold in the United States under the trademark Biaxin-R- and outside the United States primarily under the trademark Klacid-R- and tosufloxacin, sold in Japan under the trademark Tosuxacin-TM-; various forms of the antibiotic erythromycin, sold primarily as PCE-R- or polymer-coated erythromycin, Erythrocin-R-, and E.E.S.-R-; agents for the treatment of epilepsy, including Depakote-R-; a broad line of cardiovascular products, including Loftyl-R-, a vasoactive agent sold outside the United States; Hytrin-R-, used as an anti-hypertensive and for the treatment of benign prostatic hyperplasia; Abbokinase-R-, a thrombolytic drug; Survanta-R-, a bovine derived lung surfactant; various forms of prepared infant formula, including Similac-R-, Isomil-R-, and Alimentum-R-; and other medical and pediatric nutritionals, including Ensure-R-, Ensure Plus-R-, Jevity-R-, Glucerna-R-, Advera-TM-, PediaSure-R-, Pedialyte-R- and Gain-R-. Consumer products include the dandruff shampoo Selsun Blue-R-; Murine-R- eye care and ear care products; Tronolane-R- hemorrhoid medication; and Faultless-R- rubber sundry products. Agricultural and chemical products include plant growth regulators, including ProGibb-R-; herbicides; larvicides, including Vectobac-R-; and biologically derived insecticides, including DiPel-R- and XenTari-R-.

Pharmaceutical and nutritional products are generally sold directly to retailers, wholesalers, health care facilities, and government agencies. In most cases, they are distributed from Company-owned distribution centers or public warehouses. Certain products are co-marketed with other companies. In certain overseas countries, some of these products are marketed and distributed through distributors. Primary marketing efforts for pharmaceutical and nutritional products are directed toward securing the prescription or recommendation of the Company's brand of products by physicians or other health care professionals. Managed care purchasers, for example health maintenance organizations (HMOs) and pharmacy benefit managers, are becoming increasingly important customers. Competition is generally from other broad line and specialized health care manufacturers. A significant aspect of competition is the search for technological innovations. The

* As used throughout the text of this Report, the term "Company" refers to Abbott Laboratories, an Illinois corporation, or Abbott Laboratories and its consolidated subsidiaries, as the context requires.

introduction of new products by competitors and changes in medical practices and procedures can result in product obsolescence. In addition, the substitution of generic drugs for the brand prescribed has increased competitive pressures on pharmaceutical products.

Consumer products are promoted directly to the public by consumer advertising. These products are generally sold directly to retailers and wholesalers. Competitive products are sold by other diversified consumer and health care companies. Competitive factors include consumer advertising, scientific innovation, price, and availability of generic product forms.

Agricultural and chemical products are generally sold to agricultural distributors and pharmaceutical companies. Competition is primarily from large chemical and agricultural companies and companies selling specialized agricultural products. Competition is based on numerous factors depending on the market served. Important competitive factors include product performance for specialized industrial and agricultural uses, price, and technological advantages.

The Company is the leading worldwide producer of the antibiotic erythromycin. Similac-R- is the leading infant formula product in the United States.

Under an agreement between the Company and Takeda Chemical Industries, Ltd. of Japan (Takeda), TAP Pharmaceuticals Inc. (TAP), owned 50 percent by the Company and 50 percent by Takeda, develops and markets in the United States products based on Takeda research. TAP markets Lupron-R-, an LH-RH analog, and Lupron Depot-R-, a sustained release form of Lupron-R-, in the United States. These agents are used for the treatment of advanced prostatic cancer, endometriosis, and central precocious puberty. The Company also has marketing rights to certain Takeda products in select Latin American markets. The Company also markets Lupron-R-, Lupron Depot-R-, and Lupron Depot-Ped-R- in select markets outside the United States.

HOSPITAL AND LABORATORY PRODUCTS

Hospital and laboratory products include diagnostic systems for blood banks, hospitals, commercial laboratories, and alternate-care testing sites; intravenous and irrigation fluids and related administration equipment, including electronic drug delivery systems; drugs and drug delivery systems; anesthetics; critical care products; and other medical specialty products for hospitals and alternate-care sites.

The principal products included in this segment are parenteral (intravenous or I.V.) solutions and related administration equipment sold as the LifeCare-R- line of products, LifeShield-R- sets, and Venoset-R- products; irrigating fluids; parenteral nutritionals such as Aminosyn-R- and Liposyn-R-; Plum-R- and Omni-Flow-R- electronic drug delivery systems; Abbott Pain Management Provider-R-; patient-controlled analgesia (PCA) systems; venipuncture products; hospital injectables; premixed I.V. drugs in various containers; ADD-Vantage-R- and Nutrimix-R- drug and nutritional delivery systems; anesthetics, including Pentothal-R-, isoflurane, and enflurane; hemodynamic monitoring equipment; Calcijex-R-, an injectable agent for treatment of bone disease in hemodialysis patients; critical care products including Opticath-R-; screening tests for hepatitis B, HTLV-1, hepatitis B core, and hepatitis C; tests for detection of AIDS antibodies and antigens, and other infectious disease detection systems; tests for determining levels of abused drugs with the ADx-R- instrument; physiological diagnostic tests; cancer monitoring tests including tests for prostate specific antigen; laboratory tests and therapeutic drug monitoring systems such as TDx-R-; clinical chemistry systems such as Abbott Spectrum-R-, Abbott Spectrum-R- EPx-R-, Abbott Spectrum-R- CCx-TM-, and Quantum-TM-; Commander-R- and IMx-R- lines of diagnostic instruments and chemical reagents used with immunoassay diagnostics; Abbott Vision-R-, a desk-top blood analyzer, the Abbott TestPack-R- system for diagnostic testing, and a full line of hematology systems and reagents known as the Cell-Dyn-R- series. The hospital and laboratory products the Company expects to introduce in the United States in 1994 include: AxSym-TM-, a diagnostic system; Abbott Maestro-TM-, a data management system; and EnCounter-R-, a desktop hematology analyzer.

The Company markets hospital and laboratory products in the United States and many other countries. These products are generally distributed to wholesalers and directly to hospitals, laboratories, and physicians' offices from distribution centers maintained by the Company. Sales are

also made in the home infusion services market directly to patients receiving treatment outside the hospital through marketing arrangements with hospitals and other health care providers. Overseas sales are made either directly to customers or through distributors, depending on the market served.

The hospital and laboratory products industry segment is highly competitive, both in the United States and overseas. This segment is subject to competition in technological innovation, price, convenience of use, service, instrument warranty provisions, product performance, long-term supply contracts, and product potential for overall cost effectiveness and productivity gains. Products in this segment can be subject to rapid product obsolescence. The Company has benefitted from technological advantages of certain of its current products; however, these advantages may be reduced or eliminated as competitors introduce new products.

The Company is one of the leading domestic manufacturers of I.V. and irrigating solutions and related administration equipment, parenteral nutritional products, anesthesia products, and drug delivery systems. It is also the worldwide leader in in vitro diagnostic products, including thyroid tests, therapeutic drug monitoring, cancer monitoring tests, diagnostic tests for the detection of hepatitis and AIDS antibodies, and immunodiagnostic instruments.

INFORMATION WITH RESPECT TO THE COMPANY'S BUSINESS IN GENERAL

SOURCES AND AVAILABILITY OF RAW MATERIALS

The Company purchases, in the ordinary course of business, necessary raw materials and supplies essential to the Company's operations from numerous suppliers in the United States and overseas. There have been no recent availability problems or significant supply shortages.

PATENTS, TRADEMARKS, AND LICENSES

The Company is aware of the desirability for patent and trademark protection for its products. The Company owns, has applications pending for, and is licensed under a substantial number of patents. Accordingly, where possible, patents and trademarks are sought and obtained for the Company's products in the United States and all countries of major marketing interest to the Company. Principal trademarks and the products they cover are discussed in the Narrative Description of Business on pages 1 and 2. These, and various patents which expire during the period 1994 to 2011, in the aggregate, are believed to be of material importance in the operation of the Company's business. However, the Company believes that no single patent, license, trademark, (or related group of patents, licenses, or trademarks) is material in relation to the Company's business as a whole.

SEASONAL ASPECTS, CUSTOMERS, BACKLOG, AND RENEGOTIATION

There are no significant seasonal aspects to the Company's business. The incidence of certain infectious diseases which occur at various times in different areas of the world does, however, affect the demand for the Company's anti-infective products. Orders for the Company's products are generally filled on a current basis, and order backlog is not material to the Company's business. No single customer accounted for sales equaling 10 percent or more of the Company's consolidated net sales. No material portion of the Company's business is subject to renegotiation of profits or termination of contracts at the election of the government.

RESEARCH AND DEVELOPMENT

The Company spent \$880,974,000 in 1993, \$772,407,000 in 1992, and \$666,336,000 in 1991 on research to discover and develop new products and processes and to improve existing products and processes. The Company continues to concentrate research expenditures in pharmaceutical and diagnostic products.

ENVIRONMENTAL MATTERS

The Company believes that its operations comply in all material respects with applicable laws and regulations concerning environmental protection. Regulations under federal and state environmental laws impose stringent limitations on emissions and discharges to the environment from various manufacturing operations. The Company's capital and operating expenditures for pollution control in

1993 were approximately \$32 million and \$31 million, respectively. Capital and operating expenditures for pollution control are estimated to approximate \$39 million and \$36 million, respectively, in 1994.

The Company is participating as one of many potentially responsible parties in investigation and/ or remediation at eight locations in the United States and Puerto Rico under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund. The aggregate costs of remediation at these sites by all identified parties are uncertain but have been subject to widely ranging estimates totaling as much as several hundred million dollars. In many cases, the Company believes that the actual costs will be lower than these estimates, and the fraction for which the Company may be responsible is anticipated to be considerably less and will be paid out over a number of years. The Company expects to participate in the investigation or cleanup at these sites. The Company is also voluntarily investigating potential contamination at five Company-owned sites, and has initiated voluntary remediation at four Company-owned sites, in cooperation with the Environmental Protection Agency (EPA) or similar state agencies.

While it is not feasible to predict with certainty the costs related to the previously described investigation and cleanup activities, the Company believes that such costs, together with other expenditures to maintain compliance with applicable laws and regulations concerning environmental protection, should not have a material adverse effect on the Company's earnings or competitive position.

EMPLOYEES

The Company employed 49,659 persons as of December 31, 1993.

REGULATION

The development, manufacture, sale, and distribution of the Company's products are subject to comprehensive government regulation, and the general trend is toward more stringent regulation. Government regulation by various federal, state, and local agencies, which includes detailed inspection of and controls over research and laboratory procedures, clinical investigations, and manufacturing, marketing, sampling, distribution, recordkeeping, storage and disposal practices, substantially increases the time, difficulty, and costs incurred in obtaining and maintaining the approval to market newly developed and existing products. Government regulatory actions can result in the seizure or recall of products, suspension or revocation of the authority necessary for their production and sale, and other civil or criminal sanctions.

Continuing studies of the utilization, safety, and efficacy of health care products and their components are being conducted by industry, government agencies, and others. Such studies, which employ increasingly sophisticated methods and techniques, can call into question the utilization, safety, and efficacy of previously marketed products and in some cases have resulted, and may in the future result, in the discontinuance of marketing of such products and give rise to claims for damages from persons who believe they have been injured as a result of their use.

The cost of human health care products continues to be a subject of investigation and action by governmental agencies, legislative bodies, and private organizations in the United States and other countries. In the United States, most states have enacted generic substitution legislation requiring or permitting a dispensing pharmacist to substitute a different manufacturer's version of a pharmaceutical product for the one prescribed. Federal and state governments continue to press efforts to reduce costs of Medicare and Medicaid programs, including restrictions on amounts agencies will reimburse for the use of products. Manufacturers must pay certain statutorily-prescribed rebates on Medicaid purchases for reimbursement on prescription drugs under state Medicaid plans. In addition, the Federal government follows a diagnosis-related group (DRG) payment system for certain institutional services provided under Medicare or Medicaid. The DRG system entitles a health care facility to a fixed reimbursement based on discharge diagnoses rather than actual costs incurred in patient treatment, thereby increasing the incentive for the facility to limit or control expenditures for many health care products. The Veterans Health Care Act of 1992 requires manufacturers to extend

additional discounts on pharmaceutical products to various federal agencies, including the Department of Veterans Affairs, Department of Defense, and Public Health Service entities and institutions.

In the United States, governmental cost-containment efforts have extended to the federally subsidized Special Supplemental Food Program for Women, Infants, and Children (WIC). All states participate in WIC and have sought and obtained rebates from manufacturers of infant formula whose products are used in the program. All of the states have also conducted competitive bidding for infant formula contracts which require the use of specific infant formula products for the state WIC program. The Child Nutrition and WIC Reauthorization Act of 1989 requires all states participating in WIC to engage in competitive bidding upon the expiration of their existing infant formula contracts.

Governmental regulatory agencies now require manufacturers to pay additional fees. Under the Prescription Drug User Fee Act of 1992, the Federal Food and Drug Administration imposes substantial fees on various aspects of the approval, manufacture and sale of prescription drugs. Congress is now considering expanding user fees to medical devices. The Company believes that such legislation, if enacted, will add considerable expense for the Company.

In the United States comprehensive legislation has been proposed that would make significant changes to the availability, delivery and payment for healthcare products and services. It is the intent of such proposed legislation to provide health and medical insurance for all United States citizens and to reduce the rate of increases in United States healthcare expenditures. If such legislation is enacted, the Company believes it could have the effect of reducing prices for, or reducing the rate of price increases for health and medical insurance and medical products and services.

International operations are also subject to a significant degree of government regulation. Many countries, directly or indirectly through reimbursement limitations, control the selling price of most health care products. Furthermore, many developing countries limit the importation of raw materials and finished products. International regulations are having an impact on United States regulations, as well. The International Organization for Standardization ("ISO") provides the voluntary criteria for regulating medical devices within the European Economic Community. The Food and Drug Administration ("FDA") has announced that it will attempt to harmonize its regulation of medical devices with that of the ISO. Recently published changes to the FDA's regulations governing the manufacture of medical devices appear to encompass and exceed the ISO's approach to regulating medical devices. The FDA's adoption of the ISO's approach to regulation and other changes to the manner in which the FDA regulates medical devices will increase the cost of compliance with those regulations.

Efforts to reduce health care costs are also being made in the private sector. Health care providers have responded by instituting various cost reduction and containment measures.

It is not possible to predict the extent to which the Company or the health care industry in general might be affected by the matters discussed above.

INTERNATIONAL OPERATIONS

The Company markets products in approximately 130 countries through affiliates and distributors. Most of the products discussed in the preceding sections of this report are sold outside the United States. In addition, certain products of a local nature and variations of product lines to meet local regulatory requirements and marketing preferences are manufactured and marketed to customers outside the United States. International operations are subject to certain additional risks inherent in conducting business outside the United States, including price and currency exchange controls, changes in currency exchange rates, limitations on foreign participation in local enterprises, expropriation, nationalization, and other governmental action.

ITEM 2. PROPERTIES

The Company's corporate offices are located at One Abbott Park Road, Abbott Park, Illinois 60064-3500. The locations of a number of the Company's principal plants are listed below.

LOCATION	INDUSTRY SEGMENTS OF PRODUCTS PRODUCED
Abbott Park, Illinois	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Altavista, Virginia	Pharmaceutical and Nutritional Products
Austin, Texas	Hospital and Laboratory Products
Barceloneta, Puerto Rico	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Campoverde, Italy	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Casa Grande, Arizona	Pharmaceutical and Nutritional Products
Columbus, Ohio	Pharmaceutical and Nutritional Products
Delkenheim, Germany	Hospital and Laboratory Products
Irving, Texas	Hospital and Laboratory Products
Laurinburg, North Carolina	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Mexico City, Mexico	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Montreal, Canada	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Mountain View, California	Hospital and Laboratory Products
North Chicago, Illinois	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Queenborough, England	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Rocky Mount, North Carolina	Hospital and Laboratory Products
Salt Lake City, Utah	Hospital and Laboratory Products
Santa Clara, California	Hospital and Laboratory Products
Sligo/Donegal/Cootehill, Ireland	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Sturgis, Michigan	Pharmaceutical and Nutritional Products
St. Remy, France	Pharmaceutical and Nutritional Products, and Hospital and Laboratory Products
Tokyo, Japan	Hospital and Laboratory Products

In addition to the above, the Company has manufacturing facilities in eight other locations in the United States and Puerto Rico. Overseas manufacturing facilities are located in 19 other countries. The Company's facilities are deemed suitable, provide adequate productive capacity, and are utilized at normal and acceptable levels.

In the United States and Puerto Rico, the Company owns seven distribution centers. The Company also has twelve United States research and development facilities located at Abbott Park, Illinois; Andover, Massachusetts; Ashland, Ohio; Columbus, Ohio (2 locations); Irving, Texas; Long Grove, Illinois; Madera, California; Mountain View, California; North Chicago, Illinois; Salt Lake City, Utah; and Santa Clara, California. Overseas, the Company has research and development facilities in Argentina, Australia, Canada, Germany, Italy, Japan, The Netherlands, and the United Kingdom.

The corporate offices, all manufacturing plants, and all other facilities in the United States and overseas are owned or leased by the Company or subsidiaries of the Company.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various claims and legal proceedings including (as of January 31, 1994) 7 antitrust suits and 6 investigations in connection with the Company's sale and marketing of infant formula products, 138 product liability cases that allege injuries to the offspring of women who ingested a synthetic estrogen (DES) during pregnancy and 22 antitrust suits in connection with the Company's sale and marketing of pharmaceuticals.

The infant formula antitrust suits, which are pending in various federal and state courts, allege that the Company conspired with one or more of its competitors to fix prices for infant formula, to rig a bid on a contract to provide infant formula under the federal government's Special Supplemental Food Program for Women, Infants, and Children (WIC), to deprive states of the benefits of competition in providing rebates to the state pursuant to WIC sales, and to restrain trade and monopolize the market for infant formula products in violation of state and federal antitrust laws. The suits were brought on behalf of individuals, a competitor, the Federal Trade Commission, and state governmental agencies seeking treble damages, civil penalties, and other relief. Three of the 7 cases are pending in state courts in Calhoun County and Shelby County, Alabama and in Austin, Texas. The Calhoun County suit purports to be a class action on behalf of Alabama consumers. The 4 other cases are pending in federal courts in Los Angeles, California, Tallahassee, Florida, Baton Rouge, Louisiana (this suit purports to be a class action on behalf of Louisiana consumers), and Washington, D.C. The Company has filed responses to the complaints denying all substantive allegations. The investigations are being conducted by the Attorneys General of the states of California, Connecticut, New York, Pennsylvania and Wisconsin and by the Canadian Bureau of Competition Policy. The four shareholder derivative suits (which were consolidated in federal court in Chicago, Illinois) that had been filed against certain of the Company's officers and directors regarding the Company's sale and marketing of infant formula products were dismissed with prejudice on January 31, 1994.

Twelve of the 22 pharmaceutical antitrust suits are pending in the United States District Court for the Southern District of New York; 4 are pending in state court in San Francisco County, California; the 6 remaining cases are pending in federal district courts in San Francisco, California, Savannah, Georgia, Minneapolis, Minnesota, Charleston, South Carolina, Austin, Texas, and Galveston, Texas. These suits allege that various pharmaceutical manufacturers have conspired to fix drug prices and/or to discriminate in pricing to retail pharmacies by providing discounts to mail-order pharmacies, institutional pharmacies, and HMOs. The suits were brought on behalf of retail pharmacies, seek treble damages and other relief, and some purport to be class actions. The Company intends to respond to the complaints denying all substantive allegations.

While it is not feasible to predict the outcome of such pending claims, proceedings, and investigations with certainty, management is of the opinion, with which its General Counsel concurs, that their ultimate disposition should not have a material adverse effect on the Company's financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Officers of the Company are elected annually by the board of directors at the first meeting held after the annual shareholders meeting. Each officer holds office until a successor has been duly elected and qualified or until the officer's death, resignation, or removal. Vacancies may be filled at any meeting of the board. Any officer may be removed by the board of directors when, in its judgment, removal would serve the best interests of the Company.

Current corporate officers, and their ages as of February 11, 1994, are listed below. The officers' principal occupations and employment from January 1989 to present and the dates of their first

election as officers of the Company are also shown. Unless otherwise stated, employment was by the Company for the period indicated. There are no family relationships between any corporate officers or directors.

DUANE L. BURNHAM**, 52

1989 -- Vice Chairman and Chief Financial Officer, and Director.
1989 to 1990 -- Vice Chairman and Chief Executive Officer, and Director.
1990 to present -- Chairman of the Board and Chief Executive Officer, and Director.
Elected Corporate Officer -- 1982.

THOMAS R. HODGSON**, 52

1989 to 1990 -- Executive Vice President and Director.
1990 to present -- President and Chief Operating Officer, and Director.
Elected Corporate Officer -- 1980.

ROBERT N. BECK**, 53

1989 to 1992 -- Executive Vice President, BankAmerica and Bank of America.
1992 to present -- Senior Vice President, Human Resources.
Elected Corporate Officer -- 1992.

PAUL N. CLARK**, 47

1989 to 1990 -- Vice President, Pharmaceutical Operations.
1990 to present -- Senior Vice President, Pharmaceutical Operations.
Elected Corporate Officer -- 1985.

GARY P. COUGHLAN**, 49

1989 -- Senior Vice President and Chief Financial Officer, Kraft, Inc.
1989 to 1990 -- Senior Vice President, Finance, Kraft General Foods.
1990 to present -- Senior Vice President, Finance and Chief Financial Officer.
Elected Corporate Officer -- 1990.

LAEL F. JOHNSON**, 56

1989 -- Vice President, Secretary and General Counsel.
1989 to present -- Senior Vice President, Secretary and General Counsel.
Elected Corporate Officer -- 1981.

JOHN G. KRINGEL**, 54

1989 to 1990 -- Vice President, Hospital Products.
1990 to present -- Senior Vice President, Hospital Products.
Elected Corporate Officer -- 1981.

J. DUNCAN MCINTYRE**, 56

1989 to 1990 -- Vice President.
1990 to present -- Senior Vice President, International Operations.
Elected Corporate Officer -- 1987.

THOMAS M. MCNALLY**, 46

1989 -- Area Vice President, Pacific, Asia and Africa, Abbott International, Ltd. (a subsidiary of the Company).
1989 to 1990 -- Vice President, Chemical and Agricultural Products.
1990 to 1993 -- Senior Vice President, Chemical and Agricultural Products.
1993 to present -- Senior Vice President, Ross Products.
Elected Corporate Officer -- 1989.

ROBERT L. PARKINSON, JR.** , 43

1989 -- Divisional Vice President, Commercial Operations.
1989 to 1990 -- Vice President, Corporate Hospital Marketing.
1990 to 1993 -- Vice President, European Operations.

1993 to present -- Senior Vice President, Chemical and Agricultural Products.
Elected Corporate Officer -- 1989.

DAVID A. THOMPSON**, 52

1989 to 1990 -- Vice President, Diagnostic Operations.
1990 to present -- Senior Vice President, Diagnostic Operations.
Elected Corporate Officer -- 1982.

JOY A. AMUNDSON**, 39

1989 to 1990 -- General Manager, Alternate Site.
1990 -- Divisional Vice President and General Manager, Hospital Products Business Sector.
1990 to 1994 -- Vice President, Corporate Hospital Marketing.
1994 to present -- Vice President, Health Systems.
Elected Corporate Officer -- 1990.

CHRISTOPHER B. BEGLEY, 41

1989 -- Director, Hospital Products Business Sector.
1989 to 1990 -- General Manager, Hospital Products Business Sector.
1990 to 1993 -- Divisional Vice President and General Manager, Hospital Products Business Sector.
1993 -- Vice President, Hospital Products Business Sector.
Elected Corporate Officer -- 1993.

THOMAS D. BROWN, 45

1989 to 1992 -- Divisional Vice President, Western Hemisphere.
1992 to 1993 -- Divisional Vice President, Diagnostic Commercial Operations.
1993 to present -- Vice President, Diagnostic Commercial Operations.
Elected Corporate Officer -- 1993.

GARY R. BYERS**, 52

1989 to 1993 -- Divisional Vice President, Corporate Auditing.
1993 to present -- Vice President, Internal Audit.
Elected Corporate Officer -- 1993.

KENNETH W. FARMER**, 48

1989 -- Vice President, Management Information Services.
1989 to present -- Vice President, Management Information Services and Administration.
Elected Corporate Officer -- 1985.

THOMAS C. FREYMAN**, 39

1989 to 1991 -- Treasurer, Abbott International, Ltd. (a subsidiary of the Company).
1991 to present -- Vice President and Treasurer.
Elected Corporate Officer -- 1991.

JAY B. JOHNSTON, 50

1989 to 1992 -- President, Dainabot Co., Ltd. (an affiliate of the Company) and General Manager Asia Pacific, Abbott Diagnostics Division.
1992 -- Divisional Vice President, Business Development.
1992 to 1993 -- Divisional Vice President and General Manager, Diagnostic Assays and Operations.
1993 to present -- Corporate Vice President, Diagnostic Assays and Operations.
Elected Corporate Officer -- 1993.

JAMES J. KOZIARZ, 44

1989 to 1990 -- General Manager, Hepatitis/Retrovirus Business Sector.
1990 to 1992 -- Vice President and General Manager, Diagnostic Assays.
1992 to present -- Vice President, Diagnostic Products Research and Development.
Elected Corporate Officer -- 1993.

CHRISTOPHER A. KUEBLER, 40

1989 to 1992 -- Divisional Vice President, Marketing.
1992 to 1993 -- Divisional Vice President, Sales and Marketing.
1993 to present -- Vice President, European Operations.
Elected Corporate Officer -- 1993.

JOHN F. LUSSEN**, 52

1989 to present -- Vice President, Taxes.
Elected Corporate Officer -- 1985.

DAVID V. MILLIGAN, PH.D., 53

1989 to 1992 -- Vice President, Diagnostic Products Research and
Development.
1992 to present -- Vice President, Pharmaceutical Products Research and
Development.
Elected Corporate Officer -- 1984.

RICHARD H. MOREHEAD**, 59

1989 to present -- Vice President, Corporate Planning and Development.
Elected Corporate Officer -- 1985.

THEODORE A. OLSON**, 55

1989 to present -- Vice President and Controller.
Elected Corporate Officer -- 1988.

CARL A. SPALDING, 48

1989 to 1992 -- Vice President, International, Johnson & Johnson.
1992 to present -- Vice President, General Manager, Ross Products.
Elected Corporate Officer -- 1993.

WILLIAM H. STADTLANDER, 48

1989 to 1992 -- Divisional Vice President, Medical Nutritionals.
1992 to present -- Divisional Vice President and General Manager, Medical
Nutritionals.
Elected Corporate Officer -- 1993.

DANIEL O. STRUBLE**, 53

1989 to present -- Vice President, Corporate Engineering.
Elected Corporate Officer -- 1987.

ELLEN M. WALVOORD**, 54

1989 to 1991 -- Director, Corporate Communications.
1991 -- Vice President, Investor Relations.
1991 to present -- Vice President, Investor Relations and Public Affairs.
Elected Corporate Officer -- 1991.

JOSEF WENDLER, 44

1989 to 1990 -- General Manager, Austria & Switzerland.
1990 to 1992 -- Regional Director, Europe, Diagnostic Division.
1992 to 1993 -- Divisional Vice President, Pacific, Asia, Africa.
1993 to present -- Vice President, Pacific/ Asia /Africa Operations.
Elected Corporate Officer -- 1993.

MILES D. WHITE, 38

1989 to 1990 -- Director of Marketing for the U.S., Abbott Diagnostics
Division.
1990 -- Business Unit General Manager, Physiological Diagnostics, Abbott
Diagnostics Division and Business Unit General Manager, Cancer
Diagnostics.
1990 to 1992 -- Divisional Vice President and General Manager, Hospital
Laboratory Sector.
1992 to 1993 -- Divisional Vice President and General Manager, Diagnostic
Systems and Operations.
1993 to present -- Vice President, Diagnostic Systems and Operations.
Elected Corporate Officer -- 1993.

1989 to present -- Vice President, Corporate Quality Assurance and Regulatory Affairs.
Elected Corporate Officer -- 1988.

** Pursuant to Item 401(b) of Regulation S-K the Company has identified these persons as "executive officers" within the meaning of Item 401(b).

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

PRINCIPAL MARKET

The principal market for the Company's common shares is the New York Stock Exchange. Shares are also listed on the Chicago and Pacific Stock Exchanges and are traded on the Boston, Cincinnati, and Philadelphia Exchanges. Overseas, the Company's shares are listed on the London Stock Exchange, Tokyo Stock Exchange, and the Swiss Stock Exchanges of Zurich, Basel, Geneva, and Lausanne.

	MARKET PRICE PER SHARE			
	1993		1992	
	HIGH	LOW	HIGH	LOW
First Quarter.....	30 7/8	22 5/8	34 1/8	29 3/8
Second Quarter.....	28 5/8	23 1/4	34	26 1/8
Third Quarter.....	27 5/8	22 3/4	31 5/8	27 3/8
Fourth Quarter.....	30 1/8	26 1/8	33	26 1/2

Market prices are as reported by the New York Stock Exchange composite transaction reporting system.

SHAREHOLDERS

There were 82,947 shareholders of record of Abbott common shares as of December 31, 1993.

DIVIDENDS

Quarterly dividends of \$.17 per share and \$.15 per share were declared on common shares in 1993 and 1992, respectively after reflecting the May 29, 1992 stock split.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated herein by reference for the years 1989 through 1993 are the applicable portions of the section captioned "Summary of Selected Financial Data" of the 1993 Annual Report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Incorporated herein by reference is management's discussion and analysis of financial condition and results of operations for the years 1993, 1992, and 1991 found under the section captioned "Financial Review" of the 1993 Annual Report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Incorporated herein by reference are the portions of the 1993 Annual Report captioned Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Cash Flows, Consolidated Statement of Shareholders' Investment, Notes to Consolidated Financial Statements and Report of Independent Public Accountants (which contains the related report of Arthur Andersen & Co. dated January 14, 1994). Data relating to quarterly interim results is found in Note 8.

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated herein by reference are "Information Concerning Nominees for Directors" and "Compliance with Section 16(a) of The Securities Exchange Act of 1934" found in the 1994 Abbott Laboratories Proxy Statement ("1994 Proxy Statement"), which will be filed with the Commission on or about March 4, 1994.

ITEM 11. EXECUTIVE COMPENSATION

The material in the 1994 Proxy Statement under the heading "Executive Compensation," other than the Report of the Compensation Committee and the Performance Graph, are hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated herein by reference is the text found under the caption "Information Concerning Security Ownership" in the 1994 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference is that portion of the 1994 Proxy Statement under the caption "Compensation Committee Interlocks and Insider Participation."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) DOCUMENTS FILED AS PART OF THIS FORM 10-K.

1. FINANCIAL STATEMENTS: The Consolidated Financial Statements for the years ended December 31, 1993, 1992, and 1991 and the related report of Arthur Andersen & Co. dated January 14, 1994 appearing under the portions of the 1993 Annual Report captioned Consolidated Balance Sheet, Consolidated Statement of Earnings, Consolidated Statement of Cash Flows, Consolidated Statement of Shareholders' Investment, Notes to Consolidated Financial Statements and Report of Independent Public Accountants, respectively, are incorporated by reference in response to Item 14(a)1. With the exception of the portions of the 1993 Annual Report specifically incorporated herein by reference, such Report shall not be deemed filed as part of this Annual Report on Form 10-K or otherwise deemed subject to the liabilities of Section 18 of the Securities Exchange Act of 1934.

2. FINANCIAL STATEMENT SCHEDULES: The required financial statement schedules are found on the pages indicated below. These schedules should be read in conjunction with the Consolidated Financial Statements in the 1993 Annual Report:

SCHEDULES	PAGE NO./ EXHIBIT NO.
Investment Securities Maturing After One Year (Schedule I).....	p. 18
Property and Equipment (Schedule V).....	p. 19
Accumulated Depreciation and Amortization of Property and Equipment (Schedule VI).....	p. 20
Valuation and Qualifying Accounts (Schedule VIII).....	p. 21
Short-term Borrowings (Schedule IX).....	p. 22
Supplementary Consolidated Statement of Earnings Information (Schedule X).....	p. 23
Schedules II, III, IV, VII, XI, XII, and XIII are not submitted because they are not applicable or not required.	
Supplemental Report of Independent Public Accountants.....	Exh. 23.1
Consent of Independent Public Accountants.....	Exh. 23.2
Individual Financial Statements of the registrant have been omitted pursuant to Rule 3.05, paragraph (1) of Regulation S-X.	

3. EXHIBITS REQUIRED BY ITEM 601 OF REGULATION S-K: The information called for by this paragraph is incorporated herein by reference to the Exhibit Index on pages 16 and 17 of this Form 10-K.

(b) REPORTS ON FORM 8-K DURING THE QUARTER ENDED DECEMBER 31, 1993:

No reports on Form 8-K were filed during the quarter ended December 31, 1993.

(c) EXHIBITS FILED (SEE EXHIBIT INDEX ON PAGES 16 AND 17).

(D) FINANCIAL STATEMENT SCHEDULES FILED (SEE PAGES 18 THROUGH 23).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Abbott Laboratories has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ABBOTT LABORATORIES

By /s/ DUANE L. BURNHAM
Duane L. Burnham
Chairman of the Board and
Chief Executive Officer

Date: February 11, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Abbott Laboratories and in the capacities and on the dates indicated:

/s/ DUANE L. BURNHAM
Duane L. Burnham
Chairman of the Board,
Chief Executive Officer, and
Director of Abbott Laboratories
(principal executive officer)
Date: February 11, 1994

/s/ GARY P. COUGHLAN
Gary P. Coughlan
Senior Vice President, Finance and
Chief Financial Officer
(principal financial officer)
Date: February 11, 1994

/s/ THOMAS R. HODGSON
Thomas R. Hodgson
President, Chief Operating Officer,
and Director of Abbott Laboratories
Date: February 11, 1994

/s/ THEODORE A. OLSON
Theodore A. Olson
Vice President and Controller
(principal accounting officer)
Date: February 11, 1994

/s/ K. FRANK AUSTEN
K. Frank Austen, M.D.
Director of Abbott Laboratories
Date: February 11, 1994

/s/ H. LAURANCE FULLER
H. Laurance Fuller
Director of Abbott Laboratories
Date: February 11, 1994

/s/ BERNARD J. HAYHOE
Bernard J. Hayhoe
Director of Abbott Laboratories
Date: February 11, 1994

/s/ ALLEN F. JACOBSON
Allen F. Jacobson
Director of Abbot Laboratories
Date: February 11, 1994

/s/ DAVID A. JONES
David A. Jones
Director of Abbott Laboratories
Date: February 11, 1994

/s/ BOONE POWELL, JR.
Boone Powell, Jr.
Director of Abbott Laboratories
Date: February 11, 1994

/s/ A. BARRY RAND
A. Barry Rand
Director of Abbott Laboratories
Date: February 11, 1994

/s/ W. ANN REYNOLDS
W. Ann Reynolds
Director of Abbott Laboratories
Date: February 11, 1994

/s/ WILLIAM D. SMITHBURG
William D. Smithburg
Director of Abbott Laboratories
Date: February 11, 1994

/s/ JOHN R. WALTER
John R. Walter
Director of Abbott Laboratories
Date: February 11, 1994

/s/ WILLIAM L. WEISS
William L. Weiss
Director of Abbott Laboratories
Date: February 11, 1994

EXHIBIT INDEX
 ABBOTT LABORATORIES
 ANNUAL REPORT
 FORM 10-K
 1993

REG.S-K
 EXHIBIT
 TABLE
 ITEM NO.

3.1	*	ARTICLES OF INCORPORATION--ABBOTT LABORATORIES, FILED AS AN EXHIBIT (PAGES 22-30) TO THE ABBOTT LABORATORIES 1992 ANNUAL REPORT ON FORM 10-K.
3.2	*	CORPORATE BYLAWS--ABBOTT LABORATORIES, FILED AS EXHIBIT 3 TO THE ABBOTT LABORATORIES QUARTERLY REPORT FOR THE QUARTER ENDED JUNE 30, 1993 ON FORM 10-Q.
10		MATERIAL CONTRACTS.
10.1	*	Supplemental Plan--Abbott Laboratories Extended Disability Plan, filed as an exhibit (pages 50-51) to the 1992 Abbott Laboratories Annual Report on Form 10-K.
10.2	*	The Abbott Laboratories 1981 Incentive Stock Program, filed as an exhibit (pages 52-62) to the 1992 Abbott Laboratories Annual Report on Form 10-K.
10.3	*	The Abbott Laboratories 1986 Incentive Stock Program, filed as an exhibit (pages 37-59) to the 1989 Abbott Laboratories Annual Report on Form 10-K.
10.4	*	The Abbott Laboratories 1991 Incentive Stock Program, filed as an exhibit (pages 128-149) to the 1990 Abbott Laboratories Annual Report on Form 10-K.
10.5	*	Consulting agreement between Abbott Laboratories and K. Frank Austen, M.D. dated September 13, 1991, filed as an exhibit (pages 63-66) to the 1992 Abbott Laboratories Annual Report on Form 10-K.
10.6	*	Indenture dated as of October 1, 1993 between Abbott Laboratories and Harris Trust and Savings Bank, filed as Exhibit 4.1 to the Abbott Laboratories Quarterly Report for the Quarter ended September 30, 1993 on Form 10-Q.
10.7		Abbott Laboratories 401(k) Supplemental Plan.
10.8		Abbott Laboratories Supplemental Pension Plan.
10.9		The 1986 Abbott Laboratories Management Incentive Plan.
10.10		Abbott Laboratories Non-Employee Directors' Fee Plan.
11		CALCULATION OF FULLY DILUTED EARNINGS PER SHARE.
12		COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES.
13		THE PORTIONS OF THE ABBOTT LABORATORIES ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1993 CAPTIONED FINANCIAL REVIEW, CONSOLIDATED BALANCE SHEET, CONSOLIDATED STATEMENT OF EARNINGS, CONSOLIDATED STATEMENT OF CASH FLOWS, CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT, NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS, AND THE APPLICABLE PORTIONS OF THE SECTION CAPTIONED SUMMARY OF FINANCIAL DATA FOR THE YEARS 1989 THROUGH 1993.

REG.S-K
EXHIBIT
TABLE
ITEM NO.

- - - - -
21 SUBSIDIARIES OF ABBOTT LABORATORIES.

23.1 SUPPLEMENTAL REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS.
23.2 CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS.
THE 1994 ABBOTT LABORATORIES PROXY STATEMENT WILL BE FILED
WITH THE COMMISSION UNDER SEPARATE COVER ON OR ABOUT MARCH
4, 1994.

- - - - -
* Incorporated herein by reference.

The Company will furnish copies of any of the above exhibits to a shareholder upon written request to the Corporate Secretary, Abbott Laboratories, One Abbott Park Road, Abbott Park, Illinois 60064-3500.

ABBOTT LABORATORIES AND SUBSIDIARIES
 SCHEDULE I--INVESTMENT SECURITIES MATURING AFTER ONE YEAR
 DECEMBER 31, 1993
 (DOLLARS IN THOUSANDS)

NAME OF ISSUE AND TITLE OF EACH ISSUE	PRINCIPAL AMOUNT OF SECURITY	COST	MARKET VALUE
Time deposits and certificates of deposit due 1995 through 1998 at interest rates from 7.80% to 9.50%.....	\$ 34,500	\$ 34,500	\$ 38,189
Debt obligations issued or guaranteed by various governments or government agencies:			
Mortgage Backed Certificates, guaranteed by Government National Mortgage Association, due 2003 through 2012 at interest rates from 7.25% to 16.00%.....	81,309	82,058	86,765
Other Notes, Certificates, and Debentures due 1995 through 2001 at interest rates from 2.70% to 14.375%.....	60,554	60,554	60,595
Total debt obligations issued or guaranteed by various governments or government agencies.....	141,863	142,612	147,360
Corporate debt obligations, due 1995 to 2001 at interest rates from 2.763% to 8.875%.....	44,703	44,703	46,330
Total Investment Securities Maturing after One Year.....	\$ 221,066	\$ 221,815	\$ 231,879

ABBOTT LABORATORIES AND SUBSIDIARIES
SCHEDULE V--PROPERTY AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(DOLLARS IN THOUSANDS)

CLASSIFICATION	BALANCE AT BEGINNING OF YEAR	ADDITIONS	RETIREMENTS AND SALES	TRANSLATION ADJUSTMENTS	BALANCE AT END OF YEAR
Year Ended December 31, 1993:					
Land.....	\$ 120,617	\$ 15,193	\$ --	\$ 1,826	\$ 137,636
Buildings (including leasehold and land improvements).....	1,064,974	209,034	(4,054)	(8,334)	1,261,620
Equipment.....	3,735,259	645,739	(145,617)	(66,102)	4,169,279
Construction in Progress.....	576,291	82,766(a)	(5,865)	(581)	652,611
	\$5,497,141	\$ 952,732	\$(155,536)	\$(73,191)	\$ 6,221,146
Year Ended December 31, 1992:					
Land.....	\$ 64,984	\$ 59,016	\$ (2,934)	\$ (449)	\$ 120,617
Buildings (including leasehold and land improvements).....	950,810	130,844	(8,754)	(7,926)	1,064,974
Equipment.....	3,304,062	647,640	(166,162)	(50,281)	3,735,259
Construction in Progress.....	465,367	169,747(a)	(53,812)	(5,011)	576,291
	\$4,785,223	\$1,007,247	\$(231,662)	\$(63,667)	\$ 5,497,141
Year Ended December 31, 1991:					
Land.....	\$ 64,907	\$ 1,954	\$ (1,093)	\$ (784)	\$ 64,984
Buildings (including leasehold and land improvements).....	912,256	50,632	(4,068)	(8,010)	950,810
Equipment.....	3,016,483	475,462	(144,612)	(43,271)	3,304,062
Construction in Progress.....	263,904	204,709(a)	(2,496)	(750)	465,367
	\$4,257,550	\$ 732,757	\$(152,269)	\$(52,815)	\$ 4,785,223

(a) Net of transfers to Land, Buildings, and Equipment.

ABBOTT LABORATORIES AND SUBSIDIARIES
 SCHEDULE VI--ACCUMULATED DEPRECIATION AND AMORTIZATION
 OF PROPERTY AND EQUIPMENT
 FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
 (DOLLARS IN THOUSANDS)

CLASSIFICATION	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO COSTS AND EXPENSES	RETIREMENTS AND SALES	TRANSLATION ADJUSTMENTS	BALANCE AT END OF YEAR
Year Ended December 31, 1993:					
Buildings (including leasehold and land improvements).....	\$ 327,876	\$ 44,178	\$ (3,274)	\$ (2,219)	\$ 366,561
Equipment.....	2,070,027	439,903	(128,047)	(38,289)	2,343,594
	\$ 2,397,903	\$ 484,081	\$ (131,321)	\$ (40,508)	\$ 2,710,155
Year Ended December 31, 1992:					
Buildings (including leasehold and land improvements).....	\$ 292,381	\$ 40,485	\$ (2,355)	\$ (2,635)	\$ 327,876
Equipment.....	1,830,759	387,297	(117,619)	(30,410)	2,070,027
	\$ 2,123,140	\$ 427,782	\$ (119,974)	\$ (33,045)	\$ 2,397,903
Year Ended December 31, 1991:					
Buildings (including leasehold and land improvements).....	\$ 260,141	\$ 35,258	\$ (1,074)	\$ (1,944)	\$ 292,381
Equipment.....	1,621,627	343,759	(109,439)	(25,188)	1,830,759
	\$ 1,881,768	\$ 379,017	\$ (110,513)	\$ (27,132)	\$ 2,123,140

ABBOTT LABORATORIES AND SUBSIDIARIES
 SCHEDULE VIII--VALUATION AND QUALIFYING ACCOUNTS
 FOR THE YEARS ENDED DECEMBER 31, 1993, 1992, AND 1991
 (DOLLARS IN THOUSANDS)

ALLOWANCES FOR DOUBTFUL ACCOUNTS AND SALES DEDUCTIONS	BALANCE AT BEGINNING OF YEAR	PROVISIONS CHARGED TO INCOME (A)	AMOUNTS CHARGED OFF, NET OF RECOVERIES	BALANCE AT END OF YEAR
1993.....	\$ 106,857	\$ 29,441	\$ (19,373)	\$ 116,925
1992.....	\$ 82,244	\$ 41,598	\$ (16,985)	\$ 106,857
1991.....	\$ 65,455	\$ 32,750	\$ (15,961)	\$ 82,244

 (a) Represents provisions related to allowances for doubtful accounts and the net change in the allowances for sales deductions.

ABBOTT LABORATORIES AND SUBSIDIARIES
SCHEDULE IX SHORT-TERM BORROWINGS
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(DOLLARS IN THOUSANDS)

	1993	1992	1991
	-----	-----	-----
Domestic:			
Average Borrowings During the Year(a).....	\$ 836,888	\$ 581,171	\$ 409,521
Weighted Average Interest Rate During the Year(b).....	4.0%	4.4%	6.8%
Highest Level of Borrowings at any Month-end During the Year.....	\$ 981,000	\$ 779,000	\$ 452,000
Weighted Average Interest Rate at December 31.....	3.6%	4.0%	6.0%
Borrowings at December 31(c).....	\$ 750,000	\$ 768,000	\$ 399,000
International:			
Average Borrowings During the Year(d).....	\$ 153,092	\$ 175,582	\$ 189,979
Weighted Average Interest Rate During the Year(b).....	11.6%	14.4%	17.2%
Highest Level of Borrowings at any Month-end During the Year.....	\$ 196,955	\$ 218,526	\$ 275,871
Weighted Average Interest Rate at December 31.....	8.2%	10.6%	17.7%
Borrowings at December 31(e).....	\$ 91,514	\$ 141,116	\$ 124,526

(a) Calculated by weighting the average daily balances for the year.

(b) Calculated by dividing interest expense by average borrowings during the year.

(c) Consists principally of commercial paper.

(d) Represents the sum of the beginning of year and month-end balances divided by 13.

(e) Consists principally of bank loans.

ABBOTT LABORATORIES AND SUBSIDIARIES
 SCHEDULE X-SUPPLEMENTARY CONSOLIDATED
 STATEMENT OF EARNINGS INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 1993, 1992, AND 1991
 (DOLLARS IN THOUSANDS)

ITEM	CHARGED TO COSTS AND EXPENSES		
	1993	1992	1991
Maintenance and Repairs.....	\$ 200,197	\$ 179,771	\$ 161,721
Advertising.....	\$ 143,902	\$ 141,898	\$ 172,386
Royalties.....	\$ 107,356	\$ 104,085	\$ 109,692

Adopted by Board of
Directors on 9/10/93

ABBOTT LABORATORIES 401(K) SUPPLEMENTAL PLAN

SECTION 1

INTRODUCTION

1.1 PURPOSE. This Abbott Laboratories 401(k) Supplemental Plan (the "Plan") is being established by Abbott Laboratories ("Abbott") to provide eligible management employees of Abbott an opportunity to accumulate capital for their retirement or other termination of employment in excess of the contributions allowed under the Abbott Laboratories Stock Retirement Plan ("Stock Plan").

1.2 EFFECTIVE DATE. The Plan shall be effective as of October 1, 1993.

1.3 ADMINISTRATION. The Plan shall be administered by the Compensation Committee (the "Committee") appointed by the Board of Directors of Abbott.

SECTION 2

ELIGIBILITY AND PARTICIPATION

2.1 PERSONS ELIGIBLE TO PARTICIPATE. Participation in the Plan shall be limited to employees who are serving as corporate officers of Abbott as of October 1, 1993 or who become corporate officers thereafter. The term "corporate officer" for purposes of the Plan shall mean an individual elected an officer of Abbott by its Board of Directors (or designated as such for purposes of the Plan by the Committee), but shall not include assistant officers. In the event an employee should cease to be a corporate officer of Abbott due to demotion, termination of employment or otherwise, such employee shall cease to be eligible to participate in the Plan and any contributions then being made on behalf of such employee shall immediately cease.

2.2 PARTICIPANT. An eligible employee may elect to participate in the Plan by electing to have contributions made on the employee's behalf as provided in Section 5.

SECTION 3

EMPLOYEE CONTRIBUTIONS

3.1 ALLOWABLE CONTRIBUTIONS. An eligible employee may elect to have his employer make "pre-tax contributions" on his behalf in an amount not greater than 18% in total of his compensation in any calendar year for services rendered to his employer. A pre-tax contribution made by an employer on behalf of a participant shall reduce the participant's compensation at the time of payment of such compensation. Each election hereunder shall be in writing, and shall be in multiples of 1% of compensation.

3.2 COMPENSATION. A participant's "compensation" shall have the same meaning as that term is used in Subsection 7-2 of the Stock Plan.

3.3 MAXIMUM EMPLOYEE CONTRIBUTIONS. Notwithstanding Subsection 3.1, in no event shall the sum of:

(a) the participant's total contributions, pre-tax contributions, supplemental deposits and supplemental pre-tax contributions made under the Stock Plan; plus

(b) the participant's total pre-tax contributions made under the Plan;

for any calendar year, exceed 18% of the employee's compensation for such year. In the event the limitation described in this subsection 3.3 would be exceeded for any participant, the participant's pre-tax contributions made under this Plan shall be reduced until the limit is not exceeded.

SECTION 4

EMPLOYER CONTRIBUTIONS

For the calendar year ending December 31, 1993, and for each subsequent calendar year, Abbott shall make a contribution on behalf of each participant in the Plan who makes pre-tax contributions ("basic contributions") under the Plan during such year at the rate of two percent (2%) of compensation in excess of, for calendar year 1993, Two Hundred Thousand Dollars (\$200,000), and for calendar years subsequent to 1993, the limit in effect for such year under Section 401(a)(17), Internal Revenue Code of 1986, as amended. Such employer contribution shall be in an amount equal to the contribution the participant would have received under subsection 8-3 of the Stock Plan with respect to such basic contributions had such basic contributions been made under subsection 7-1 of the Stock Plan. A participant who suspends his basic contributions to the Plan during any calendar year shall receive an employer contribution under this Section 4 based on the basic contributions made by the participant during such year.

A contribution made by a participant under subsection 5.4 shall be considered a basic contribution for purposes of this Section 4 to the extent it includes contributions at the rate of two percent (2%) of compensation for 1993 in excess of Two Hundred Thousand Dollars (\$200,000).

SECTION 5

ELECTIONS

5.1 ANNUAL ELECTIONS REQUIRED. Except as provided in subsections 5.2 and 5.3, a participant shall elect to make pre-tax contributions with respect to compensation earned in any calendar year, prior to the first day of such calendar year. Each such election shall be in writing, shall be filed with the Committee, shall be effective only for the calendar year for which made and, except as provided in subsection 5.2, shall be irrevocable. Notwithstanding subsection 5.2, an employee who fails to make an election under this subsection 5.1 for a calendar year may not contribute to the Plan during such year.

5.2 LIMITED CHANGES. A participant who has elected under subsection 5.1 to make pre-tax contributions for any calendar year, may increase or decrease such pre-tax contributions during such calendar year by filing a written election with the Committee. A participant may make no more than two such elections under this subsection 5.2 during such calendar year. Any election filed under this subsection 5.2 shall become effective for compensation earned no earlier than the first payroll period commencing after receipt of the election by the Committee. Any election filed under this subsection 5.2 shall remain in effect for compensation earned during the remainder of such calendar year unless changed by a subsequent election under this subsection 5.2.

5.3 NEWLY ELIGIBLE EMPLOYEES. A newly eligible employee (including employees who become eligible due to the adoption of the Plan) shall make the election described in subsection 5.1 within thirty (30) days of the date he is notified of his eligibility to participate in the Plan. Any such election shall become effective for compensation earned no earlier than the first payroll period commencing after receipt of the election by the Committee and shall remain in effect for the remainder of the then current calendar year unless changed as provided in subsection 5.2.

5.4 SPECIAL CONTRIBUTION FOR 1993. Employees who are serving as corporate officers of Abbott and who have established "Grantor Trusts" under the 1986 Abbott Laboratories Management Incentive Plan ("MIP") as of October 1, 1993, may elect to make a lump-sum contribution based on compensation earned during the period of January 1, 1993 through September 30, 1993 (the "Make-up Period") by filing an election with the Administrator and tendering payment in cash to such Grantor Trust of the amount of the contribution, not later than October 31, 1993. Any such contribution shall not exceed the maximum contribution allowed under subsection 3.3 based on the employee's Stock Plan contributions made, and compensation earned, during the Make-Up Period.

5.5 GRANTOR TRUST ELECTION. As part of the annual elections described in subsection 5.1, each participant may also elect to have his pre-tax and employer contributions for such year deposited in a "Grantor Trust" established by the participant under the circumstances and on the terms described in subsection 6.1. Any such election shall be irrevocable and shall apply to all pre-tax contributions made during, and employer contributions made for, such calendar year on behalf of such participant. If the participant fails to make an election under this subsection 5.5, the participant's pre-tax contributions made during, and employer contribution made for, such calendar year shall be retained by Abbott and shall not be deposited in a grantor trust in the future.

SECTION 6

FUNDING EMPLOYER AND EMPLOYEE CONTRIBUTIONS

6.1 CONTRIBUTIONS TO BE DEPOSITED IN GRANTOR TRUSTS. Each participant's pre-tax contributions and employer contributions which the participant has filed an election under subsection 5.5 shall be retained by Abbott and credited to a Grantor Trust Account established under subsection 7.1. As soon as practicable after the date the value of the participant's Grantor Trust Account exceeds Fifty Thousand Dollars (\$50,000), the entire value of such account, less the approximate aggregate federal, state and local individual income taxes (determined under subsection 8.5) attributable to the Grantor Trust Account, shall be deposited in a "Grantor Trust" established by the participant, provided such trust is in a form which the Committee determines is substantially similar to the trust attached to this Plan as Exhibit A. The appropriate aggregate federal, state and local individual income taxes attributable to the Grantor Trust Account shall be paid directly to the participant.

6.2 CONTRIBUTIONS TO BE RETAINED BY ABBOTT. Each participant's pre-tax contributions and employer contributions for which the participant has not filed an election under subsection 5.5 shall be retained by Abbott and credited to a Deferred Account established under subsection 7.1.

6.3 AFTER ESTABLISHMENT OF GRANTOR TRUST. After a Grantor Trust has been established by a participant under subsection 6.1, all pre-tax contributions and employer contributions made thereafter for which the participant has filed an election under Subsection 5.5, shall be deposited in such Grantor Trust (less the approximate aggregate federal, state and local individual income taxes (determined under subsection 8.5) attributable to such contributions). Such deposits shall be made as soon as practicable after the last complete payroll period of the calendar quarter in which the contributions are made.

6.4 FUNDING SPECIAL CONTRIBUTION FOR 1993. The full amount of any contribution made by a participant under subsection 5.4 shall be deposited in the participant's Grantor Trust established under subsection 5.1 of the MIP. Such participant's Trust Account established under subsection 5.2 of the MIP shall be credited with the sum of (a) the amount of such contribution, plus (b) the amount of the approximate aggregate federal, state and local individual income taxes (determined under subsection 6.7 of the MIP) attributable to the sum of paragraph (a) and (b) of this subsection 6.4. Thereafter, such contribution shall be treated for all purposes of the MIP as if it were an allocation paid under subsection 5.1 (b) of the MIP.

SECTION 7

ACCOUNTING

7.1 SEPARATE ACCOUNTS. The Committee shall maintain two separate Accounts, a "Deferred Account" and a "Trust Account" in the name of each participant. The Deferred Account shall be comprised of any pre-tax contributions made on behalf of the participant under subsection 3.1 and any employer contributions made on behalf of the participant under Section 4, for which the participant has not made an election under subsection 5.5, and any adjustments made pursuant to subsection 7.2. The "Trust Account" shall be comprised of any pre-tax contributions made on behalf of the participant under subsection 3.1 and any employer contributions made on behalf of the participant under Section 4, for which the participant has made an election under subsection 5.5, and any adjustments made pursuant to subsection 7.3.

7.2 ADJUSTMENT OF DEFERRED ACCOUNTS. As of the end of each calendar year, the Administrator shall adjust each participant's Deferred Account as follows:

- (a) FIRST, charge an amount equal to any payments made to the participant during that year pursuant to subsections 7.9 or 7.10;
- (b) NEXT, credit an amount equal to any pre-tax contributions and employer contributions made on behalf of such participant for that year for which the participant has not made an election under subsection 5.5; and
- (c) FINALLY, credit an amount equal to the Interest Accrual earned for that year pursuant to subsection 7.4.

7.3 ADJUSTMENT OF TRUST ACCOUNTS. As of the end of each calendar year, the Administrator shall adjust each participant's Trust Account as follows:

- (a) FIRST, charge an amount equal to the product of: (i) any payments made to the participant during that year from the participant's Grantor Trust (other than distributions of trust earnings in excess of the Net Interest Accrual authorized by the administrator of the trust to provide for the Tax Gross Up under subsection 8.4); multiplied by (ii) a fraction, the numerator of which is the balance in the participant's Trust Account as of the end of the prior calendar year and the denominator of which is the balance of the participant's Grantor Trust (as determined by the administrator of the trust) as of that same date;
- (b) NEXT, credit an amount equal to any pre-tax contributions and employer contributions made on behalf of the participant for that year for which the participant has made an election under subsection 5.5;
- (c) FINALLY, credit an amount equal to the Interest Accrual earned for that year pursuant to subsection 7.4.

7.4 INTEREST ACCRUALS ON ACCOUNTS. As of the end of each calendar year, a participant's Deferred Account and Trust Account shall be credited with interest equal to: (a) the average of the prime rates of interest charged by the two largest banks located in the City of Chicago on loans made by them as of January 1 and the end of each month of the calendar year plus (b) two hundred twenty-five (225) basis points. Such interest shall be credited on the conditions established by the Committee.

7.5 GUARANTEED RATE PAYMENTS. In addition to any employer contribution made on behalf of a participant for any calendar year pursuant to section 4, Abbott shall also make a payment to a participant's Grantor Trust (a "Guaranteed Rate Payment") for any year in which the net earnings of such trust do not equal or exceed the participant's Net Interest Accrual for that year. A participant's "Net Interest Accrual" for a year is an amount equal to: (a) the Interest Accrual credited to the participant's Trust Account for that year; less (b) the product of (i) the amount of such Interest Accrual, multiplied by (ii) the aggregate of the federal, state and local individual income tax rates (determined in accordance with subsection 8.5). The Guaranteed Rate Payment shall equal the difference between the participant's Net Interest Accrual and the net earnings of the participant's Grantor Trust for the year, and shall be paid within 90 days of the end of the calendar year.

7.6 DESIGNATION OF BENEFICIARIES. Subject to the conditions and limitations set forth below, each participant, and after a participant's death, each primary beneficiary designated by a participant in accordance with the provisions of this subsection 7.6, shall have the right from time to time to designate a primary beneficiary or beneficiaries and, successive or contingent beneficiary or beneficiaries to receive unpaid amounts from the

participant's Deferred Account under the Plan. Beneficiaries may be a natural person or persons or a fiduciary, such as a trustee of a trust or the legal representative of an estate. Any such designation shall take effect upon the death of the participant or such beneficiary, as the case may be, or in the case of any fiduciary beneficiary, upon the termination of all of its duties (other than the duty to dispose of the right to receive amounts remaining to be paid under the Plan). The conditions and limitations relating to the designation of beneficiaries are as follows:

- (a) A nonfiduciary beneficiary shall have the right to designate a further beneficiary or beneficiaries only if the original participant or the next preceding primary beneficiary, as the case may be, shall have expressly so provided in writing; and
- (b) A fiduciary beneficiary shall designate as a further beneficiary or beneficiaries only those persons or other fiduciaries who are entitled to receive the amounts payable from the participant's account under the trust or estate of which it is a fiduciary.

Any beneficiary designation or grant of any power to any beneficiary under this subsection may be exercised only by an instrument in writing, executed by the person making the designation or granting such power and filed with the Secretary of Abbott during such person's lifetime or prior to the termination of a fiduciary's duties. If a deceased participant or a deceased nonfiduciary beneficiary who had the right to designate a beneficiary as provided above dies without having designated a further beneficiary, or if no beneficiary designated as provided above is living or qualified and acting, the Committee, in its discretion, may direct distribution of the amount remaining from time to time to either:

- (i) any one or more or all of the next of kin (including the surviving spouse) of the participant or the deceased beneficiary, as the case may be, and in such proportions as the Committee determines; or
- (ii) the legal representative of the estate of the deceased participant or deceased beneficiary as the case may be.

7.7 NON-ASSIGNABILITY AND FACILITY OF PAYMENT. Amounts payable to participants and their beneficiaries under the Plan are not in any way subject to their debts and other obligations, and may not be voluntarily or involuntarily sold, transferred or assigned; provided that the preceding provisions of this section shall not be construed as restricting in any way a designation right granted to a beneficiary pursuant to the terms of subsection 7.6. When a participant or the beneficiary of a participant is under legal disability, or in the Committee's opinion is in any way incapacitated so as to be unable to manage his or her financial

affairs, the Committee may direct that payments shall be made to the participant's or beneficiary's legal representative, or to a relative or friend of the participant or beneficiary for the benefit of the participant or beneficiary, or the Committee may direct the payment or distribution for the benefit of the participant or beneficiary in any manner that the Committee determines.

7.8 PAYER OF AMOUNTS ALLOCATED TO PARTICIPANTS. Any employer contribution made on behalf of a participant in the Plan and any interest credited thereto (and to other contributions) will be paid by the employer (or such employer's successor) by whom the participant was employed during the calendar year for which any amount was allocated, and for that purpose, if a participant shall have been employed by two or more employers during any calendar year the amount allocated under this Plan for that year shall be an obligation of each of the respective employers in proportion to the respective amounts of compensation paid by each of them in that calendar year.

7.9 MANNER OF PAYMENT. Subject to subsection 7.10, a participant shall elect the timing and manner of payment of each portion of his Deferred Account attributable to contributions made for any calendar year, at the time of his election for such calendar year under subsection 5.1. Notwithstanding subsection 5.2, any election made under this subsection 7.10 shall be irrevocable as to that portion of the Deferred Account to which the election relates. The participant may select a payment method from any of the following alternatives:

- (a) Payment in a lump-sum as soon as practicable following the participant's retirement or other termination of employment; or
- (b) Payment under any method allowed by the Committee for deferred accounts under the MIP.

7.10 PAYMENT UPON TERMINATION FOLLOWING CHANGE IN CONTROL. Notwithstanding any other provisions of the Plan, if employment of any participant with Abbott and its subsidiaries should terminate for any reason within five (5) years after the date of a Change in Control, the aggregate unpaid balance of the participant's Deferred Account and Trust Account, shall be paid to the participant in a lump sum within thirty (30) days following the date of such termination.

7.11 CHANGE IN CONTROL. A "Change in Control" shall be deemed to have occurred on the earliest of the following dates:

- (i) The date any entity or person (including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act")) shall have become the beneficial owner of, or shall have obtained voting control over thirty percent (30%) or more of the outstanding common shares of Abbott;
- (ii) The date the shareholders of Abbott approve a definitive agreement (A) to merge or consolidate Abbott with or into another corporation, in which Abbott is not the continuing or surviving corporation or pursuant to which any common shares of Abbott would be converted into cash, securities or other property of another corporation, other than a merger of Abbott in which holders of common shares immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger as immediately before, or (B) to sell or otherwise dispose of substantially all the assets of Abbott; or
- (iii) The date there shall have been a change in a majority of the Board of Directors of Abbott within a twelve (12) month period unless the nomination for election by Abbott's shareholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the twelve (12) month period.

7.12 PROHIBITION AGAINST AMENDMENT. The provisions of subsections 7.10, 7.11 and this subsection 7.12 may not be amended or deleted, nor superseded by any other provision of this Plan, during the period beginning on the date of a Change in Control and ending on the date five (5) years following such Change in Control.

SECTION 8

MISCELLANEOUS

8.1 RULES. The Committee may establish such rules and regulations as it may consider necessary or desirable for the effective and efficient administration of the Plan.

8.2 TAXES. Any employer shall be entitled, if necessary or desirable, to pay, or withhold the amount of any federal, state or local tax, attributable to any amounts payable by it under the Plan after giving the person entitled to receive such amount

notice as far in advance as practicable, and may defer making payment of any amount with respect to which any such tax question may be pending unless and until indemnified to its satisfaction.

8.3 RIGHTS OF PARTICIPANTS. Employment rights of participants with Abbott and its subsidiaries shall not be enlarged or affected by reason of establishment of or inclusion as a participant in the Plan. Nothing contained in the Plan shall require Abbott or any subsidiary to segregate or earmark any assets, funds or property for the purpose of payment of any amounts which may have been deferred. The Deferred and Trust Accounts established pursuant to subsection 7.1 are for the convenience of the administration of the Plan and no trust relationship with respect to such Accounts is intended or should be implied. Participant's rights shall be limited to payment to them at the time or times and in such amounts as are contemplated by the Plan. Any decision made by the Committee which is within his sole and uncontrolled discretion, shall be conclusive and binding upon all persons whomsoever.

8.4 TAX GROSS UP. In addition to the employer contribution provided under Section 4, each participant (or, if the participant is deceased, the beneficiary designated under the participant's Grantor Trust) shall be entitled to a Tax Gross Up payment for each year there is a balance in his Trust Account. The "Tax Gross Up" shall approximate: (a) the amount necessary to compensate the participant (or beneficiary) for the net increase in the participant's (or beneficiary's) federal, state and local income taxes as a result of the inclusion in his taxable income of the income of the participant's Grantor Trust and any Guaranteed Rate Payment for that year; less (b) any distribution to the participant (or beneficiary) of his Grantor Trust's net earnings for that year; plus (c) an amount necessary to compensate the participant (or beneficiary) for the net increase in the taxes described in (a) above as a result of the inclusion in his taxable income of any payment made pursuant to this subsection 8.4. Payment of the Tax Gross Up shall be made by the employers (in such proportions as Abbott shall designate) directly from their general corporate assets.

8.5 INCOME TAX ASSUMPTIONS. For purposes of Sections 7 and 8, a participant's federal income tax rate shall be deemed to be the highest marginal rate of federal individual income tax in effect in the calendar year in which a calculation under those Sections is to be made, and state and local tax rates shall be deemed to be the highest marginal rates of individual income tax in effect in the state and locality of the participant's residence on the date such a calculation is made, net of any federal tax benefits.

8.6 GENDER. For purposes of the Plan, words in the masculine gender shall include the feminine and neuter genders, the singular shall include the plural and the plural shall include the singular.

8.7 MANNER OF ACTION BY COMMITTEE. A majority of the members of the Committee qualified to act on any particular question may act by meeting or by writing signed without meeting, and may execute any instrument or document required or delegate to one of its members authority to sign. The Committee from time to time may delegate the performance of certain ministerial functions in connection with the Plan, such as the keeping of records, to such person or persons as the Committee may select. Except as otherwise expressly provided in the Plan, the costs of administration of the Plan will be paid by Abbott. Any notice required to be given to, or any document required to be filed with the Committee, will be properly given or filed if mailed or delivered in writing to the Secretary of Abbott.

8.8 RELIANCE UPON ADVICE. The Board of Directors and the Committee may rely upon any information or advice furnished to it by any Officer of Abbott or by Abbott's independent auditors, or other consultants, and shall be fully protected in relying upon such information or advice. No member of the Board of Directors or the Committee shall be liable for any act or failure to act on their part, excepting only any acts done or omitted to be done in bad faith, nor shall they be liable for any act or failure to act of any other member.

SECTION 9

AMENDMENT, TERMINATION AND CHANGE OF CONDITIONS RELATING TO PAYMENTS

The Plan will be effective from its effective date until terminated by the Board of Directors. The Board of Directors reserves the right to amend the Plan from time to time and to terminate the Plan at any time. No such amendment or any termination of the Plan shall reduce any fixed or contingent obligations which shall have arisen under the Plan prior to the date of such amendment or termination.

IRREVOCABLE GRANTOR TRUST AGREEMENT

THIS AGREEMENT, made this _____ day of _____, _____, by and between _____ of _____, Illinois (the "grantor"), and The Northern Trust Company located at Chicago, Illinois, as trustee (the "trustee"),

WITNESSETH THAT:

WHEREAS, the grantor desires to establish and maintain a trust to hold certain benefits received by the grantor under the Abbott Laboratories 401(k) Supplemental Plan, as it may be amended from time to time;

NOW, THEREFORE, IT IS AGREED as follows:

ARTICLE I

INTRODUCTION

I-1. NAME. This agreement and the trust hereby evidenced (the "trust") may be referred to as the "_____ 19__ Grantor Trust".

I-2. THE TRUST FUND The "trust fund" as at any date means all property then held by the trustee under this agreement.

I-3. STATUS OF THE TRUST. The trust shall be irrevocable. The trust is intended to constitute a grantor trust under Sections 671-678 of the Internal Revenue Code, as amended, and shall be construed accordingly.

I-4. THE ADMINISTRATOR. Abbott Laboratories ("Abbott") shall act as the "administrator" of the trust, and as such shall have certain powers, rights and duties under this agreement as described below. Abbott will certify to the trustee from time to time the person or persons authorized to act on behalf of Abbott as the administrator. The trustee may rely on the latest certificate received without further inquiry or verification.

I-5. ACCEPTANCE. The trustee accepts the duties and obligations of the "trustee" hereunder, agrees to accept funds delivered to it by the grantor or the administrator, and agrees to hold such funds (and any proceeds from the investment of such funds) in trust in accordance with this agreement.

ARTICLE II

DISTRIBUTION OF THE TRUST FUND

II-1. DEFERRED ACCOUNT. The administrator shall maintain a "deferred account" under the trust. As of the end of each calendar year, the administrator shall charge the deferred account

with all distributions made from such account during that year; and credit such account with income and realized gains and charge such account with expenses and realized losses for the year.

II-2. DISTRIBUTIONS FROM THE DEFERRED ACCOUNT PRIOR TO THE GRANTOR'S DEATH. Principal and accumulated income credited to the deferred account shall not be distributed from the trust prior to the grantor's retirement or other termination of employment with Abbott or a subsidiary of Abbott (the grantor's "settlement date"); provided that, each year the administrator may direct the trustee to distribute to the grantor a portion of the income of the deferred account for that year, with the balance of such income to be accumulated in that account. The administrator shall inform the trustee of the grantor's settlement date. Thereafter, the trustee shall distribute the amounts from time to time credited to the deferred account to the grantor, if then living, either in a lump-sum payable as soon as practicable following the settlement date, or in a series of annual installments, with the amount of each installment computed by one of the following methods:

- (a) The amount of each installment shall be equal to the sum of: (i) the amount credited to the deferred account as of the end of the year in which the grantor's settlement date occurs, divided by the number of years over which installments are to be distributed; plus (ii) the net earnings credited to the deferred account for the preceding year (excluding the year in which the grantor's settlement date occurs).
- (b) The amount of each installment shall be determined by dividing the amount credited to the deferred account as of the end of the preceding year by the difference between (i) the total number of years over which installments are to be distributed, and (ii) the number of annual installment distributions previously made from the deferred account.
- (c) Each installment (after the first installment) shall be approximately equal, with the amount comprised of the sum of: (i) the amount of the first installment, plus interest thereon at the rate determined under the Abbott Laboratories 401(k) Supplemental Plan, compounded annually; and (ii) the net earnings credited to the deferred account for the preceding year.

Notwithstanding the foregoing, the final installment distribution made to the grantor under this paragraph II-3 shall equal the total principal and accumulated income then held in the trust fund. The grantor, by writing filed with the trustee and the administrator on or before the end of the calendar year in which the grantor's settlement date occurs, may select either the lump-sum or an installment payment method and, if an installment method is selected, may select both the period (which may not be less

than ten years from the end of the calendar year in which the grantor's settlement date occurred) over which the installment distributions are to be made and the method of computing the amount of each installment. In the absence of such a written direction by the grantor, installment distributions shall be made over a period of ten years, and the amount of each installment shall be computed by using the method described in subparagraph (a) next above. Installment distributions under this Paragraph II-2 shall be made as of January 1 of each year, beginning with the calendar year following the year in which the grantor's settlement date occurs. The administrator shall inform the trustee of the amount of each installment distribution under this paragraph II-2, and the trustee shall be fully protected in relying on such information received from the administrator.

II-3. DISTRIBUTIONS FROM THE TRUST FUND AFTER THE GRANTOR'S DEATH. The grantor, from time to time may name any person or persons (who may be named contingently or successively and who may be natural persons or fiduciaries) to whom the principal of the trust fund and all accrued or undistributed income thereof shall be distributed in a lump sum or, if the beneficiary is the grantor's spouse, in installments, as directed by the grantor, upon the grantor's death. If the grantor directs an installment method of distribution, any amounts remaining at the death of the spouse beneficiary shall be distributed in a lump sum. Each designation shall revoke all prior designations, shall be in writing and shall be effective only when filed by the grantor with the administrator during the grantor's lifetime. If the grantor fails to direct a method of distribution, the distribution shall be made in a lump sum. If the grantor fails to designate a beneficiary as provided above, then on the grantor's death, the trustee shall distribute the balance of the trust fund in a lump sum to the executor or administrator of the grantor's estate.

II-4. FACILITY OF PAYMENT. When a person entitled to a distribution hereunder is under legal disability, or, in the trustee's opinion, is in any way incapacitated so as to be unable to manage his or her financial affairs, the trustee may make such distribution to such person's legal representative, or to a relative or friend of such person for such person's benefit. Any distribution made in accordance with the preceding sentence shall be a full and complete discharge of any liability for such distribution hereunder.

II-5. PERPETUITIES. Notwithstanding any other provisions of this agreement, on the day next preceding the end of 21 years after the death of the last to die of the grantor and the grantor's descendants living on the date of this instrument, the trustee shall immediately distribute any remaining balance in the trust to the beneficiaries then entitled to distributions hereunder.

ARTICLE III

MANAGEMENT OF THE TRUST FUND

III-1. GENERAL POWERS. The trustee shall, with respect to the trust fund, have the following powers, rights and duties in addition to those provided elsewhere in this agreement or by law:

- (a) Subject to the limitations of subparagraph (b) next below, to sell, contract to sell, purchase, grant or exercise options to purchase, and otherwise deal with all assets of the trust fund, in such way, for such considerations, and on such terms and conditions as the trustee decides.
- (b) To retain in cash such amounts as the trustee considers advisable; and to invest and reinvest the balance of the trust fund, without distinction between principal and income, in obligations of the United States Government and its agencies or which are backed by the full faith and credit of the United States Government or in any mutual fund, common trust fund or collective investment fund which invests solely in such obligations; and any such investment made or retained by the trustee in good faith shall be proper despite any resulting risk or lack of diversification or marketability.
- (c) To deposit cash in any depository (including the banking department of the bank acting as trustee) without liability for interest, and to invest cash in savings accounts or time certificates of deposit bearing a reasonable rate of interest in any such depository.
- (d) To invest, subject to the limitations of subparagraph (b) above, in any common or commingled trust fund or funds maintained or administered by the trustee solely for the investment of trust funds.
- (e) To borrow from anyone, with the administrator's approval, such sum or sums from time to time as the trustee considers desirable to carry out this trust, and to mortgage or pledge all or part of the trust fund as security.

- (f) To retain any funds or property subject to any dispute without liability for interest and to decline to make payment or delivery thereof until final adjudication by a court of competent jurisdiction or until an appropriate release is obtained.
- (g) To begin, maintain or defend any litigation necessary in connection with the administration of this trust, except that the trustee shall not be obliged or required to do so unless indemnified to the trustee's satisfaction.
- (h) To compromise, contest, settle or abandon claims or demands.
- (i) To give proxies to vote stocks and other voting securities, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, liquidations, or other changes in the financial structure of any corporation, and to exercise or sell stock subscription or conversion rights.
- (j) To hold securities or other property in the name of a nominee, in a depository, or in any other way, with or without disclosing the trust relationship.
- (k) To divide or distribute the trust fund in undivided interests or wholly or partly in kind.
- (l) To pay any tax imposed on or with respect to the trust; to defer making payment of any such tax if it is indemnified to its satisfaction in the premises; and to require before making any payment such release or other document from any lawful taxing authority and such indemnity from the intended payee as the trustee considers necessary for its protection.
- (m) To deal without restriction with the legal representative of the grantor's estate or the trustee or other legal representative of any trust created by the grantor or a trust or estate in which a beneficiary has an interest, even though the trustee, individually, shall be acting in such other capacity, without liability for any loss that may result.
- (n) To appoint or remove by written instrument any bank or corporation qualified to act as successor trustee, wherever located, as special trustee as to part or all of the trust fund, including property as to which the trustee does not act, and such special trustee, except as specifically limited or provided by this or the appointing instrument, shall have all

of the rights, titles, powers, duties, discretions and immunities of the trustee, without liability for any action taken or omitted to be taken under this or the appointing instrument.

- (o) To appoint or remove by written instrument any bank, wherever located, as custodian of part or all of the trust fund, and each such custodian shall have such rights, powers, duties and discretions as are delegated to it by the trustee.
- (p) To employ agents, attorneys, accountants or other persons, and to delegate to them such powers as the trustee considers desirable, and the trustee shall be protected in acting or refraining from acting on the advice of persons so employed without court action.
- (q) To perform any and all other acts which in the trustee's judgment are appropriate for the proper management, investment and distribution of the trust fund.

III-2. PRINCIPAL AND INCOME. Any income earned on the trust fund which is not distributed as provided in Article II shall be accumulated and from time to time added to the principal of the trust. The grantor's interest in the trust shall include all assets or other property held by the trustee hereunder, including principal and accumulated income.

III-3. STATEMENTS. The trustee shall prepare and deliver monthly to the administrator and annually to the grantor, if then living, otherwise to each beneficiary then entitled to distributions under this agreement, a statement (or series of statements) setting forth (or which taken together set forth) all investments, receipts, disbursements and other transactions effected by the trustee during the reporting period; and showing the trust fund and the value thereof at the end of such period.

III-4. COMPENSATION AND EXPENSES. All reasonable costs, charges and expenses incurred in the administration of this trust, including compensation to the trustee, any compensation to agents, attorneys, accountants and other persons employed by the trustee, and expenses incurred in connection with the sale, investment and reinvestment of the trust fund shall be paid from the trust fund.

ARTICLE IV

GENERAL PROVISIONS

IV-1. INTERESTS NOT TRANSFERABLE. The interests of the grantor or other persons entitled to distributions hereunder are not subject to their debts or other obligations and may not be voluntarily or involuntarily sold, transferred, alienated, assigned or encumbered.

IV-2. DISAGREEMENT AS TO ACTS. If there is a disagreement between the trustee and anyone as to any act or transaction reported in any accounting, the trustee shall have the right to a settlement of its account by any proper court.

IV-3. TRUSTEE'S OBLIGATIONS. No power, duty or responsibility is imposed on the trustee except as set forth in this agreement. The trustee is not obliged to determine whether funds delivered to or distributions from the trust are proper under the trust, or whether any tax is due or payable as a result of any such delivery or distribution. The trustee shall be protected in making any distribution from the trust as directed pursuant to Article II without inquiring as to whether the distributee is entitled thereto; and the trustee shall not be liable for any distribution made in good faith without written notice or knowledge that the distribution is not proper under the terms of this agreement.

IV-4. GOOD FAITH ACTIONS. The trustee's exercise or non-exercise of its powers and discretions in good faith shall be conclusive on all persons. No one shall be obliged to see to the application of any money paid or property delivered to the trustee. The certificate of the trustee that it is acting according to this agreement will fully protect all persons dealing with the trustee.

IV-5. WAIVER OF NOTICE. Any notice required under this agreement may be waived by the person entitled to such notice.

IV-6. CONTROLLING LAW. The laws of the State of Illinois shall govern the interpretation and validity of the provisions of this agreement and all questions relating to the management, administration, investment and distribution of the trust hereby created.

IV-7. SUCCESSORS. This agreement: shall be binding on all persons entitled to distributions hereunder and their respective heirs and legal representatives, and on the trustee and its successors.

ARTICLE V

CHANGES IN TRUSTEE

V-1. RESIGNATION OR REMOVAL OF TRUSTEE. The trustee may resign at any time by giving thirty days' advance written notice to the administrator and the grantor. The administrator may remove a trustee by written notice to the trustee and the grantor.

V-2. APPOINTMENT OF SUCCESSOR TRUSTEE. The administrator shall fill any vacancy in the office of trustee as soon as practicable by written notice to the successor trustee; and shall give prompt written notice thereof to the grantor, if then living, otherwise to each beneficiary then entitled to payments or distributions under this agreement. A successor trustee shall be a bank (as defined in Section 581 of the Internal Revenue Code, as amended).

V-3. DUTIES OF RESIGNING OR REMOVED TRUSTEE AND OF SUCCESSOR TRUSTEE. A trustee that resigns or is removed shall furnish promptly to the administrator and the successor trustee an account of its administration of the trust from the date of its last account. Each successor trustee shall succeed to the title to the trust fund vested in its predecessor without the signing or filing of any instrument, but each predecessor trustee shall execute all documents and do all acts necessary to vest such title of record in the successor trustee. Each successor trustee shall have all the powers conferred by this agreement as if originally named trustee. No successor trustee shall be personally liable for any act or failure to act of a predecessor trustee. With the approval of the administrator, a successor trustee may accept the account furnished and the property delivered by a predecessor trustee without incurring any liability for so doing, and such acceptance will be complete discharge to the predecessor trustee.

ARTICLE VI

AMENDMENT AND TERMINATION

VI-1. AMENDMENT. With the consent of the administrator, this trust may be amended from time to time by the grantor, if then living, otherwise by a majority of the beneficiaries then entitled to payments or distributions hereunder, except as follows:

(a) The duties and liabilities of the trustee cannot be changed substantially without its consent.

(b) This trust may not be amended so as to make the trust revocable.

VI-2. TERMINATION. This Trust Shall Not Terminate, and all rights, titles, powers, duties, discretions and immunities imposed on or reserved to the trustee, the administrator, the grantor and the beneficiaries shall continue in effect, until all

assets of the trust have been distributed by the trustee as provided in Article II.

* * *

IN WITNESS WHEREOF, the grantor and the trustee have executed this agreement as of the day and year first above written.

Grantor_____

The Northern Trust Company as Trustee

By_____

Its_____

EXHIBIT 10.8

Adopted by Board of Directors 12/13/85.
Amended by Board of Review 3/13/86,
12/11/86, 3/11/87, 3/4/88, 12/9/88, 3/9/89,
10/1/89, 12/21/90, 6/1/92 and 9/30/93.

ABBOTT LABORATORIES SUPPLEMENTAL PENSION PLAN

SECTION 1

INTRODUCTION

1-1. On September 9, 1977, December 14, 1979 and February 10, 1984 the Board of Directors of Abbott Laboratories ("Abbott") adopted certain resolutions providing for payment of (i) pension benefits calculated under the Abbott Laboratories Annuity Retirement Plan ("Annuity Plan") in excess of those which may be paid under that plan under the limits imposed by Section 415 of the U.S. Internal Revenue Code, as amended, and the Employee Retirement Income Security Act ("ERISA") and (ii) the additional pension benefits that would be payable under the Annuity Plan if deferred awards under the Abbott Laboratories Management Incentive Plan were included in "final earnings" as defined in the Annuity Plan.

On February 10, 1984 the Board of Directors of Abbott also adopted a resolution (this and the resolutions described above being hereinafter referred to as the "prior resolutions") allowing participants in the Abbott Laboratories Stock Retirement Plan Stock Plan to elect "supplemental pay conversion" contributions in excess of the limits imposed by Section 415 of the U.S. Internal Revenue Code, as amended.

The purpose of this ABBOTT LABORATORIES SUPPLEMENTAL PENSION PLAN (the "Supplemental Plan") is to clarify, restate and supersede the prior resolutions.

1-2. The Supplemental Plan shall apply to employees of Abbott and its subsidiaries and affiliates existing as of the date of

adoption of the Supplemental Plan or thereafter created or acquired. (Abbott and each of such subsidiaries and affiliates are hereinafter referred to as an "employer" and collectively as the "employers").

1-3. All benefits provided under the Supplemental Plan shall be provided from the general assets of the employers and not from any trust fund or other designated asset. All participants in the Supplemental Plan shall be general creditors of the employers with no priority over other creditors.

1-4. The Supplemental Plan shall be administered by the Abbott Laboratories Employee Benefit Board of Review appointed and acting under the Annuity Plan ("Board of Review"). Except as stated below, the Board of Review shall perform all powers and duties with respect to the Supplemental Plan, including the power to direct payment of benefits, allocate costs among employers, adopt amendments and determine questions of interpretation. The Board of Directors of Abbott shall have the sole authority to terminate the Supplemental Plan.

SECTION 2

ERISA ANNUITY PLAN SUPPLEMENTAL BENEFIT

2-1. The benefits described in this Section 2 shall apply to all participants in the Annuity Plan who retire, or terminate with a vested pension under that plan, on or after September 9, 1977.

2-2. Each Annuity Plan participant whose retirement or vested pension under that plan would otherwise be limited by Section 415, Internal Revenue Code, shall receive a supplemental pension under this Supplemental Plan in an amount, which, when added to his or her

Annuity Plan pension, will equal the amount the participant would be entitled to under the Annuity Plan as in effect from time to time, based on the particular option selected by the participant, without regard to the limitations imposed by Section 415, Internal Revenue Code.

SECTION 3

1986 TAX REFORM ACT SUPPLEMENTAL BENEFIT

3-1. The benefits described in this Section 3 shall apply to all participants in the Annuity Plan who retire, or terminate with a vested pension under that plan, after December 31, 1988.

3-2. Each Annuity Plan participant shall receive a supplemental pension under this Supplemental Plan in an amount determined as follows:

- (a) The supplemental pension shall be the difference, if any, between:
 - (i) The monthly benefit payable under the Annuity Plan plus any supplement provided by Section 2; and
 - (ii) The monthly benefit which would have been payable under the Annuity Plan (without regard to the limits imposed by Section 415, Internal Revenue Code) if the participant's "final earnings", as defined in the Annuity Plan had included compensation in excess of the limits imposed by Section 401(a)(17), Internal Revenue Code and any "pre-tax contributions" made by the participant under the Abbott Laboratories Supplemental 401(k) Plan.

SECTION 4

DEFERRED MIP ANNUITY PLAN SUPPLEMENTAL BENEFIT

4-1. The benefits described in this Section 4 shall apply to all participants in the Annuity Plan who retire, or terminate with a vested pension, under that plan, on or after December 14, 1979 and who were awarded Management Incentive Plan awards for any calendar

year during the ten consecutive calendar years ending with the year of retirement or termination of employment.

4-2. Each Annuity Plan participant shall receive a supplemental pension under this Supplemental Plan in an amount determined as follows:

- (a) The supplemental pension shall be the difference, if any, between:
 - (i) The monthly benefit payable under the Annuity Plan plus any supplement provided by Section 2 and Section 3; and
 - (ii) the monthly benefit which would have been payable under the Annuity Plan (without regard to the limits imposed by Section 415, Internal Revenue Code) if the participant's "final earnings", as defined in the Annuity Plan, were one-sixtieth of the sum of:
 - (A) the participant's total "basic earnings" (excluding any payments under the Management Incentive Plan or any Division Incentive Plan) received in the sixty consecutive calendar months for which his basic earnings (excluding any payments under the Management Incentive Plan or any Division Incentive Plan) were highest within the last one hundred twenty consecutive calendar months immediately preceding his retirement or termination of employment; and
 - (B) the amount of the participant's total awards under the Management Incentive Plan and any Division Incentive Plan (whether paid immediately or deferred) made for the five consecutive calendar years during the ten consecutive calendar years ending with the year of retirement or termination for which such amount is the greatest and (for participants granted Management Incentive Plan awards for less than five consecutive calendar years during such ten year period) which include all Management Incentive Plan awards granted for consecutive calendar years within such ten year period.
- (b) That portion of any Management Incentive Plan award which the Compensation Committee has determined shall be excluded from the participant's "basic earnings" shall be

excluded from the calculation of "final earnings" for purposes of this subsection 4-2. "Final earnings" for purposes of this subsection 4-2 shall include any compensation in excess of the limits imposed by Section 401(a)(17), Internal Revenue Code.

- (c) In the event the period described in subsection 4-2(a)(ii)(B) is the final five calendar years of employment and a Management Incentive Plan award is made to the participant subsequent to retirement for the participant's final calendar year of employment, the supplemental pension shall be adjusted by adding such new award and subtracting a portion of the earliest Management Incentive Plan award included in the calculation, from the amount determined under subsection 4-2(a)(ii)(B). The portion subtracted shall be equal to that portion of the participant's final calendar year of employment during which the participant was employed by Abbott. If such adjustment results in a greater supplemental pension, the greater pension shall be paid beginning the first month following the date of such new award.

SECTION 5

CORPORATE OFFICER ANNUITY PLAN SUPPLEMENTAL BENEFIT

5-1. The benefits described in this Section 5 shall apply to all participants in the Annuity Plan who are corporate officers of Abbott as of September 30, 1993 or who become corporate officers thereafter, and who retire, or terminate with a vested pension under that plan on or after September 30, 1993. The term "corporate officer" for purposes of this Section 5 shall mean an individual elected an officer of Abbott by its Board of Directors (or designated as such for purposes of this Section 5 by the Compensation Committee of the Board of Directors of Abbott), but shall not include assistant officers.

5-2. Subject to the limitations and adjustments described below, each participant described in subsection 5-1 shall receive a monthly supplemental pension under this Supplemental Plan commencing on the participant's normal retirement date under the Annuity Plan

and payable as a life annuity, equal to 6/10 of 1 percent (.006) of the participant's final earnings (as defined in subsection 4-6 of the Annuity Plan but without regard to the limit imposed by Section 401(a)(17) of the Internal Revenue Code) for each of the first twenty years of the participant's benefit service (as defined in the Annuity Plan) occurring after the participant's attainment of age 35.

5-3. In no event shall the sum of (a) the participant's aggregate percentage of final earnings calculated under subsection 5-2 and (b) the participant's aggregate percentage of final earnings calculated under subsection 5-1(b)(i) of the Annuity Plan, exceed the maximum aggregate percentage of final earnings allowed under subsection 5-1(b)(i) of the Annuity Plan (without regard to any limits imposed by the Internal Revenue Code), as in effect on the date of the participant's retirement or termination. In the event the limitation described in this subsection 5-3 would be exceeded for any participant, the participant's aggregate percentage calculated under subsection 5-2 shall be reduced until the limit is not exceeded.

5-4. Benefit service occurring between the date a participant ceases to be a corporate officer of Abbott and the date the participant again becomes a corporate officer of Abbott shall be disregarded in calculating the participant's aggregate percentage under subsection 5-2.

5-5. Any supplemental pension otherwise due a participant under this Section 5 shall be reduced by the amount (if any) by which:

- (a) the sum of (i) the benefits due such participant under the Annuity Plan and this Supplemental Plan, plus (ii) the actuarially equivalent value of the employer-paid portion of all benefits due such participant under the primary retirement plans of all non-Abbott employers of such participant; exceeds
- (b) the maximum benefit that would be due under the Annuity Plan (without regard to any limits imposed by Section 415 or other provisions of the Internal Revenue Code) based on the participant's actual final earnings (as defined in subsection 4-6 of the Annuity Plan but without regard to the limit imposed by Section 401(a)(17) of the Internal Revenue Code), if the participant had accrued the maximum benefit service recognized by the Annuity Plan.

The term "primary retirement plan" shall mean any pension benefit plan as defined in ERISA, whether or not qualified under the Internal Revenue Code, which is determined by the Board of Review to be the primary pension plan of its sponsoring employer. The term "non-Abbott employer" shall mean any employer other than Abbott or a subsidiary or affiliate of Abbott. A retirement plan maintained by an employer prior to such employer's acquisition by Abbott shall be deemed a retirement plan maintained by a non-Abbott employer for purposes of this subsection 5-5.

5-6. Any supplemental pension due a participant under this Section 5 shall be actuarially adjusted as provided in the Annuity Plan to reflect the pension form selected by the participant and the participant's age at commencement of the pension, and shall be paid as provided in subsection 6-2.

SECTION 6

CORPORATE OFFICER ANNUITY PLAN SUPPLEMENTAL EARLY RETIREMENT BENEFIT

6-1. The benefits described in this Section 6 shall apply to all persons described in subsection 5-1.

6-2. The supplemental pension due under Sections 2, 3, 4 and 5 to each participant described in subsection 6-1 shall be reduced as provided in subsections 5-3 and 5-6 of the Annuity Plan for each month by which its commencement date precedes the last day of the month in which the participant will attain age 60. No reduction will be made for the period between the last day of the months the participant will attain age 60 and age 62.

6-3. Each participant described in subsection 6-1 shall receive a monthly supplemental pension under this Supplemental Plan equal to any reduction made in such participant's Annuity Plan pension under subsections 5-3 or 5-6 of the Annuity Plan for the period between the last day of the months the participant will attain age 60 and age 62.

SECTION 7

ERISA STOCK PLAN SUPPLEMENTAL BENEFIT

7-1. This Section 7 shall apply to any employee who participates in the Stock Plan at any time during the period commencing January 1, 1984 and ending December 31, 1986 and shall apply only to supplemental pay conversion contributions made by such participant during such period.

7-2. All "supplemental pay conversion" contributions as defined in the Stock Plan elected by participants in that plan in excess of the limits imposed on each such participant by Section 415, Internal Revenue Code, (the "supplemental contributions") shall not be paid over to the Abbott Laboratories Stock Retirement Trust (the "Stock Trust"), but shall be retained by the participant's employer and credited by Abbott to bookkeeping accounts maintained

for each such participant corresponding to the investment alternatives available under the Stock Plan (the "bookkeeping accounts").

7-3. Each participant's supplemental contributions shall be allocated among his or her bookkeeping accounts in the same proportions as the participant's supplemental pay conversion contributions are allocated among the investment alternatives available under the Stock Plan.

7-4. Each participant's supplemental contributions allocated to his or her bookkeeping account for Abbott common shares shall be credited with the same dividends and appreciation such contributions would have earned had they been deposited in the Stock Trust and invested solely in Abbott common shares. Each participant's supplemental contributions allocated to his or her bookkeeping accounts for other investment alternatives shall be credited with the same rate of return such contributions would have earned had they been deposited in the Stock Trust and invested solely in such investment alternative.

7-5. The amounts credited to each participant's bookkeeping accounts shall be distributed to such participant or his or her beneficiary in the manner described in subsection 8-2 or 8-3.

7-6. Each distribution from a participant's bookkeeping account for Abbott common shares shall be increased by an amount which, after provision for any federal income tax applicable to such amount, will equal the difference between the then applicable maximum ordinary income and long-term capital gain federal income tax rates applied to that portion of the distribution which exceeds

the sum of the participant's supplemental contributions allocated to that account and the imputed dividends thereon.

SECTION 8

MISCELLANEOUS

8-1. For purposes of this Supplemental Plan, the term "Management Incentive Plan" shall mean the Abbott Laboratories 1971 Management Incentive Plan, the Abbott Laboratories 1981 Management Incentive Plan and all successor plans to those plans.

8-2. The supplemental pensions described in Sections 2, 3, 4, 5 and 6 shall be paid to the participant or his or her beneficiary based on the particular pension option elected by the participant, in the same manner, at the same time, for the same period and on the same terms and conditions as the pension payable to the participant or his beneficiary under the Annuity Plan. In the event a participant is paid his or her pension under the Annuity Plan in a lump sum, any supplemental pension due under Sections 2, 3, 4, 5 or 6 shall likewise be paid in a lump sum. All amounts credited to a participant under Section 7 shall be distributed to the participant or his or her beneficiary in the same manner, at the same time and on the same terms and conditions as the distribution of the participant's interest in the Stock Trust. Notwithstanding the foregoing provisions of this subsection 8-2: (a) if the present value of the vested supplemental pensions described in Sections 2, 3, 4, 5 and 6 of a participant who is actively employed by Abbott exceeds \$100,000, then payment of such pensions shall be made to the participant under Section 9 below; and (b) the amount credited to a participant under Section 7 shall be paid to the participant

under Section 10 below; and (c) if the monthly vested supplemental pensions, expressed as a straight life annuity, due a participant or his or her beneficiary under Sections 2, 3, 4, 5 and 6 do not exceed an aggregate of One Hundred Fifty Dollars (\$150.00) as of the commencement date of the pension payable such participant or his or her beneficiary under the Annuity Plan, and payment of such supplemental pension has not previously been made under Section 9, the present value of such supplemental pensions shall be paid such participant or beneficiary in a lump-sum.

8-3. Notwithstanding any other provisions of this Supplemental Plan, if employment of any participant with Abbott and its subsidiaries and affiliates should terminate for any reason within five (5) years after the date of a Change in Control:

- (a) All amounts credited to the participant under Section 7 shall be paid to the participant in a lump sum within thirty (30) days following such termination;
- (b) The present value of any supplemental pension due the participant under Section 2 (whether or not then payable) shall be paid to the participant in a lump sum within thirty (30) days following such termination; and
- (c) The present value of any supplemental pension due the participant under Sections 3 or 4 (whether or not then payable) shall be paid to the participant in a lump sum within thirty (30) days following such termination.

The supplemental pension described in paragraph (b) shall be computed using as the applicable limit under Section 415, Internal Revenue Code, such limit as is in effect on the termination date and based on the assumption that the participant will receive his or her Annuity Plan pension in the form of a straight life annuity with no

ancillary benefits. The present values of the supplemental pensions described in paragraphs (b) and (c) shall be computed as of the date of payment by using an interest rate equal to the Pension Benefit Guaranty Corporation interest rate applicable to an immediate annuity, as in effect on the date of payment.

8-4. For purposes of subsection 8-3, a "Change in Control" shall be deemed to have occurred on the earliest of the following dates:

- (a) The date any entity or person (including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act")) shall have become the beneficial owner of, or shall have obtained voting control over thirty percent (30%) or more of the outstanding common shares of the Company;
- (b) The date the shareholders of the Company approve a definitive agreement (A) to merge or consolidate the Company with or into another corporation, in which the Company is not the continuing or surviving corporation or pursuant to which any common shares of the Company would be converted into cash, securities or other property of another corporation, other than a merger of the Company in which holders of common shares immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger as immediately before, or (B) to sell or otherwise dispose of substantially all the assets of the Company; or
- (c) The date there shall have been a change in a majority of the Board of Directors of the Company within a twelve (12) month period unless the nomination for election by the Company's shareholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the twelve (12) month period.

8-5. The provisions of subsections 8-3, 8-4 and this subsection 8-5 may not be amended or deleted, nor superseded by any

other provisions of this Supplemental Plan, during the period beginning on the date of a Change in Control and ending on the date five years following such Change in Control.

8-6. All benefits due under this Supplement Plan shall be paid by Abbott and Abbott shall be reimbursed for such payments by the employee's employer. In the event the employee is employed by more than one employer, each employer shall reimburse Abbott in proportion to the period of time the employee was employed by such employer, as determined by the Board of Review in its sole discretion.

8-7. The benefits under the Supplemental Plan are not in any way subject to the debts or other obligations of the persons entitled to benefits and may not be voluntarily or involuntarily sold, transferred or assigned.

8-8. Nothing contained in this Supplemental Plan shall confer on any employee the right to be retained in the employ of Abbott or any of its subsidiaries or affiliates.

8-9. Upon adoption of this Supplemental Plan, the prior resolutions shall be deemed rescinded.

SECTION 9

ALTERNATE PAYMENT OF SUPPLEMENTAL PENSIONS

9-1. If, as of any December 31, the present value of the supplemental pensions described in Sections 2, 3, 4, 5 and 6 of a participant who is actively employed by Abbott exceeds \$100,000, then payment of such present value shall be made, at the direction of the participant, by either of the following methods: (a) current payment in cash directly to the participant; or (b) current payment

of a portion of such present value (determined as of that December 31) in cash for the participant directly to a Grantor Trust established by the participant, provided such trust is in a form which Abbott determines to be substantially similar to the trust attached to this Plan as Exhibit A; and current payment of the balance of such present value in cash directly to the participant, provided that the payment made directly to the participant shall approximate the aggregate federal, state and local individual income taxes attributable to the amount paid pursuant to this subparagraph 9-1(b). If a participant fails to make an election under this subsection 9-1, or if a participant makes an election under subparagraph 9-1(b) but fails to establish a Grantor Trust, then payment shall be made in cash directly to the participant. Each payment required under this subsection 9-1 shall be made as soon as practicable after the amount thereof can be ascertained by Abbott, but in no event later than the last day of the calendar year following the calendar year in which the present value of the participant's supplemental pensions described in Sections 2, 3, 4, 5 and 6 first exceeds \$100,000.

9-2. If the present value of a participant's supplemental pensions has been paid to the participant (including amounts paid to the participant's Grantor Trust) pursuant to subsection 9-1, then as of each subsequent December 31, such participant shall be entitled to a payment in an amount equal to: (a) the present value (as of that December 31) of the participant's supplemental pensions described in Sections 2, 3, 4, 5 and 6; less (b) the current value (as of that December 31) of the payments previously made to the

participant under subsection 9-1 and 9-2; less (c) the excess, if any, of (1) the Tax Gross Up payment made to the participant under subsection 11-1 for the immediately preceding calendar year, over (2) the net increase in the participant's federal, state and local income taxes as a result of the inclusion in his or her taxable income of the income of the participant's Grantor Trust and any Guaranteed Rate Payments for that year. Payments under this subsection 9-2 shall be made, at the direction of the participant, by either of the following methods: (i) current payment in cash directly to the participant; or (ii) current payment of a portion of such amount in cash for the participant directly to the Grantor Trust established by the participant; and current payment of the balance of such amount in cash directly to the participant, provided that the payment made directly to the participant shall approximate the aggregate federal, state and local individual income taxes attributable to the amount paid pursuant to this subparagraph 9-2(ii). If a participant fails to make an election under this subsection 9-2, then payment shall be made in cash directly to the participant. Each payment required under this subsection 9-2 shall be made as soon as practicable after the amount thereof can be ascertained by Abbott, but in no event later than the last day of the calendar year following the December 31 as of which such payment becomes due. No payments shall be made under this subsection 9-2 as of any December 31 after the calendar year in which the participant retires or otherwise terminates employment with Abbott.

9-3. Present values shall be determined using reasonable actuarial assumptions specified for this purpose by Abbott and consistently applied. The "current value" of the payments previously made to a participant under subsections 9-1 and 9-2 means the aggregate amount of such payments, with interest thereon (at the rate specified for this purpose by Abbott) from January 1 of the year of payment.

9-4. Abbott will establish and maintain a separate Supplemental Pension Account in the name of each participant, which shall reflect any amounts paid to a participant (including amounts paid to a participant's Grantor Trust) pursuant to subsections 9-1 and 9-2, and any adjustments made pursuant to subsection 9-5. The accounts established pursuant to this subsection 9-4 are for the convenience of the administration of the Plan and no trust relationship with respect to such accounts is intended or should be implied.

9-5. As of the end of each calendar year, Abbott shall adjust each participant's Supplemental Pension Account as follows:

- (a) FIRST, charge an amount equal to the product of: (i) any payments made (or which would have been made) to the participant during that year from his or her Grantor Trust (other than distributions of earnings in excess of the Net Interest Accrual to provide for the Tax Gross Up under subsection 11-1); multiplied by (ii) a fraction, the numerator of which is the balance in the participant's Supplemental Pension Account as of the end of the prior calendar year and the denominator of which is the balance (or the amount which would have been the balance) in the participant's Grantor Trust as of that same date;

- (b) NEXT, credit an amount equal to the Interest Accrual for that year pursuant to subsection 9-6; and
- (c) FINALLY, credit an amount equal to the amount that is paid for that year to the participant (including the amount paid to the participant's Grantor Trust) pursuant to subsections 9-1 and 9-2.

9-6. As of the end of each calendar year, a participant's Supplemental Pension Account shall be credited with interest calculated at a reasonable rate of interest specified for this purpose by Abbott and consistently applied. Any amount so credited shall be referred to as a participant's "Interest Accrual."

9-7. In addition to any payment made to a participant for any calendar year pursuant to subsection 9-1 or 9-2, Abbott shall also make a payment to a participant's Grantor Trust (a "Guaranteed Rate Payment"), for any year in which the net income of such trust does not equal or exceed the participant's Net Interest Accrual for that year. A participant's "Net Interest Accrual" for a year is an amount equal to: (a) the Interest Accrual credited to the participant's Supplemental Pension Account for that year; less (b) the product of (i) the amount of such Interest Accrual, multiplied by (ii) the aggregate of the federal, state and local individual income tax rates (determined in accordance with subsection 11-2). The Guaranteed Rate Payment shall equal the difference between the participant's Net Interest Accrual and the net income of the participant's Grantor Trust for the year, and shall be paid within 180 days of the end of that year. No payments shall be made under this subsection 9-7 for any year following the year of the participant's death.

9-8. If at any time after a participant's retirement or other termination of employment with Abbott, there is no longer a balance in his or her Grantor Trust, then such participant (or his or her surviving spouse if such spouse is entitled to periodic payments from the Grantor Trust) shall be entitled to a "Continuation Payment" under this subsection 9-8. The amount of the Continuation Payment shall be equal to the amount of the supplemental pension that would have been payable to the participant (or surviving spouse) had no payments been made to or for the participant under subsections 9-1 and 9-2. Continuation Payments shall be made monthly, beginning with the month following the month in which there is no longer a balance in the participant's Grantor Trust and ending with the month of the participant's (or surviving spouse's) death. Payments under this subsection 9-8 shall be made by the employers (in such proportions as Abbott shall designate) directly from their general corporate assets. Appropriate adjustments to the Continuation Payments shall be made in the event distributions have been made from a participant's Grantor Trust for reasons other than benefit payments to the participant or surviving spouse.

SECTION 10

PAYMENT OF SUPPLEMENTAL CONTRIBUTIONS

Notwithstanding any other provisions of the plan, the amount credited to a participant under Section 7 shall be paid in cash directly to the participant on or before December 31, 1990.

SECTION 11

TAX GROSS UP PAYMENTS

11-1. In addition to the payments provided under subsections 9-1 and 9-2, each participant shall also be entitled to a Tax Gross

Up payment for each year there is a balance in his or her Supplemental Pension Account. The "Tax Gross Up" shall approximate: (a) the product of (i) the participant's Net Interest Accrual for the year (calculated using the greater of the rate of return of the Grantor Trusts or the rate specified in subsection 9-6), multiplied by (ii) the aggregate of the federal, state and local tax rates (determined in accordance with subsection 11-2); less (b) the excess, if any, of (i) the participant's Net Interest Accrual for the year calculated using the rate of return of the Grantor Trusts; over (ii) such Net Interest Accrual calculated using the rate specified in subsection 9-6; plus (c) an amount equal to the product of (i) any payment made pursuant to this subsection 11-1, multiplied by (ii) the aggregate tax rate determined under subparagraph 11-1(a)(ii) above. Payment of the Tax Gross Up shall be made by the employers (in such proportions as Abbott shall designate) directly from their general corporate assets. The Tax Gross Up for a year shall be paid to the participant as soon as practicable after the amount of the Tax Gross Up can be ascertained by Abbott, but in no event later than the last day of the calendar year following the calendar year to which the Tax Gross Up relates. No payments shall be made under this subsection 11-1 for any year following the year of the participant's death.

11-2. For purposes of Sections 9 and 11, a participant's federal income tax rate shall be deemed to be the highest marginal rate of federal individual income tax in effect in the calendar year in which a calculation under those Sections is to be made, and state and local tax rates shall be deemed to be the highest marginal

rates of individual income tax in effect in the state and locality of the participant's residence in the calendar year for which such a calculation is to be made, net of any federal tax benefits.

SUPPLEMENTAL BENEFIT
GRANTOR TRUST

THIS AGREEMENT, made this ____ day of _____, 199__, by and between _____ of _____ (the "grantor"), and The Northern Trust Company, located at Chicago, Illinois, as trustee (the "trustee"),

WITNESSETH THAT:

WHEREAS, the grantor desires to establish and maintain a trust to hold certain benefits received by the grantor under the Abbott Laboratories Supplemental Pension Plan, as it may be amended from time to time;

NOW, THEREFORE, IT IS AGREED as follows:

ARTICLE I

INTRODUCTION

I-1. NAME. This agreement and the trust hereby evidenced (the "trust") may be referred to as the "_____ Supplemental Benefit Grantor Trust."

I-2. THE TRUST FUND. The "trust fund" as at any date means all property then held by the trustee under this agreement.

I-3. STATUS OF THE TRUST. The trust shall be irrevocable. The trust is intended to constitute a grantor trust under Sections 671-678 of the Internal Revenue Code, as amended, and shall be construed accordingly.

I-4. THE ADMINISTRATOR. Abbott Laboratories ("Abbott") shall act as the "administrator" of the trust, and as such shall have certain powers, rights and duties under this agreement as described below. Abbott will certify to the trustee from time to time the person or persons authorized to act on behalf of Abbott as the administrator. The trustee may rely on the latest certificate received without further inquiry or verification.

I-5. ACCEPTANCE. The trustee accepts the duties and obligations of the "trustee" hereunder, agrees to accept funds delivered to it by the grantor or the administrator, and agrees to hold such funds (and any proceeds from the investment of such funds) in trust in accordance with this agreement.

ARTICLE II

DISTRIBUTION OF THE TRUST FUND

II-1. SEPARATE ACCOUNTS. The administrator shall maintain two separate accounts under the trust, a "supplemental pension account" and a "supplemental contribution account." Funds delivered to the trustee shall be allocated between the accounts as directed by the administrator. As of the end of each calendar year, the administrator shall charge each account with all distributions made from such account during that year; and credit each account with its share of trust income and realized gains and charge each account with its share of trust expenses and realized losses for the year. The trustee shall not be required to make any separate investment of the trust fund for the accounts, and may administer and invest all funds delivered to it under the trust as one trust fund.

II-2. DISTRIBUTIONS PRIOR TO THE GRANTOR'S DEATH. Principal and accumulated income shall not be distributed from the trust prior to the grantor's retirement or other termination of employment with Abbott or a subsidiary of Abbott (the grantor's "settlement date"); provided that, each year the administrator may direct the trustee to distribute to the grantor a portion of the income of the trust fund for that year, with the balance of such income to be accumulated in the trust. The administrator shall inform the trustee of the grantor's settlement date. Thereafter, the trustee shall distribute the amounts from time to time credited to the supplemental pension account to the grantor, if then living, in the same manner, at the same time and over the same period as the pension payable to the grantor under Abbott Laboratories Annuity Retirement Plan; and the trustee shall distribute the amounts from time to time credited to the supplemental contribution account to the grantor, if then living, in the same manner, at the same time and over the same period as the distribution of the grantor's benefits from Abbott Laboratories Stock Retirement Plan.

II-3. DISTRIBUTIONS AFTER THE GRANTOR'S DEATH. On the death of the grantor, the entire principal of the trust fund and all accrued or undistributed income thereof shall be distributed in a lump sum to or for the benefit of such one or more persons designated by the grantor in a beneficiary designation provided by the administrator. If the grantor fails to designate a beneficiary as provided above, then on the grantor's death, the trustee shall distribute the balance of the trust fund to the executor or administrator of the grantor's estate.

II-4. FACILITY OF PAYMENT. When a person entitled to a distribution hereunder is under legal disability, or, in the trustee's opinion, is in any way incapacitated so as to be unable to manage his or her financial affairs, the trustee may make such distribution to such person's legal representative, or to a relative or friend of such person for such person's benefit. Any distribution made in accordance with the preceding sentence shall be

a full and complete discharge of any liability for such distribution hereunder.

II-5. PERPETUITIES. Notwithstanding any other provisions of this agreement, on the day next preceding the end of 21 years after the death of the last to die of the grantor and the grantor's descendants living on the date of this instrument, the trustee shall immediately distribute any remaining balance in the trust to the beneficiaries then entitled to distributions hereunder.

ARTICLE III

MANAGEMENT OF THE TRUST FUND

III-1. GENERAL POWERS. The trustee shall, with respect to the trust fund, have the following powers, rights and duties in addition to those provided elsewhere in this agreement or by law:

- (a) Subject to the limitations of subparagraph (b) next below, to sell, contract to sell, purchase, grant or exercise options to purchase, and otherwise deal with all assets of the trust fund, in such way, for such considerations, and on such terms and conditions as the trustee decides.
- (b) To retain in cash such amounts as the trustee considers advisable; and to invest and reinvest the balance of the trust fund, without distinction between principal and income, in an annuity contract or contracts issued by a legal reserve life insurance company or in obligations of the United States Government and its agencies or which are backed by the full faith and credit of the United States Government; and any such investment made or retained by the trustee in good faith shall be proper despite any resulting risk or lack of diversification or marketability.
- (c) To deposit cash in any depository (including the banking department of the bank acting as trustee) without liability for interest, and to invest cash in savings accounts or time certificates of deposit bearing a reasonable rate of interest in any such depository.
- (d) To invest, subject to the limitations of subparagraph (b) above, in any common or commingled trust fund or funds maintained or administered by the trustee solely for the investment of trust funds.
- (e) To borrow from anyone, with the administrator's approval, such sum or sums from time to time as the trustee considers desirable to carry out this trust, and to mortgage or pledge all or part of the trust fund as security.

- (f) To retain any funds or property subject to any dispute without liability for interest and to decline to make payment or delivery thereof until final adjudication by a court of competent jurisdiction or until an appropriate release is obtained.
- (g) To begin, maintain or defend any litigation necessary in connection with the administration of this trust, except that the trustee shall not be obliged or required to do so unless indemnified to the trustee's satisfaction.
- (h) To compromise, contest, settle or abandon claims or demands.
- (i) To give proxies to vote stocks and other voting securities, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, liquidations, or other changes in the financial structure of any corporation, and to exercise or sell stock subscription or conversion rights.
- (j) To hold securities or other property in the name of a nominee, in a depository, or in any other way, with or without disclosing the trust relationship.
- (k) To divide or distribute the trust fund in undivided interests or wholly or partly in kind.
- (l) To pay any tax imposed on or with respect to the trust; to defer making payment of any such tax if it is indemnified to its satisfaction in the premises; and to require before making any payment such release or other document from any lawful taxing authority and such indemnity from the intended payee as the trustee considers necessary for its protection.
- (m) To deal without restriction with the legal representative of the grantor's estate or the trustee or other legal representative of any trust created by the grantor or a trust or estate in which a beneficiary has an interest, even though the trustee, individually, shall be acting in such other capacity, without liability for any loss that may result.
- (n) To appoint or remove by written instrument any bank or corporation qualified to act as successor trustee, wherever located, as special trustee as to part or all of the trust fund, including property as to which the trustee does not act, and such special trustee, except as specifically limited or provided by this or the appointing instrument, shall have all of the rights, titles, powers, duties, discretions and immunities of the trustee, without

liability for any action taken or omitted to be taken under this or the appointing instrument.

- (o) To appoint or remove by written instrument any bank, wherever located, as custodian of part or all of the trust fund, and each such custodian shall have such rights, powers, duties and discretions as are delegated to it by the trustee.
- (p) To employ agents, attorneys, accountants or other persons, and to delegate to them such powers as the trustee considers desirable, and the trustee shall be protected in acting or refraining from acting on the advise of persons so employed without court action.
- (q) To perform any and all other acts which in the trustee's judgment are appropriate for the proper management, investment and distribution of the trust fund.

III-2. PRINCIPAL AND INCOME. Any income earned on the trust fund which is not distributed as provided in Article II shall be accumulated and from time to time added to the principal of the trust. The grantor's interest in the trust shall include all assets or other property held by the trustee hereunder, including principal and accumulated income.

III-3. ANNUAL STATEMENTS. Periodically, but at least within a reasonable time after the close of each calendar year, the trustee shall prepare and deliver to the administrator and to the grantor, if then living, otherwise to each beneficiary then entitled to distributions under this agreement, a statement (or series of statements) setting forth (or which taken together set forth) all investments, receipts, disbursements and other transactions effected by the trustee during the calendar year; and showing the trust fund and the value thereof at the end of the year.

III-4. COMPENSATION AND EXPENSES. All reasonable costs, charges and expenses incurred in the administration of this trust, including compensation to the trustee, any compensation to agents, attorneys, accountants and other persons employed by the trustee, and expenses incurred in connection with the sale, investment and reinvestment of the trust fund shall be paid from the trust fund.

ARTICLE IV

GENERAL PROVISIONS

IV-1. INTERESTS NOT TRANSFERABLE. The interests of the grantor or other persons entitled to distributions hereunder are not subject to their debts or other obligations and may not be voluntarily or involuntarily sold, transferred, alienated, assigned or encumbered.

IV-2. DISAGREEMENT AS TO ACTS. If there is a disagreement between the trustee and anyone as to any act or transaction reported in any accounting, the trustee shall have the right to a settlement of its account by any proper court.

IV-3. TRUSTEE'S OBLIGATIONS. No power, duty or responsibility is imposed on the trustee except as set forth in this agreement. The trustee is not obliged to determine whether funds delivered to or distributions from the trust are proper under the trust, or whether any tax is due or payable as a result of any such delivery or distribution. The trustee shall be protected in making any distribution from the trust as directed pursuant to Article II without inquiring as to whether the distributee is entitled thereto; the trustee shall not be liable for any distribution made in good faith without written notice or knowledge that the distribution is not proper under the terms of this agreement; and the trustee shall not be liable for any action taken because of the specific direction of the administrator.

IV-4. GOOD FAITH ACTIONS. The trustee's exercise or non-exercise of its powers and discretions in good faith shall be conclusive on all persons. No one shall be obliged to see to the application of any money paid or property delivered to the trustee. The certificate of the trustee that it is acting according to this agreement will fully protect all persons dealing with the trustee.

IV-5. WAIVER OF NOTICE. Any notice required under this agreement may be waived by the person entitled to such notice.

IV-6. CONTROLLING LAW. The laws of the State of Illinois shall govern the interpretation and validity of the provisions of this agreement and all questions relating to the management, administration, investment and distribution of the trust hereby created.

IV-7. SUCCESSORS. This agreement shall be binding on all persons entitled to distributions hereunder and their respective heirs and legal representatives, and on the trustee and its successors.

ARTICLE V

CHANGES IN TRUSTEE

V-1. RESIGNATION OR REMOVAL OF TRUSTEE. The trustee may resign at any time by giving thirty days' advance written notice to the administrator and the grantor. The administrator may remove a trustee by written notice to the trustee and the grantor.

V-2. APPOINTMENT OF SUCCESSOR TRUSTEE. The administrator shall fill any vacancy in the office of trustee as soon as practicable by written notice to the successor trustee; and shall give prompt written notice thereof to the grantor, if then living, otherwise to each beneficiary then entitled to payments or

distributions under this agreement. A successor trustee shall be a bank (as defined in Section 581 of the Internal Revenue Code, as amended).

V-3. DUTIES OF RESIGNING OR REMOVED TRUSTEE AND OF SUCCESSOR TRUSTEE. A trustee that resigns or is removed shall furnish promptly to the administrator and the successor trustee an account of its administration of the trust from the date of its last account. Each successor trustee shall succeed to the title to the trust fund vested in its predecessor without the signing or filing of any instrument, but each predecessor trustee shall execute all documents and do all acts necessary to vest such title of record in the successor trustee. Each successor trustee shall have all the powers conferred by this agreement as if originally named trustee. No successor trustee shall be personally liable for any act or failure to act of a predecessor trustee. With the approval of the administrator, a successor trustee may accept the account furnished and the property delivered by a predecessor trustee without incurring any liability for so doing, and such acceptance will be complete discharge to the predecessor trustee.

ARTICLE VI

AMENDMENT AND TERMINATION

VI-1. AMENDMENT. With the consent of the administrator, this trust may be amended from time to time by the grantor, if then living, otherwise by a majority of the beneficiaries then entitled to payments or distributions hereunder, except as follows:

- (a) The duties and liabilities of the trustee cannot be changed substantially without its consent.
- (b) This trust may not be amended so as to make the trust revocable.

VI-2. TERMINATION. This trust shall not terminate, and all rights, titles, powers, duties, discretions and immunities imposed on or reserved to the trustee, the administrator, the grantor and the beneficiaries shall continue in effect, until all assets of the trust have been distributed by the trustee as provided in Article II.

IN WITNESS WHEREOF, the grantor and the trustee have executed this agreement as of the day and year first above written.

Grantor

_____, as Trustee

By _____

Its _____

Adopted by the Board of Directors on December 13, 1985.
Amended by the Board of Directors on 3/14/86, 12/11/87,
4/14/89, 2/8/91, 4/10/92 and 9/10/93

1986

ABBOTT LABORATORIES
MANAGEMENT INCENTIVE PLAN

SECTION 1

INTRODUCTION

1.1 BACKGROUND AND PURPOSES. This 1986 ABBOTT LABORATORIES MANAGEMENT INCENTIVE PLAN (the "Plan") is a successor Plan to the 1961, 1971 and 1981 Management Incentive Plans (the "Predecessor Plans"). This Plan is being established by ABBOTT LABORATORIES ("Abbott") for the following purposes:

- (a) To provide greater incentive for participants in the Plan to attain and maintain the highest standards of managerial performance by rewarding them for services rendered with compensation, in addition to their base salaries, in proportion to the success of Abbott and to the participants' respective contribution to such success; and
- (b) To attract and retain in the employ of Abbott and its subsidiaries persons of outstanding competence.

1.2 EFFECTIVE DATE AND FISCAL YEAR. The Plan shall be effective as of January 1, 1986. The term "fiscal year," as used in this Plan, means the fiscal period from time to time employed by Abbott for the purpose of reporting earnings to shareholders.

1.3 ADMINISTRATION. The Plan will be administered by the Compensation Committee (the "Committee") appointed by the Board of Directors of Abbott.

SECTION 2

ELIGIBILITY AND PARTICIPATION

2.1 PERSONS ELIGIBLE FOR PARTICIPATION. Participation in the Plan will be limited to those Officers and managerial employees of Abbott and its subsidiaries who, from time to time, shall be selected as participants by the Committee.

2.2 PARTICIPANTS. The term "participant," as used in the Plan, shall include both active participants and inactive participants.

2.3 ACTIVE PARTICIPANTS. For each fiscal year, beginning with the first fiscal year in which the Plan is in effect, there shall be a group of active participants which, except as provided below, shall not exceed thirty-five persons, and shall consist of those persons eligible for participation who shall have been designated as active participants and notified of that fact by the Committee at any time before or during the fiscal year. If, as a result of the growth of Abbott and its subsidiaries or changes in Abbott's organization, the Board of Directors deems it appropriate, the Board of Directors may, in its discretion, from time to time, increase the number of persons who may be designated as active participants for any fiscal year beyond the limit of thirty-five persons provided for above. Selection as an active participant for any fiscal year shall not confer upon any person a right to be an active participant in any subsequent fiscal year, nor shall it confer upon him the right to receive any allocation under the Plan, other than amounts allocated to him by the Committee pursuant to

the Plan, and all such allocations shall be subject to all of the terms and conditions of the Plan.

2.4 INACTIVE PARTICIPANTS. Inactive participants shall consist of those persons, including beneficiaries of deceased participants, if any, for whom an allocation shall have been made for a prior fiscal year under this Plan or a Predecessor Plan, the payment of which was deferred and remains unpaid. Status as an inactive participant shall not preclude a person from also being an active participant during any fiscal year.

SECTION 3

MANAGEMENT INCENTIVE PLAN FUND

3.1 BASE FOR MANAGEMENT INCENTIVE PLAN FUND. The "base earnings" for determining whether any portion of consolidated net income for any fiscal year may be allocated to the Management Incentive Plan Fund for such year shall be that amount of consolidated net income (as defined in subsection 3.2) which is equal to 15 percent of the Abbott Common Shareholder's Equity for such fiscal year. For this purpose, "Abbott Common Shareholders' Equity" for any fiscal year shall mean the Shareholders' Investment, as reflected in the consolidated balance sheet of Abbott as of the close of the next preceding fiscal year, plus or minus such adjustments thereof as may be determined by the Committee in order to reflect:

- (a) The existence, issuance, sale, exchange, conversion or retirement of any securities, other than common shares, of Abbott (whether involving preferred stock, debt, convertible preferred stock or convertible debt securities); and

- (b) The issuance or retirement of any common shares or any changes in accounting methods or period adopted by Abbott since the close of such next preceding fiscal year.

Any adjustments to be made in accordance with (a) and (b) above in determining Abbott Common Shareholders' Equity for any fiscal year shall be determined by the Committee after consultation with Abbott's independent auditors, and any determination made by the Committee after such consultation shall be conclusive upon all persons.

3.2 CONSOLIDATED NET INCOME. For the purposes of this Plan, for any fiscal year or period, the "consolidated net income" shall be the consolidated net income of Abbott and its subsidiaries, prepared in accordance with generally accepted accounting principles, consistently applied, after provision for any interest accrued with respect to such period on account of deferred payments under this Plan or a Predecessor Plan, but before allowances for any amount to be allocated to the Management Incentive Plan Fund, both net of applicable income taxes, and after such adjustments for the following, as may be determined by the Committee after consultation with Abbott's independent auditors (all net of applicable income taxes):

- (a) The exclusion of any charges for amortization of goodwill arising out of acquisitions made for securities which, as a result of adjustments made in determining Abbott Common Shareholders' Equity pursuant to subsection 3.1, are treated as common share equivalents; and
- (b) The exclusion of any interest on debt securities which are convertible into common shares of Abbott and which shall have been considered as common share equivalents in determining Abbott Common Shareholders' Equity pursuant to subsection 3.1 hereof; and

- (c) The deduction of any dividend requirement for preferred shares which has not been considered as common share equivalents in determining Common Shareholders' Equity pursuant to subsection 3.1 hereof.

In the sole discretion of the Committee there shall also be excluded in the calculation of "consolidated net income" unusual gains and losses and the tax effects thereof, changes in generally accepted accounting principles and the tax effects thereof and extraordinary gains and losses.

3.3 DETERMINATION OF MANAGEMENT INCENTIVE PLAN AMOUNT FOR ANY YEAR. For each fiscal year that consolidated net income exceeds base earnings, and as soon as practicable after ascertainment of that fact, the Committee shall determine a tentative amount as the Management Incentive Plan Amount for that year, which tentative amount shall not exceed the lesser of:

- (a) an amount which, when treated as an expense currently deductible for income tax purposes in such year, would cause a 5 percent reduction in such year's excess of consolidated net income over the base earnings for such year; and
- (b) an amount which, when treated as an expense currently deductible for income tax purposes in such year, would cause a 1-1/2 percent reduction in such year's consolidated net income; and
- (c) an amount which equals 100 percent of the aggregate base salaries of all active participants for such year.

For purposes of the Plan "base salary" means the amount of salary paid to each active participant by Abbott and its subsidiaries for such year, and does not include bonuses, awards, or any other compensation of any kind. Following determination of such tentative Management Incentive Plan Amount, the Committee shall report in writing the amount of such tentative amount to the Board of

Directors. At the meeting of the Board of Directors coincident with or next following receipt by it of the Committee's determination, the Board of Directors shall have the power to approve or reduce, but not to increase, the tentative amount reported to it by the Committee. The amount approved by the Board of Directors shall be the Management Incentive Plan Amount for such year.

3.4 THE MANAGEMENT INCENTIVE PLAN FUND. The Management Incentive Plan Fund at any time shall consist of an amount equal to the aggregate of the Management Incentive Plan Amounts established pursuant to subsection 3.3 of this Plan for all fiscal years during which this Plan shall have been operative, plus the amounts established as Management Incentive Plan Amounts for any prior fiscal year pursuant to a Predecessor Plan, reduced by an amount equal to the aggregate of the amounts of awards which shall have been allocated to participants in accordance with this Plan or a Predecessor Plan, and which awards either have been paid or remain payable to participants or their beneficiaries.

SECTION 4

ALLOCATION OF MANAGEMENT INCENTIVE FUND

4.1 ANNUAL ALLOCATION OF MANAGEMENT INCENTIVE FUND. As soon as practicable after the close of each fiscal year, part or all of the amount then in the Management Incentive Plan Fund (including the Management Incentive Plan Amount for such fiscal year) will be allocated by the Committee among active participants in the Plan for such fiscal year, having due regard for the purposes for which the Plan was established, in the following manner and order:

- (a) First, if the Chairman of the Board of Abbott shall be an active participant for such year, the members of the Committee, other than the Chairman of the Board, shall determine the amount, if any, to be allocated to the Chairman of the Board from such Fund for such year; and
- (b) Next, all or a part of the balance of such Fund may be allocated among the active participants (other than the Chairman of the Board) for such year, in such amounts and proportions as the Committee shall determine.

provided, however, that the amount allocated to any active participant for any year shall not exceed 125 percent of such participants' base salary for that year.

4.2 COMMITTEE'S DISCRETION IN ALLOCATIONS. In making any allocations in accordance with subsection 4.1 for any year, the discretion of the Committee shall be absolute, and no active participants for any year, by reason of their designation as such, shall be entitled to any particular amounts or any amount whatsoever.

SECTION 5

PAYMENT OF AMOUNTS ALLOCATED TO PARTICIPANTS

5.1 TIME OF PAYMENT. For fiscal years beginning after December 31, 1988, a participant shall direct the payment or deferral of an allocation made to him pursuant to subsection 4.1 (subject to such conditions relating to the right of the participant to receive Payment of such amount as established by the Committee) by one or more of the following methods:

- (a) current payment in cash to the participant;
- (b) current payment of a portion of the allocation in cash for the participant directly to a "Grantor Trust" established by the participant, provided such trust is in a form which the Committee determines is substantially similar to the trust

attached to this Plan as Exhibit A; and current payment of the balance of the allocation in cash directly to the participant, provided that the payment made directly to the participant shall approximate the aggregate federal, state and local individual income taxes (determined in accordance with subsection 6.7) attributable to the allocation paid pursuant to this paragraph (b); or

- (c) deferral of payment until such time and in such manner as determined in accordance with subsection 5.11.

A participant shall make the preceding direction within 30 days of the date he is notified of his eligibility to participate in the Plan. A participant may change such direction with respect to any future allocation, provided that the change is made prior to the beginning of the fiscal year to which such allocation relates. Payment of a participant's allocation for the 1988 fiscal year and of any allocations deferred under the Plan prior to such year shall be made in accordance with the provisions of either or both of paragraphs (a) and (b) above. The Committee shall establish and maintain a Trust Account in accordance with subsection 5.2 and for purposes of subsection 5.4, shall treat such payment as if it were an allocation made for that fiscal year.

5.2 SEPARATE ACCOUNTS. The Committee will maintain two separate Accounts, a "Deferred Account" and a "Trust Account," in the name of each participant. The Deferred Account shall be comprised of any allocations the payment of which is deferred pursuant to subsection 5.1(c) and any adjustments made pursuant to subsection 5.3. The Trust Account shall be comprised of any allocations paid in cash to a participant (including amounts paid to a participant's Grantor Trust) pursuant to subsection 5.1(b) and any adjustments made pursuant to subsection 5.4.

5.3 ADJUSTMENT OF DEFERRED ACCOUNTS. As of the end of each fiscal year, the Committee shall adjust each participant's Deferred Account as follows:

- (a) FIRST, charge an amount equal to any payments made to the participant during that year pursuant to subsections 5.11 or 5.12;
- (b) NEXT, credit an amount equal to the allocation for that year that is deferred pursuant to subsection 5.1(c); and
- (c) FINALLY, credit an amount equal to the Interest Accrual earned for that year pursuant to subsection 5.5.

5.4 ADJUSTMENT OF TRUST ACCOUNTS. As of the end of each fiscal year, the Committee shall adjust each participant's Trust Account as follows:

- (a) FIRST, charge an amount equal to the product of: (i) any payments made to the participant during that year from the participant's Grantor Trust (other than distributions of trust earnings in excess of the Net Interest Accrual authorized by the administrator of the trust to provide for the Tax Gross Up under subsection 6.6); multiplied by (ii) a fraction, the numerator of which is the balance in the participant's Trust Account as of the end of the prior fiscal year and the denominator of which is the balance of the participant's Grantor Trust (as determined by the administrator of the trust) as of that same date;
- (b) NEXT, credit an amount equal to the allocation for that year that is paid to the Participant (including the amount paid to the participant's Grantor Trust) pursuant to subsection 5.1(b); and
- (c) FINALLY, credit an amount equal to the Interest Accrual earned for that Year pursuant to subsection 5.5.

5.5 INTEREST ACCRUALS ON ACCOUNTS. As of the end of each fiscal year, a participant's Deferred Account and Trust Account shall be credited with interest equal to: (a) the average of the

prime rates of interest charged by the two largest banks located in the City of Chicago on loans made by them as of January 1 and the end of each month of the fiscal year; plus (b) two hundred twenty-five (225) basis points. Such interest shall be credited on the conditions established by the Committee, provided that any allocation of an award from the Management Incentive Plan Fund shall be considered to have been made and credited to a participant's Deferred Account and Trust Account as of the first day of the fiscal year in which such award is made regardless of the date upon which the Committee actually makes the determination to award such allocation.

5.6 GUARANTEED RATE PAYMENTS. In addition to any allocation made to a participant for any fiscal year pursuant to subsection 4.1 which is paid or deferred pursuant to subsection 5.1, Abbott shall also make a payment to a participant's Grantor Trust (a "Guaranteed Rate Payment") for any year in which the net earnings of such trust do not equal or exceed the participant's Net Interest Accrual for that year. A participant's "Net Interest Accrual" for a year is an amount equal to: (a) the Interest Accrual credited to the participant's Trust Account for that year; less (b) the product of (i) the amount of such Interest Accrual, multiplied by (ii) the aggregate of the federal, state and local individual income tax rates (determined in accordance with subsection 6.7). The Guaranteed Rate Payment shall equal the difference between the participant's Net Interest Accrual and the net earnings of the participant's Grantor Trust for the year, and shall be paid within 90 days of the end of the fiscal year.

5.7 DESIGNATION OF BENEFICIARIES. Subject to the conditions and limitations set forth below, each participant, and after a participant's death, each primary beneficiary designated by a participant in accordance with the provisions of this subsection 5.7, shall have the right from time to time to designate a primary beneficiary or beneficiaries and, successive or contingent beneficiary or beneficiaries to receive unpaid amounts from the participant's Deferred Account under the Plan and the Predecessor Plans. Beneficiaries may be a natural person or persons or a fiduciary, such as a trustee of a trust or the legal representative of an estate. Any such designation shall take effect upon the death of the participant or such beneficiary, as the case may be, or in the case of any fiduciary beneficiary, upon the termination of all of its duties (other than the duty to dispose of the right to receive amounts remaining to be paid under the Plan or a Predecessor Plan). The conditions and limitations relating to the designation of beneficiaries are as follows:

- (a) A nonfiduciary beneficiary shall have the right to designate a further beneficiary or beneficiaries only if the original participant or the next preceding primary beneficiary, as the case may be, shall have expressly so provided in writing; and
- (b) A fiduciary beneficiary shall designate as a further beneficiary or beneficiaries only those persons or other fiduciaries who are entitled to receive the amounts payable from the participant's account under the trust or estate of which it is a fiduciary.

Any beneficiary designation or grant of any power to any beneficiary under this subsection may be exercised only by an instrument in writing, executed by the person making the designation or granting

such power and filed with the Secretary of Abbott during such person's lifetime or prior to the termination of a fiduciary's duties. If a deceased participant or a deceased nonfiduciary beneficiary who had the right to designate a beneficiary as provided above dies without having designated a further beneficiary, or if no beneficiary designated as provided above is living or qualified and acting, the Committee, in its discretion, may direct distribution of the amount remaining from time to time to either:

- (i) any one or more or all of the next of kin (including the surviving spouse) of the participant or the deceased beneficiary, as the case may be, and in such proportions as the Committee determines; or
- (ii) the legal representative of the estate of the deceased participant or deceased beneficiary as the case may be.

5.8 STATUS OF BENEFICIARIES. Following a participant's death, the participant's beneficiary or beneficiaries will be considered and treated as an inactive participant for all purposes of this Plan.

5.9 NON-ASSIGNABILITY AND FACILITY OF PAYMENT. Amounts payable to participants and their beneficiaries under the Plan are not in any way subject to their debts and other obligations, and may not be voluntarily or involuntarily sold, transferred or assigned; provided that the preceding provisions of this section shall not be construed as restricting in any way a designation right granted to a beneficiary pursuant to the terms of subsection 5.7. When a participant or the beneficiary of a participant is under legal disability, or in the Committee's opinion is in any way incapacitated so as to be unable to manage his or her financial affairs, the Committee may direct that payments shall be made to the

participant's or beneficiary's legal representative, or to a relative or friend of the participant or beneficiary for the benefit of the participant or beneficiary, or the Committee may direct the payment or distribution for the benefit of the participant or beneficiary in any manner that the Committee determines.

5.10 PAYER OF AMOUNTS ALLOCATED TO PARTICIPANTS. Any amount allocated to a participant in the Plan and any interest credited thereto will be paid by the employer (or such employer's successor) by whom the participant was employed during the fiscal year for which any amount was allocated, and for that purpose, if a participant shall have been employed by two or more employers during any fiscal year the amount allocated under this Plan for that year shall be an obligation of each of the respective employers in proportion to the respective amounts of base salary paid by each of them in that fiscal year.

5.11 MANNER OF PAYMENT. Subject to subsections 5.12, a participant shall elect the timing and manner of payment of his Deferred Account at the time of his deferral election under subsection 5.1. The participant may select a payment method from among alternative payment methods established by the Committee.

5.12 PAYMENT UPON TERMINATION FOLLOWING CHANGE IN CONTROL. Notwithstanding any other provisions of this Plan or the Predecessor Plans, or the provisions of any award made under this Plan or the Predecessor Plans, if employment of any participant with Abbott and its subsidiaries should terminate for any reason within five (5) years after the date of a Change in Control, the aggregate unpaid balance of all awards previously made to such participant

under this Plan and all Predecessor Plans, plus any unpaid interest credited thereon, shall be paid to the participant in a lump sum within thirty (30) days following the date of such termination.

5.13 CHANGE IN CONTROL. A "Change in Control" shall be deemed to have occurred on the earliest of the following dates:

- (i) The date any entity or person (including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act")) shall have become the beneficial owner of, or shall have obtained voting control over thirty percent (30%) or more of the outstanding common shares of Abbott;
- (ii) The date the shareholders of Abbott approve a definitive agreement (A) to merge or consolidate Abbott with or into another corporation, in which Abbott is not the continuing or surviving corporation or pursuant to which any common shares of Abbott would be converted into cash, securities or other property of another corporation, other than a merger of Abbott in which holders of common shares immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger as immediately before, or (B) to sell or otherwise dispose of substantially all the assets of Abbott; or
- (iii) The date there shall have been a change in a majority of the Board of Directors of Abbott within a twelve (12) month period unless the nomination for election by Abbott's shareholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the twelve (12) month period.

5.14 PROHIBITION AGAINST AMENDMENT. The provisions of subsections 5.12, 5.13 and this subsection 5.14 may not be amended or deleted, nor superseded by any other provision of this Plan, during the period beginning on the date of a Change in Control and ending on the date five (5) years following such Change in Control.

SECTION 6

MISCELLANEOUS

6.1 RULES. The Committee may establish such rules and regulations as it may consider necessary or desirable for the effective and efficient administration of the Plan.

6.2 MANNER OF ACTION BY COMMITTEE. A majority of the members of the Committee qualified to act on any particular question may act by meeting or by writing signed without meeting, and may execute any instrument or document required or delegate to one of its members authority to sign. The Committee from time to time may delegate the performance of certain ministerial functions in connection with the Plan, such as the keeping of records, to such person or persons as the Committee may select. Except as otherwise expressly provided in the Plan, the costs of administration of the Plan will be paid by Abbott. Any notice required to be given to, or any document required to be filed with the Committee, will be properly given or filed if mailed or delivered in writing to the Secretary of Abbott.

6.3 RELIANCE UPON ADVICE. The Board of Directors and the Committee may rely upon any information or advice furnished to it by any Officer of Abbott or by Abbott's independent auditors, or other consultants, and shall be fully protected in relying upon such information or advice. No member of the Board of Directors or the Committee shall be liable for any act or failure to act on their part, excepting only any acts done or omitted to be done in bad faith, nor shall they be liable for any act or failure to act of any other member.

6.4 TAXES. Any employer shall be entitled, if necessary or desirable, to pay, or withhold the amount of any federal, state or local tax, attributable to any amounts payable by it under the Plan after giving the person entitled to receive such amount notice as far in advance as practicable, and may defer making payment of any amount with respect to which any such tax question may be pending unless and until indemnified to its satisfaction.

6.5 RIGHTS OF PARTICIPANTS. Employment rights of participants with Abbott and its subsidiaries shall not be enlarged or affected by reason of establishment of or inclusion as a participant in the Plan. Nothing contained in the Plan shall require Abbott or any subsidiary to segregate or earmark any assets, funds or property for the purpose of payment of any amounts which may have been deferred. The Deferred and Trust Accounts established pursuant to subsection 5.2 are for the convenience of the administration of the Plan and no trust relationship with respect to such Accounts is intended or should be implied. Participant's rights shall be limited to payment to them at the time or times and in such amounts as are contemplated by the Plan. Any decision made by the Board of Directors or the Committee, which is within the sole and uncontrolled discretion of either, shall be conclusive and binding upon the other and upon all other persons whomsoever.

6.6 TAX GROSS UP. In addition to the allocations provided under subsection 4.1, each participant (or, if the participant is deceased, the beneficiary designated under the participant's Grantor Trust) shall be entitled to a Tax Gross Up payment for each

year there is a balance in his or her Trust Account. The "Tax Gross Up" shall approximate: (a) the amount necessary to compensate the participant (or beneficiary) for the net increase in the participant's (or beneficiary's) federal, state and local income taxes as a result of the inclusion in his or her taxable income of the income of the participant's Grantor Trust and any Guaranteed Rate Payment for that year; less (b) any distribution to the participant (or beneficiary) of his or her Grantor Trust's net earnings for that year; plus (c) an amount necessary to compensate the participant (or beneficiary) for the net increase in the taxes described in (a) above as a result of the inclusion in his or her taxable income of any payment made pursuant to this subsection 6.6. Payment of the Tax Gross Up shall be made by the employers (in such proportions as Abbott shall designate) directly from their general corporate assets.

6.7 INCOME TAX ASSUMPTIONS. For purposes of Sections 5 and 6, a participant's federal income tax rate shall be deemed to be the highest marginal rate of federal income individual tax in effect in the calendar year in which a calculation under those Sections is to be made, and state and local tax rates shall be deemed to be the highest marginal rates of individual income tax in effect in the state and locality of the participant's residence on the date such a calculation is made, net of any federal tax benefits.

6.8 PAYMENT OF PRIOR DEFERRALS. Notwithstanding any other provision of this Plan, the Committee, in its absolute discretion, may direct that all or a portion of the balance in a participant's Deferred Account be paid in accordance with the provisions of

subsection 5.1(b). In such event, the Committee shall establish and maintain a Trust Account in accordance with subsection 5.2 and, for purposes of subsection 5.4, shall treat such payment as if it were an allocation made for that fiscal year.

SECTION 7

AMENDMENT, TERMINATION AND CHANGE OF CONDITIONS RELATING TO PAYMENTS

7.1 AMENDMENT AND TERMINATION. The Plan will be effective from its effective date until terminated by the Board of Directors. During the fifth year after the Plan's effective date and during every fifth year thereafter, the Committee may recommend to the Board of Directors whether the Plan should be amended or terminated. The Board of Directors reserves the right to amend the Plan from time to time and to terminate the Plan at any time, except that no such amendment or any termination of the Plan shall reduce any fixed or contingent obligations which shall have arisen under the Plan prior to the date of such amendment or termination, or change the terms and conditions of payment of any allocation theretofore made without the consent of the participant concerned.

7.2 CHANGE OF CONDITIONS RELATING TO PAYMENTS. Following the establishment by the Committee of any conditions relating to the payment of any amount allocated to a participant for any fiscal year and any interest credited thereon (including the time of payment or the time of commencement of payment and any period over which payment shall be made), neither the Committee nor the participant concerned, acting unilaterally, shall have the power to change the conditions originally established by the Committee. However, in

order to effectuate the purposes of the Plan, any conditions initially established by the Committee may be changed thereafter by mutual agreement of the Committee and the participant concerned.

IRREVOCABLE GRANTOR TRUST AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 1991, by and between _____ of _____, Illinois (the "grantor"), and The Northern Trust Company located at Chicago, Illinois, as trustee (the "trustee"),

WITNESSETH THAT:

WHEREAS, the grantor desires to establish and maintain a trust to hold certain benefits received by the grantor under the 1986 Abbott Laboratories Management Incentive Plan, as it may be amended from time to time;

NOW, THEREFORE, IT IS AGREED as follows:

ARTICLE I

INTRODUCTION

I-1. NAME. This agreement and the trust hereby evidenced (the "trust") may be referred to as the "_____ 1991 Grantor Trust".

I-2. THE TRUST FUND The "trust fund" as at any date means all property then held by the trustee under this agreement.

I-3. STATUS OF THE TRUST. The trust shall be irrevocable. The trust is intended to constitute a grantor trust under Sections 671-678 of the Internal Revenue Code, as amended, and shall be construed accordingly.

I-4. THE ADMINISTRATOR. Abbott Laboratories ("Abbott") shall act as the "administrator" of the trust, and as such shall have certain powers, rights and duties under this agreement as described below. Abbott will certify to the trustee from time to time the person or persons authorized to act on behalf of Abbott as the administrator. The trustee may rely on the latest certificate received without further inquiry or verification.

I-5. ACCEPTANCE. The trustee accepts the duties and obligations of the "trustee" hereunder, agrees to accept funds delivered to it by the grantor or the administrator, and agrees to hold such funds (and any proceeds from the investment of such funds) in trust in accordance with this agreement.

ARTICLE II

DISTRIBUTION OF THE TRUST FUND

II-1. SEPARATE ACCOUNTS. The administrator shall maintain two separate accounts under the trust, a "rollout account" and a "deferred account." Funds delivered to the trustee shall be allocated between the accounts by the trustee as directed by the administrator. As of the end of each calendar year, the administrator shall charge each account with all distributions made from such account during that year; and credit each account with its share of income and realized gains and charge each account with its share of expenses and realized losses for the year. The trustee shall not be required to make any separate investment of the trust fund for the accounts, and may administer and invest all funds delivered to it under the trust as one trust fund.

II-2. DISTRIBUTIONS FROM THE ROLLOUT ACCOUNT PRIOR TO THE GRANTOR'S DEATH. The trustee shall distribute principal and accumulated income credited to the rollout account to the grantor, if then living, at such times and in such amounts as the administrator shall direct.

II-3. DISTRIBUTIONS FROM THE DEFERRED ACCOUNT PRIOR TO THE GRANTOR'S DEATH. Principal and accumulated income credited to the deferred account shall not be distributed from the trust prior to the grantor's retirement or other termination of employment with Abbott or a subsidiary of Abbott (the grantor's "settlement date"); provided that, each year the administrator may direct the trustee to distribute to the grantor a portion of the income of the deferred account for that year, with the balance of such income to be accumulated in that account. The administrator shall inform the trustee of the grantor's settlement date. Thereafter, the trustee shall distribute the amounts from time to time credited to the deferred account to the grantor, if then living, in a series of annual installments, with the amount of each installment computed by one of the following methods:

- (a) The amount of each installment shall be equal to the sum of: (i) the amount credited to the deferred account as of the end of the year in which the grantor's settlement date occurs, divided by the number of years over which installments are to be distributed; plus (ii) the net earnings credited to the deferred account for the preceding year (excluding the year in which the grantor's settlement date occurs).
- (b) The amount of each installment shall be determined by dividing the amount credited to the deferred account as of the end of the preceding year by the difference between (i) the total number of years over which installments are to be distributed, and

(ii) the number of annual installment distributions previously made from the deferred account.

- (c) Each installment (after the first installment) shall be approximately equal, with the amount comprised of the sum of: (i) the amount of the first installment, plus interest thereon at the rate determined under the 1986 Abbott Laboratories Management Incentive Plan, compounded annually; and (ii) the net earnings credited to the deferred account for the preceding year.

Notwithstanding the foregoing, the final installment distribution made to the grantor under this paragraph II-3 shall equal the total principal and accumulated income then held in the trust fund. The grantor, by writing filed with the trustee and the administrator on or before the end of the calendar year in which the grantor's settlement date occurs (or the end of the calendar year in which this trust is established, if the grantor's settlement date has already occurred), may select both the period (which may not be less than ten years from the end of the calendar year in which the grantor's settlement date occurred) over which the installment distributions are to be made and the method of computing the amount of each installment. In the absence of such a written direction by the grantor, installment distributions shall be made over a period of ten years, and the amount of each installment shall be computed by using the method described in subparagraph (a) next above. Installment distributions under this Paragraph II-3 shall be made as of January 1 of each year, beginning with the calendar year following the year in which the grantor's settlement date occurs. The administrator shall inform the trustee of the amount of each installment distribution under this paragraph II-3, and the trustee shall be fully protected in relying on such information received from the administrator.

II-4. DISTRIBUTIONS FROM THE TRUST FUND AFTER THE GRANTOR'S DEATH. The grantor, from time to time may name any person or persons (who may be named contingently or successively and who may be natural persons or fiduciaries) to whom the principal of the trust fund and all accrued or undistributed income thereof shall be distributed in a lump sum or, if the beneficiary is the grantor's spouse, in installments, as directed by the grantor, upon the grantor's death. If the grantor directs an installment method of distribution, any amounts remaining at the death of the spouse beneficiary shall be distributed in a lump sum. Each designation shall revoke all prior designations, shall be in writing and shall be effective only when filed by the grantor with the administrator during the grantor's lifetime. If the grantor fails to direct a method of distribution, the distribution shall be made in a lump sum. If the grantor fails to designate a beneficiary as provided above, then on the grantor's death, the trustee shall distribute the balance of the trust fund in a lump sum to the executor or administrator of the grantor's estate.

II-5. FACILITY OF PAYMENT. When a person entitled to a distribution hereunder is under legal disability, or, in the trustee's opinion, is in any way incapacitated so as to be unable to manage his or her financial affairs, the trustee may make such distribution to such person's legal representative, or to a relative or friend of such person for such person's benefit. Any distribution made in accordance with the preceding sentence shall be a full and complete discharge of any liability for such distribution hereunder.

II-6. PERPETUITIES. Notwithstanding any other provisions of this agreement, on the day next preceding the end of 21 years after the death of the last to die of the grantor and the grantor's descendants living on the date of this instrument, the trustee shall immediately distribute any remaining balance in the trust to the beneficiaries then entitled to distributions hereunder.

ARTICLE III

MANAGEMENT OF THE TRUST FUND

III-1. GENERAL POWERS. The trustee shall, with respect to the trust fund, have the following powers, rights and duties in addition to those provided elsewhere in this agreement or by law:

- (a) Subject to the limitations of subparagraph (b) next below, to sell, contract to sell, purchase, grant or exercise options to purchase, and otherwise deal with all assets of the trust fund, in such way, for such considerations, and on such terms and conditions as the trustee decides.
- (b) To retain in cash such amounts as the trustee considers advisable; and to invest and reinvest the balance of the trust fund, without distinction between principal and income, in obligations of the United States Government and its agencies or which are backed by the full faith and credit of the United States Government or in any mutual fund, common trust fund or collective investment fund which invests solely in such obligations; and any such investment made or retained by the trustee in good faith shall be proper despite any resulting risk or lack of diversification or marketability.
- (c) To deposit cash in any depository (including the banking department of the bank acting as trustee) without liability for interest, and to invest cash in savings accounts or time certificates of deposit bearing a reasonable rate of interest in any such depository.

- (d) To invest, subject to the limitations of subparagraph (b) above, in any common or commingled trust fund or funds maintained or administered by the trustee solely for the investment of trust funds.
- (e) To borrow from anyone, with the administrator's approval, such sum or sums from time to time as the trustee considers desirable to carry out this trust, and to mortgage or pledge all or part of the trust fund as security.
- (f) To retain any funds or property subject to any dispute without liability for interest and to decline to make payment or delivery thereof until final adjudication by a court of competent jurisdiction or until an appropriate release is obtained.
- (g) To begin, maintain or defend any litigation necessary in connection with the administration of this trust, except that the trustee shall not be obliged or required to do so unless indemnified to the trustee's satisfaction.
- (h) To compromise, contest, settle or abandon claims or demands.
- (i) To give proxies to vote stocks and other voting securities, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, liquidations, or other changes in the financial structure of any corporation, and to exercise or sell stock subscription or conversion rights.
- (j) To hold securities or other property in the name of a nominee, in a depository, or in any other way, with or without disclosing the trust relationship.
- (k) To divide or distribute the trust fund in undivided interests or wholly or partly in kind.
- (l) To pay any tax imposed on or with respect to the trust; to defer making payment of any such tax if it is indemnified to its satisfaction in the premises; and to require before making any payment such release or other document from any lawful taxing authority and such indemnity from the intended payee as the trustee considers necessary for its protection.
- (m) To deal without restriction with the legal representative of the grantor's estate or the trustee or other legal representative of any trust

created by the grantor or a trust or estate in which a beneficiary has an interest, even though the trustee, individually, shall be acting in such other capacity, without liability for any loss that may result.

- (n) To appoint or remove by written instrument any bank or corporation qualified to act as successor trustee, wherever located, as special trustee as to part or all of the trust fund, including property as to which the trustee does not act, and such special trustee, except as specifically limited or provided by this or the appointing instrument, shall have all of the rights, titles, powers, duties, discretions and immunities of the trustee, without liability for any action taken or omitted to be taken under this or the appointing instrument.
- (o) To appoint or remove by written instrument any bank, wherever located, as custodian of part or all of the trust fund, and each such custodian shall have such rights, powers, duties and discretions as are delegated to it by the trustee.
- (p) To employ agents, attorneys, accountants or other persons, and to delegate to them such powers as the trustee considers desirable, and the trustee shall be protected in acting or refraining from acting on the advice of persons so employed without court action.
- (q) To perform any and all other acts which in the trustee's judgment are appropriate for the proper management, investment and distribution of the trust fund.

III-2. PRINCIPAL AND INCOME. Any income earned on the trust fund which is not distributed as provided in Article II shall be accumulated and from time to time added to the principal of the trust. The grantor's interest in the trust shall include all assets or other property held by the trustee hereunder, including principal and accumulated income.

III-3. STATEMENTS. The trustee shall prepare and deliver monthly to the administrator and annually to the grantor, if then living, otherwise to each beneficiary then entitled to distributions under this agreement, a statement (or series of statements) setting forth (or which taken together set forth) all investments, receipts, disbursements and other transactions effected by the trustee during the reporting period; and showing the trust fund and the value thereof at the end of such period.

III-4. COMPENSATION AND EXPENSES. All reasonable costs, charges and expenses incurred in the administration of this trust, including compensation to the trustee, any compensation to agents, attorneys, accountants and other persons employed by the trustee, and expenses incurred in connection with the sale, investment and reinvestment of the trust fund shall be paid from the trust fund.

ARTICLE IV

GENERAL PROVISIONS

IV-1. INTERESTS NOT TRANSFERABLE. The interests of the grantor or other persons entitled to distributions hereunder are not subject to their debts or other obligations and may not be voluntarily or involuntarily sold, transferred, alienated, assigned or encumbered.

IV-2. DISAGREEMENT AS TO ACTS. If there is a disagreement between the trustee and anyone as to any act or transaction reported in any accounting, the trustee shall have the right to a settlement of its account by any proper court.

IV-3. TRUSTEE'S OBLIGATIONS. No power, duty or responsibility is imposed on the trustee except as set forth in this agreement. The trustee is not obliged to determine whether funds delivered to or distributions from the trust are proper under the trust, or whether any tax is due or payable as a result of any such delivery or distribution. The trustee shall be protected in making any distribution from the trust as directed pursuant to Article II without inquiring as to whether the distributee is entitled thereto; and the trustee shall not be liable for any distribution made in good faith without written notice or knowledge that the distribution is not proper under the terms of this agreement.

IV-4. GOOD FAITH ACTIONS. The trustee's exercise or non-exercise of its powers and discretions in good faith shall be conclusive on all persons. No one shall be obliged to see to the application of any money paid or property delivered to the trustee. The certificate of the trustee that it is acting according to this agreement will fully protect all persons dealing with the trustee.

IV-5. WAIVER OF NOTICE. Any notice required under this agreement may be waived by the person entitled to such notice.

IV-6. CONTROLLING LAW. The laws of the State of Illinois shall govern the interpretation and validity of the provisions of this agreement and all questions relating to the management, administration, investment and distribution of the trust hereby created.

IV-7. SUCCESSORS. This agreement: shall be binding on all persons entitled to distributions hereunder and their respective heirs and legal representatives, and on the trustee and its successors.

ARTICLE V

CHANGES IN TRUSTEE

V-1. RESIGNATION OR REMOVAL OF TRUSTEE. The trustee may resign at any time by giving thirty days' advance written notice to the administrator and the grantor. The administrator may remove a trustee by written notice to the trustee and the grantor.

V-2. APPOINTMENT OF SUCCESSOR TRUSTEE. The administrator shall fill any vacancy in the office of trustee as soon as practicable by written notice to the successor trustee; and shall give prompt written notice thereof to the grantor, if then living, otherwise to each beneficiary then entitled to payments or distributions under this agreement. A successor trustee shall be a bank (as defined in Section 581 of the Internal Revenue Code, as amended).

V-3. DUTIES OF RESIGNING OR REMOVED TRUSTEE AND OF SUCCESSOR TRUSTEE. A trustee that resigns or is removed shall furnish promptly to the administrator and the successor trustee an account of its administration of the trust from the date of its last account. Each successor trustee shall succeed to the title to the trust fund vested in its predecessor without the signing or filing of any instrument, but each predecessor trustee shall execute all documents and do all acts necessary to vest such title of record in the successor trustee. Each successor trustee shall have all the powers conferred by this agreement as if originally named trustee. No successor trustee shall be personally liable for any act or failure to act of a predecessor trustee. With the approval of the administrator, a successor trustee may accept the account furnished and the property delivered by a predecessor trustee without incurring any liability for so doing, and such acceptance will be complete discharge to the predecessor trustee.

ARTICLE VI

AMENDMENT AND TERMINATION

VI-1. AMENDMENT. With the consent of the administrator, this trust may be amended from time to time by the grantor, if then living, otherwise by a majority of the beneficiaries then entitled to payments or distributions hereunder, except as follows:

- (a) The duties and liabilities of the trustee cannot be changed substantially without its consent.
- (b) This trust may not be amended so as to make the trust revocable.

VI-2. TERMINATION THIS TRUST SHALL NOT TERMINATE, and all rights, titles, powers, duties, discretions and immunities imposed on or reserved to the trustee, the administrator, the

grantor and the beneficiaries shall continue in effect, until all assets of the trust have been distributed by the trustee as provided in Article II.

* * *

IN WITNESS WHEREOF, the grantor and the trustee have executed this agreement as of the day and year first above written.

Grantor

The Northern Trust Company as Trustee

By _____

Its _____

Amended effective September 10, 1993

ABBOTT LABORATORIES NON-EMPLOYEE DIRECTORS' FEE PLAN

SECTION 1

PURPOSE

ABBOTT LABORATORIES NON-EMPLOYEE DIRECTORS' FEE PLAN - referred to below as the "Plan" - has been established by ABBOTT LABORATORIES - referred to below as the "Company" - to attract and retain as members of its Board of Directors persons who are not full-time employees of the Company or any of its subsidiaries but whose business experience and judgment are a valuable asset to the Company and its subsidiaries.

SECTION 2

DIRECTORS COVERED

As used in the Plan, the term "Director" means any person who is elected to the Board of Directors of the Company in April, 1962 or at any time thereafter, and is not a full-time employee of the Company or any of its subsidiaries.

SECTION 3

FEES PAYABLE TO DIRECTORS

3.1 Each Director shall be entitled to a deferred monthly fee of Four Thousand One Hundred Sixty-Seven Dollars (\$4,167.00) for each calendar month or portion thereof (excluding the month in which he is first elected a Director) that he holds such office with the Company.

3.2 A Director who serves as Chairman of the Executive Committee of the Board of Directors shall be entitled to a deferred monthly fee of One Thousand Six Hundred Dollars (\$1,600.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.

3.3 A Director who serves as Chairman of the Audit Committee of the Board of Directors shall be entitled to a deferred monthly fee of Six Hundred Sixty-Seven Dollars (\$667.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.

3.4 A Director who serves as Chairman of the Compensation Committee of the Board of Directors shall be entitled to a deferred monthly fee of Six Hundred Sixty-Seven Dollars (\$667.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.

3.5 A Director who serves as Chairman of the Nominations Committee of the Board of Directors shall be entitled to a deferred monthly fee of Six Hundred Sixty-Seven Dollars (\$667.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.

3.6 A Director who serves as Chairman of any other Committee created by this Board of Directors shall be entitled to a deferred monthly fee of Six Hundred Sixty-Seven Dollars (\$667.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.

3.7 A Director's Deferred Fee Account shall be credited with interest annually. During the calendar years 1968 and prior, the rate of interest credited to deferred fees shall be four (4) percent per annum. During the calendar years 1969 through 1992, the rate of interest credited to deferred fees shall be the average of the prime rates being charged by two largest commercial banks in the City of Chicago as of the end of the month coincident with or last preceding the date upon which said interest is so credited. During the calendar years 1993 and subsequent, the rate of interest credited to deferred fees shall be equal to: (a) the average of the prime rates being charged by the two largest commercial banks in the City of Chicago as of the end of the month coincident with or last preceding the date upon which said interest is so credited; plus (b) two hundred twenty-five (225) basis points. For purposes of the provisions of the Plan, the term "deferred fees" shall include "deferred monthly fees," and "deferred meeting fees," and shall also include any such interest credited thereon.

SECTION 4

PAYMENT OF DIRECTORS' FEES

4.1 A Director's deferred fees earned pursuant to the Plan shall commence to be paid on the first day of the calendar month next following the earlier of his death or his attainment of age sixty-five (65) if he is not then serving as a Director, or the termination of his service as a Director if he serves as a Director after the attainment of age sixty-five (65); provided that any Director may, by written notice filed with the Secretary of the Company, elect to receive current payment of all or any portion of the monthly and meeting fees earned by him in calendar years subsequent to the calendar year in which he files such notice (or all or any portion of such fees earned by him in the calendar year he first becomes a Director, if such notice is filed within 30 days of becoming a Director), in which case such fees or the portion thereof so designated earned in such calendar years shall not be deferred but shall be paid quarterly as earned and no interest shall be credited thereon. Such election may be revoked or modified by any Director by written notice to the Secretary of the Company as to fees to be earned by him in calendar years subsequent to the calendar year in which he files such notice.

4.2 After a Director's deferred fees shall have commenced to be payable pursuant to Paragraph 4.1 they shall be payable in annual installments in the order in which they shall have been deferred (i.e. the deferred fees for the earliest year of service as a Director will be paid on the date provided for in Section 4.1, the deferred fees for the next earliest year of service as a Director will be paid on the anniversary of the payment of the first installment, etc.).

4.3 A Director's deferred fees shall continue to be paid until all deferred fees which he is entitled to receive under the Plan shall have been paid to him (or, in case of his death, to his beneficiary).

4.4 Notwithstanding any other provisions of the Plan, if a Director's service as a Director should terminate for any reason within five (5) years after the date of a Change in Control, the aggregate unpaid balance of such Director's deferred fees plus all unpaid interest credited thereon, shall be paid to such Director in a lump sum within thirty (30) days following the date of such termination.

4.5 A "Change in Control" shall be deemed to have occurred on the earliest of the following dates:

- (i) The date any entity or person (including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 (the "Exchange Act")) shall have become the beneficial owner of, or shall have obtained voting control over thirty percent (30%) or more of the outstanding common shares of the Company;
- (ii) The date the shareholders of the Company approve a definitive agreement (A) to merge or consolidate the Company with or into another corporation, in which the Company is not the continuing or surviving corporation or pursuant to which any common shares of the company would be converted into cash, securities or other property of another corporation, other than a merger of the Company in which holders of common shares immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger as immediately before, or (B) to sell or otherwise dispose of substantially all the assets of the Company; or
- (iii) The date there shall have been a change in a majority of the Board of Directors of the Company within a twelve (12) month period unless the nomination for election by the Company's shareholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the twelve (12) month period.

4.6 The provisions of Paragraphs 4.4 and 4.5 and this Paragraph 4.6 may not be amended or deleted, nor superseded by any other provision of the Plan, during the period beginning on the date of a Change in Control and ending on the date five (5) years following such Change in Control.

SECTION 5

DIRECTORS' RETIREMENT BENEFIT

5.1 The Compensation Committee may, in its discretion, grant any Director who retires from the Board of Directors a monthly retirement benefit on the terms and conditions hereinafter set forth and such retirement benefit shall be provided to the surviving spouse of any Director who dies while serving as a Director.

5.2 The term "continuous service" shall mean the Director's longest period of uninterrupted service on the Board of Directors, determined under the following rules:

- (a) A Director shall be entitled to one month of continuous service for each calendar month or portion thereof (excluding the month in which he or she is first elected a Director) that the Director holds such office with the Company, excluding any month during which the Director was a full-time employee of the Company or any of its subsidiaries.
- (b) A Director shall not be entitled to more than one hundred twenty (120) months of continuous service.

5.3 Each Director or surviving spouse who is granted a retirement benefit hereunder shall receive a monthly benefit equal to the deferred monthly fee in effect for Directors under Paragraph 3.1 as of the date of the earlier of the Director's death or termination of service as a Director. The monthly benefit shall commence to be paid on the first day of the calendar month next following the earlier of the Director's death or termination of service as a Director. Unless the retirement benefit is terminated, the monthly benefit shall continue to be paid on the first day of each calendar month thereafter, until the benefit has been paid for a number of months equal to the Director's continuous service, or until the death of the Director or surviving spouse, if earlier. If a Director should retire and be granted a retirement benefit hereunder and subsequently die with such benefit still in effect, prior to receipt of all payments due hereunder, the monthly benefit shall continue to the surviving spouse of such Director until all payments due hereunder have been made or until the death of the surviving spouse, if earlier.

5.4 Each Director who is granted a retirement benefit hereunder shall make him or herself available for such consultation with the Board of Directors or any committee or member thereof, as

may be reasonably requested from time to time by the Chairman of the Board of Directors, following such Director's termination of service as a Director. The Company shall reimburse each such Director for all reasonable travel, lodging and subsistence expenses incurred by the Director at the request of the Company in rendering such consultation. The Company may terminate the retirement benefit if the Director should fail to render such consultation, unless prevented by disability or other reason beyond the Director's control.

5.5 It is recognized that during a Director's period of service as a Director and as a consultant hereunder, a Director will acquire knowledge of the affairs of the Company and its subsidiaries, the disclosure of which would be contrary to the best interests of the Company. Accordingly, the Company may terminate the retirement benefit if, without the express consent of the Company, the Director accepts election to the Board of Directors of, acquires a partnership or proprietary interest in, or renders services as an employee or consultant to, any business entity which is engaged in substantial competition with the Company or any of its subsidiaries.

5.6 An individual will be considered a Director's "surviving spouse" for purposes of this Section 5 only if the Director and such individual were married in a religious or civil ceremony recognized under the laws of the state where the marriage was contracted and the marriage remained legally effective at the date of the Director's death.

SECTION 6

CONVERSION TO COMMON STOCK UNITS

6.1 Any Director who is then serving as a director may, by written notice filed with the Secretary of the Company, elect to have all or any portion of deferred fees previously earned but not yet paid, transferred from the Director's Deferred Fee Account to a Stock Account maintained on his or her behalf pursuant to paragraph 9.3. Any election as to a portion of such fees shall be expressed as a percentage and the same percentage shall be applied to all such fees regardless of the calendar year in which earned or to all deferred fees earned in designated calendar years, as specified by the Director. A Director may make no more than one election under this paragraph 6.1 in any calendar year. All such elections may apply only to deferred fees for which an election has not previously been made and shall be irrevocable.

6.2 Any Director may, by written notice filed with the Secretary of the Company, elect to have all or any portion of deferred fees earned subsequent to the date such notice is filed credited to a Stock Account established under this Section 6. Fees covered by such election shall be credited to such account at the end of each calendar quarter in, or for which, such fees are earned. Such election may be revoked or modified by such Director, by

written notice filed with the Secretary of the Company, as to deferred fees to be earned in calendar years subsequent to the calendar year such notice is filed, but shall be irrevocable as to deferred fees earned prior to such year.

6.3 Deferred fees credited to a Stock Account under paragraph 6.1 shall be converted to Common Stock Units by dividing the deferred fees so credited by the closing price of common shares of the Company on the date notice of election under paragraph 6.1 is received by the Company (or the next business day, if there are no sales on such date) as reported on the New York Stock Exchange Composite Reporting System. Deferred fees credited to a Stock Account under paragraph 6.2 shall be converted to Common Stock Units by dividing the deferred fees so credited by the closing price of common shares of the Company as of the last business day of the calendar quarter for which the credit is made, as reported on the New York Stock Exchange Composite Reporting System.

6.4 Each Common Stock Unit shall be credited with the same cash and stock dividends, stock splits and other distributions and adjustments as are received by one common share of the Company. All cash dividends and other cash distributions credited to Common Stock Units shall be converted to additional Common Stock Units by dividing each such dividend or distribution by the closing price of common shares of the Company on the payment date for such dividend or distribution, as reported by the New York Stock Exchange Composite Reporting System.

6.5 The value of the Common Stock Units credited each Director shall be paid the Director in cash on the dates specified in paragraph 4.2 (or, if applicable, paragraph 4.4). The amount of each payment shall be determined by multiplying the Common Stock Units payable on each date specified in paragraph 4.2 (or, if applicable, paragraph 4.4) by the closing price of common shares of the Company on the day prior to that date (or the next preceding business day if there are no sales on such date), as reported by the New York Stock Exchange Composite Reporting System.

SECTION 7

MISCELLANEOUS

7.1 Each Director or former Director entitled to payment of deferred fees hereunder, from time to time may name any person or persons (who may be named contingently or successively) to whom any deferred Director's fees earned by him and payable to him are to be paid in case of his death before he receives any or all of such deferred Director's fees. Each designation will revoke all prior designations by the same Director or former Director, shall be in form prescribed by the Company, and will be effective only when filed by the Director or former Director in writing with the Secretary of the Company during his lifetime. If a deceased Director or former Director shall have failed to name a beneficiary in the manner provided above, or if the beneficiary named by a

deceased Director or former Director dies before him or before payment of all the Director's or former Director's deferred Directors' fees, the Company, in its discretion, may direct payment in a single sum of any remaining deferred Directors' fees to either:

- (a) any one or more or all of the next of kin (including the surviving spouse) of the Director or former Director, and in such proportions as the Company determines; or
- (b) the legal representative or representatives of the estate of the last to die of the Director or former Director and his last surviving beneficiary.

The person or persons to whom any deceased Director's or former Director's deferred Directors' fees are payable under this paragraph will be referred to as his "beneficiary."

7.2 Establishment of the Plan and coverage thereunder of any person shall not be construed to confer any right on the part of such person to be nominated for reelection to the Board of Directors of the Company, or to be reelected to the Board of Directors.

7.3 Payment of deferred Directors' fees will be made only to the person entitled thereto in accordance with the terms of the Plan, and deferred Directors' fees are not in any way subject to the debts or other obligations of persons entitled thereto, and may not be voluntarily or involuntarily sold, transferred to assigned. When a person entitled to a payment under the Plan is under legal disability or, in the Company's opinion, is in any way incapacitated so as to be unable to manage his financial affairs, the Company may direct that payment be made to such person's legal representative, or to a relative or friend of such person for his benefit. Any payment made in accordance with the preceding sentence shall be in complete discharge of the Company's obligation to make such payment under the Plan.

7.4 Any action required or permitted to be taken by the Company under the terms of the Plan shall be by affirmative vote of a majority of the members of the Board of Directors then in office.

SECTION 8

AMENDMENT AND DISCONTINUANCE

While the Company expects to continue the Plan, it must necessarily reserve, and does hereby reserve, the right to amend or discontinue the Plan at any time; provided, however, that any amendment or discontinuance of the Plan shall be prospective in operation only, and shall not affect the payment of any deferred Directors' fees theretofore earned by any Director, or the conditions under which any such fees are to be paid or forfeited under the Plan, unless the Director affected shall expressly consent thereto.

SECTION 9

ALTERNATE PAYMENT OF DEFERRED FEES

9.1 By written notice filed with the Secretary of the Company prior to calendar years beginning after December 31, 1988 (or, for the calendar year he first becomes a Director within 30 days of becoming a Director), a Director may elect to receive all or any portion of his deferred fees earned in such calendar years in a lump sum in accordance with the provisions of this Section 9. An election under this subsection 9.1 may be revoked or modified by the Director by written notice to the Secretary of the Company as to deferred fees earned under Section 3 in calendar years beginning after the calendar year in which he files such notice. Any amounts that were deferred for calendar years beginning before January 1, 1989 shall automatically be paid as provided in this Section 9.

9.2 If payment of a Director's deferred fees is made pursuant to paragraph 9.1, a portion of such fees shall be paid in cash for the Director directly to a "Grantor Trust" established by the Director, provided such trust is in a form which the Company determines to be substantially similar to the trust attached to this plan as Exhibit A; and the balance of the deferred fees shall be paid in cash directly to the Director, provided that the payment made directly to the Director shall approximate the aggregate federal, state and local individual income taxes attributable to the deferred fees paid pursuant to this paragraph 9.2.

9.3 The Company will establish and maintain four separate accounts in the name of each Director, "a Deferred Fee Account", a "Deferred Fee Trust Account", a "Stock Account" and a "Stock Trust Account". The Deferred Fee Account shall reflect the deferred fees and interest to be credited to a Director pursuant to Section 3. The Deferred Fee Trust Account shall reflect any deferred fees paid in cash to a Director (including amounts paid to a Director's Grantor Trust and allocated to the deferred account maintained thereunder) pursuant to paragraph 9.2 and any adjustments made pursuant to paragraph 9.4. The Stock Account shall reflect the deferred fees converted to Common Stock Units pursuant to Section 6 and any adjustments made pursuant to that Section. The Stock Trust Account shall reflect deferred fees that have been converted to Common Stock Units under Section 6 and paid in cash to a Director (including amounts paid to a Director's Grantor Trust and allocated to the stock account maintained thereunder) pursuant to paragraph 9.2 and any adjustments made pursuant to paragraph 9.5. The Accounts established pursuant to this paragraph 9.3 are for the convenience of the administration of the plan and no trust relationship with respect to such Accounts is intended or should be implied.

9.4 As of the end of each calendar year, the Company shall adjust each Director's Deferred Fee Trust Account as follows:

- (a) FIRST, charge an amount equal to the product of: (i) any payments made to the Director during that year from the deferred account maintained under his or her Grantor Trust (other than distributions of trust earnings in excess of the Net Interest Accrual authorized by the administrator of the trust to provide for the Tax Gross Up under paragraph 9.9 below); multiplied by (ii) a fraction, the numerator of which is the balance in the Director's Deferred Fee Trust Account as of the end of the prior calendar year and the denominator of which is the balance in the deferred account maintained under the Director's Grantor Trust (as determined by the administrator of the trust) as of that same date;
- (b) NEXT, credit an amount equal to the deferred fees that have not been converted to Common Stock Units that are paid that year to the Director (including the amount paid to the Director's Grantor Trust and allocated to the deferred account maintained thereunder) pursuant to paragraph 9.2; and
- (c) FINALLY, credit an amount equal to the Interest Accrual earned for that year pursuant to paragraph 9.6.

9.5 As of the end of each calendar year, the Company shall adjust each Director's Stock Trust Account as follows:

- (a) FIRST, charge an amount equal to the product of: (i) any payments made to the Director during that year from the stock account maintained under his or her Grantor Trust (other than distributions of trust earnings authorized by the administrator of the trust to provide for the Tax Gross Up under paragraph 9.9 below); multiplied by (ii) a fraction, the numerator of which is the balance in the Director's Stock Trust Account as of the end of the prior calendar year and the denominator of which is the balance in the stock account maintained under the Director's Grantor Trust (as determined by the administrator of the trust) as of that same date;
- (b) NEXT, credit an amount equal to the deferred fees that have been converted to Common Stock Units that are paid that year to the Director (including the amount paid to the Director's Grantor Trust and allocated to the stock account maintained thereunder) pursuant to paragraph 9.2; and
- (c) FINALLY, credit an amount equal to the Book Value Adjustments to be made for that year pursuant to paragraph 9.6.

9.6 As of the end of each calendar year, a Director's Deferred Fee Trust Account shall be credited with interest at the rate described in paragraph 3.7. Any amount so credited shall be referred to as a Director's "Interest Accrual". As of that same date, a Director's Stock Trust Account shall be adjusted as provided in paragraph 6.4, and shall also be adjusted to reflect the increase or decrease in the fair market value of the Company's common stock determined in accordance with paragraph 6.5. Such adjustments shall be referred to as "Book Value Adjustments."

9.7 In addition to any fees earned by a Director under Section 3 of this plan or paid under paragraphs 4.1 or 9.1 the Company shall also make a payment to a Director's Grantor Trust (a "Guaranteed Rate Payment"), to be credited to the deferred account maintained thereunder, for any year in which the net income credited to the deferred account maintained under such trust does not equal or exceed the Director's Net Interest Accrual for that year. A Director's "Net Interest Accrual" for a year is an amount equal to: (a) the Interest Accrual credited to the Director's Deferred Fee Trust Account for that year; less (b) the product of (i) the amount of such Interest Accrual, multiplied by (ii) the aggregate of the federal, state and local individual income tax rates (determined in accordance with paragraph 9.10). The Guaranteed Rate Payment shall equal the difference between the Director's Net Interest Accrual and the net income credited to the deferred account maintained under the Director's Grantor Trust for the year, and shall be paid within 90 days of the end of that year.

9.8 The Company shall also make a payment to a Director's Grantor Trust (a "Guaranteed Principal Payment"), to be credited to the stock account maintained thereunder, to the extent that the balance in the stock account as of the end of any calendar year is less than 75 percent of the balance of the Director's Stock Trust Account (net of federal, state and local income taxes) as of that same date. For the calendar year in which the last installment distribution is made from the Director's Grantor Trust, the payment made under this paragraph 9.8 shall equal the amount, if any, needed to increase the fair market value of the stock account maintained under the Director's Grantor Trust; such that if a distribution of the stock account were then made to the Director, the Director would receive the same amount he or she would have received (net of federal, state and local income taxes) if his or her Stock Trust Account were to be distributed on that same date with the deferred fees that had been allocated to that Account taxed at the federal, state and local income tax rates in effect on the date the fees were credited to the Account and the balance of the Account taxed at the federal, state and local income tax rates in effect on the date of the distribution. Payments required under this paragraph 9.8 shall be made within 90 days of the end of the calendar year, except the last payment which shall be made not later than the due date of the last installment distribution from the Director's Grantor Trust.

9.9 In addition to the fees provided under Section 3, each Director (or, if the Director is deceased, the beneficiary designated under the Director's Grantor Trust) shall be entitled to a Tax Gross Up payment for each year there is a balance in his or her Deferred Fee Trust Account or Stock Trust Account. The "Tax Gross Up" shall approximate: (a) the amount necessary to compensate the Director (or beneficiary) for the net increase in his or her federal, state and local income taxes as a result of the inclusion in the Director's (or beneficiary's) taxable income of the income of his or her Grantor Trust and any Guaranteed Rate and Guaranteed Principal Payments for that year; less (b) any distribution to the Director (or beneficiary) of his or her Grantor Trust's net earnings for that year; plus (c) an amount necessary to compensate the Director (or beneficiary) for the net increase in the taxes described in (a) above as a result of the inclusion in his or her taxable income of any payment made pursuant to this paragraph 9.9.

9.10 For purposes of this Section, a Director's federal income tax rate shall be deemed to be the highest marginal rate of federal individual income tax in effect in the calendar year in which a calculation under this Section is to be made and state and local tax rates shall be deemed to be the highest marginal rates of individual income tax in effect in the state and locality of the Director's residence on the date such a calculation is made, net of any federal tax benefits. Notwithstanding the preceding sentence, if a Director is not a citizen or resident of the United States, his or her income tax rates shall be deemed to be the highest marginal income tax rates actually imposed on the Director's benefits under this Plan or earnings under his or her Grantor Trust.

IRREVOCABLE GRANTOR TRUST AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 198__, by and between _____ of _____, _____ (the "grantor"), and The Northern Trust Company, located at Chicago, Illinois, as trustee (the "trustee"),

WITNESSETH THAT:

WHEREAS, the grantor desires to establish and maintain a trust to hold certain benefits received by the grantor under the Abbott Laboratories Non-Employee Directors' Fee Plan, as it may be amended from time to time;

NOW, THEREFORE, IT IS AGREED as follows:

ARTICLE I

INTRODUCTION

I-1. NAME. This agreement and the trust hereby evidenced (the "trust") may be referred to as the "_____ 1988 Grantor Trust".

I-2. THE TRUST FUND. The "trust fund" as at any date means all property then held by the trustee under this agreement.

I-3. STATUS OF THE TRUST. The trust shall be irrevocable. The trust is intended to constitute a grantor trust under Sections 671-678 of the Internal Revenue Code, as amended, and shall be construed accordingly.

I-4. THE ADMINISTRATOR. Abbott Laboratories ("Abbott") shall act as the "administrator" of the trust, and as such shall have certain powers, rights and duties under this agreement as described below. Abbott will certify to the trustee from time to time the person or persons authorized to act on behalf of Abbott as the administrator. The trustee may rely on the latest certificate received without further inquiry or verification.

I-5. ACCEPTANCE. The trustee accepts the duties and obligations of the "trustee" hereunder, agrees to accept funds delivered to it by the grantor or the administrator, and agrees to hold such funds (and any proceeds from the investment of such funds) in trust in accordance with this agreement.

ARTICLE II

DISTRIBUTION OF THE TRUST FUND

II-1. SEPARATE ACCOUNTS. The administrator shall maintain two separate accounts under the trust, a "deferred account" and a "stock account." Funds delivered to the trustee shall be allocated between the accounts by the trustee as directed by the administrator. As of the end of each calendar year, the administrator shall charge each account with all distributions made from such account during that year; and credit each account with its share of income and realized gains and charge each account with its share of expenses and realized losses for the year. The trustee shall be required to make separate investments of the trust fund for the accounts, and may not administer and invest all funds delivered to it under the trust as one trust fund.

II-2. DISTRIBUTIONS PRIOR TO THE GRANTOR'S DEATH. Principal and accumulated income shall not be distributed from the trust prior to the grantor's termination of service as a Director of Abbott (the grantor's "settlement date"); provided that, each year the administrator may direct the trustee to distribute to the grantor a portion of the income of the trust fund for that year, with the balance of such income to be accumulated in the trust. The administrator shall inform the trustee of the grantor's settlement date. Thereafter, the trustee shall distribute the trust fund to the grantor, if then living, in a series of annual installments, commencing on the first day of the month next following the later of the grantor's settlement date or the date the grantor attains age 65 years. The administrator shall inform the trustee of the number of installment distributions and the amount of each installment distribution under this paragraph II-2, and the trustee shall be fully protected in relying on such information received from the administrator.

II-3. DISTRIBUTIONS AFTER THE GRANTOR'S DEATH. The grantor, from time to time may name any person or persons (who may be named contingently or successively and who may be natural persons or fiduciaries) to whom the principal of the trust fund and all accrued or undistributed income thereof shall be distributed in a lump sum or, if the beneficiary is the grantor's spouse, in installments, as directed by the grantor, upon the grantor's death. If the grantor directs an installment method of distribution, any amounts remaining at the death of the spouse beneficiary shall be distributed in a lump sum. Each designation shall revoke all prior designations, shall be in writing and shall be effective only when filed by the grantor with the administrator during the grantor's lifetime. If the grantor fails to direct a method of distribution, the distribution shall be made in a lump sum. If the grantor fails to designate a beneficiary as provided above, then on the grantor's death, the trustee shall distribute the balance of the trust fund in a lump sum to the executor or administrator of the grantor's estate.

II-4. FACILITY OF PAYMENT. When a person entitled to a distribution hereunder is under legal disability, or, in the trustee's opinion, is in any way incapacitated so as to be unable to manage his or her financial affairs, the trustee may make such distribution to such person's legal representative, or to a relative or friend of such person for such person's benefit. Any distribution made in accordance with the preceding sentence shall be a full and complete discharge of any liability for such distribution hereunder.

II-5. PERPETUITIES. Notwithstanding any other provisions of this agreement, on the day next preceding the end of 21 years after the death of the last to die of the grantor and the grantor's descendants living on the date of this instrument, the trustee shall immediately distribute any remaining balance in the trust to the beneficiaries then entitled to distributions hereunder.

ARTICLE III

MANAGEMENT OF THE TRUST FUND

III-1. GENERAL POWERS. The trustee shall, with respect to the trust fund, have the following powers, rights and duties in addition to those provided elsewhere in this agreement or by law:

- (a) Subject to the limitations of subparagraph (b) next below, to sell, contract to sell, purchase, grant or exercise options to purchase, and otherwise deal with all assets of the trust fund, in such way, for such considerations, and on such terms and conditions as the trustee decides.
- (b) To retain in cash such amounts as the trustee considers advisable; and to invest and reinvest the balance of the trust fund, without distinction between principal and income, in common stock of Abbott Laboratories, or in obligations of the United States Government and its agencies or which are backed by the full faith and credit of the United States Government or in any mutual fund, common trust fund or collective investment fund which invests solely in such obligations; and any such investment made or retained by the trustee in good faith shall be proper despite any resulting risk or lack of diversification or marketability.
- (c) To deposit cash in any depository (including the banking department of the bank acting as trustee) without liability for interest, and to invest cash in savings accounts or time certificates of deposit bearing a reasonable rate of interest in any such depository.
- (d) To invest, subject to the limitations of subparagraph (b) above, in any common or commingled trust fund or funds

maintained or administered by the trustee solely for the investment of trust funds.

- (e) To borrow from anyone, with the administrator's approval, such sum or sums from time to time as the trustee considers desirable to carry out this trust, and to mortgage or pledge all or part of the trust fund as security.
- (f) To retain any funds or property subject to any dispute without liability for interest and to decline to make payment or delivery thereof until final adjudication by a court of competent jurisdiction or until an appropriate release is obtained.
- (g) To begin, maintain or defend any litigation necessary in connection with the administration of this trust, except that the trustee shall not be obliged or required to do so unless indemnified to the trustee's satisfaction.
- (h) To compromise, contest, settle or abandon claims or demands.
- (i) To give proxies to vote stocks and other voting securities, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, liquidations, or other changes in the financial structure of any corporation, and to exercise or sell stock subscription or conversion rights.
- (j) To hold securities or other property in the name of a nominee, in a depository, or in any other way, with or without disclosing the trust relationship.
- (k) To divide or distribute the trust fund in undivided interests or wholly or partly in kind.
- (l) To pay any tax imposed on or with respect to the trust; to defer making payment of any such tax if it is indemnified to its satisfaction in the premises; and to require before making any payment such release or other document from any lawful taxing authority and such indemnity from the intended payee as the trustee considers necessary for its Protection.
- (m) To deal without restriction with the legal representative of the grantor's estate or the trustee or other legal representative of any trust created by the grantor or a trust or estate in which a beneficiary has an interest, even though the trustee, individually, shall be acting in such other capacity, without liability for any loss that may result.
- (n) To appoint or remove by written instrument any bank or corporation qualified to act as successor trustee, wherever located, as special trustee as to part or all of the trust fund, including property as to which the trustee does not act, and such special trustee, except as specifically limited or

provided by this or the appointing instrument, shall have all of the rights, titles, powers, duties, discretions and immunities of the trustee, without liability for any action taken or omitted to be taken under this or the appointing instrument.

- (o) To appoint or remove by written instrument any bank, wherever located, as custodian of part or all of the trust fund, and each such custodian shall have such rights, powers, duties and discretions as are delegated to it by the trustee.
- (p) To employ agents, attorneys, accountants or other persons, and to delegate to them such powers as the trustee considers desirable, and the trustee shall be protected in acting or refraining from acting on the advice of Persons so employed without court action.
- (q) To perform any and all other acts which in the trustee's judgment are appropriate for the proper management, investment and distribution of the trust fund.

III-2. PRINCIPAL AND INCOME. Any income earned on the trust fund which is not distributed as provided in Article II shall be accumulated and from time to time added to the principal of the trust. The grantor's interest in the trust shall include all assets or other property held by the trustee hereunder, including principal and accumulated income.

III-3. STATEMENTS. The trustee shall prepare and deliver monthly to the administrator and annually to the grantor, if then living, otherwise to each beneficiary then entitled to distributions under this agreement, a statement (or series of statements) setting forth (or which taken together set forth) all investments, receipts, disbursements and other transactions effected by the trustee during the reporting period; and showing the trust fund and the value thereof at the end of such period.

III-4. COMPENSATION AND EXPENSES. All reasonable costs, charges and expenses incurred in the administration of this trust, including compensation to the trustee, any compensation to agents, attorneys, accountants and other persons employed by the trustee, and expenses incurred in connection with the sale, investment and reinvestment of the trust fund shall be paid from the trust fund.

ARTICLE IV

GENERAL PROVISIONS

IV-1. INTERESTS NOT TRANSFERABLE. The interests of the grantor or other persons entitled to distributions hereunder are not subject to their debts or other obligations and may not be voluntarily or involuntarily sold, transferred, alienated, assigned or encumbered.

IV-2. DISAGREEMENT AS TO ACTS. If there is a disagreement between the trustee and anyone as to any act or transaction reported in any accounting, the trustee shall have the right to a settlement of its account by any proper court.

IV-3. TRUSTEE'S OBLIGATIONS. No power, duty or responsibility is imposed on the trustee except as set forth in this agreement. The trustee is not obliged to determine whether funds delivered to or distributions from the trust are proper under the trust, or whether any tax is due or payable as a result of any such delivery or distribution. The trustee shall be protected in making any distribution from the trust as directed pursuant to Article II without inquiring as to whether the distributee is entitled thereto; and the trustee shall not be liable for any distribution made in good faith without writ ten notice or knowledge that the distribution is not proper under the terms of this agreement.

IV-4. GOOD FAITH ACTIONS. The trustee's exercise or non-exercise of its powers and discretions in good faith shall be conclusive on all persons. No one shall be obliged to see to the application of any money paid or property delivered to the trustee. The certificate of the trustee that it is acting according to this agreement will fully protect all persons dealing with the trustee.

IV-5. WAIVER OF NOTICE. Any notice required under this agreement may be waived by the Person entitled to such notice.

IV-6. CONTROLLING LAW. The laws of the State of Illinois shall govern the interpretation and validity of the provisions of this agreement and all questions relating to the management, administration, investment and distribution of the trust hereby created.

IV-7. SUCCESSORS. This agreement shall be binding on all persons entitled to distributions hereunder and their respective heirs and legal representatives, and on the trustee and its successors.

ARTICLE V

CHANGES IN TRUSTEE

V-1. RESIGNATION OR REMOVAL OF TRUSTEE. The trustee may resign at any time by giving thirty days' advance written notice to the administrator and the grantor. The administrator may remove a trustee by written notice to the trustee and the grantor.

V-2. APPOINTMENT OF SUCCESSOR TRUSTEE. The administrator shall fill any vacancy in the office of trustee as soon as practicable by written notice to the successor trustee; and shall give prompt written notice thereof to the grantor, if then living, otherwise to each beneficiary then entitled to payments or

distributions under this agreement. A successor trustee shall be a bank (as defined in Section 581 of the Internal Revenue Code, as amended).

V-3. DUTIES OF RESIGNING OR REMOVED TRUSTEE AND OF SUCCESSOR TRUSTEE. A trustee that resigns or is removed shall furnish promptly to the administrator and the successor trustee an account of its administration of the trust from the date of its last account. Each successor trustee shall succeed to the title to the trust fund vested in its predecessor without the signing or filing of any instrument, but each predecessor trustee shall execute all documents and do all acts necessary to vest such title of record in the successor trustee. Each successor trustee shall have all the powers conferred by this agreement as if originally named trustee. No successor trustee shall be personally liable for any act or failure to act of a predecessor trustee. With the approval of the administrator, a successor trustee may accept the account furnished and the property delivered by a predecessor trustee without incurring any liability for so doing, and such acceptance will be complete discharge to the predecessor trustee.

ARTICLE VI

AMENDMENT AND TERMINATION

VI-1. AMENDMENT. With the consent of the administrator, this trust may be amended from time to time by the grantor, if then living, otherwise by a majority of the beneficiaries then entitled to payments or distributions hereunder, except as follows:

- (a) The duties and liabilities of the trustee cannot be changed substantially without its consent.
- (b) This trust may not be amended so as to make the trust revocable.

VI-2. TERMINATION. This trust shall not terminate, and all rights, titles, powers, duties, discretions and immunities imposed on or reserved to the trustee, the administrator, the grantor and the beneficiaries shall continue in effect, until all assets of the trust have been distributed by the trustee as provided in Article II.

IN WITNESS WHEREOF, the grantor and the trustee have executed this agreement as of the day and year first above written.

Grantor_____

The Northern Trust Company, as
Trustee

By_____

Its_____

ABBOTT LABORATORIES AND SUBSIDIARIES
 COMPUTATION OF PER SHARE EARNINGS
 (DOLLARS AND SHARES IN MILLIONS EXCEPT PER SHARE FIGURES)

	YEAR ENDED DECEMBER 31		
	1993	1992	1991
1. Net earnings.....	\$1,399.1	\$1,239.1	\$1,088.7
2. Average number of shares outstanding during the year.....	829.0	844.1	854.1
3. Earnings per share based upon average outstanding share (1. DIVIDED BY 2.).....	\$1.69	\$1.47	\$1.27
4. Fully diluted earnings per share:			
a. Stock options granted and outstanding for which the market price at year-end exceeds the option price.....	18.7	20.1	25.9
b. Aggregate proceeds to the Company from the exercise of options in 4.a.....	\$297.0	\$295.1	\$354.4
c. Market price of the Company's common stock at year-end.....	\$29.63	\$30.38	\$34.44
d. Shares which could be repurchased under the treasury stock method (4.b. + 4.c.).....	10.0	9.7	10.3
e. Addition to average outstanding shares (4.a. - 4.d.).....	8.7	10.4	15.6
f. Shares for fully diluted earnings per share calculation (2. + 4.e.)....	837.7	854.5	869.7
g. Fully diluted earnings per share (1. + 4.f.).....	\$1.67	\$1.45	\$1.25

ABBOTT LABORATORIES AND SUBSIDIARIES
 COMPUTATION OF PER SHARE EARNINGS
 (DOLLARS AND SHARES IN MILLIONS EXCEPT PER SHARE FIGURES)

	YEAR ENDED DECEMBER 31		
	1993	1992	1991
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4. Fully diluted earnings per share:			
a. Stock options granted and outstanding for which the market price at year-end exceeds the option price.....	18.7	20.1	25.9
b. Aggregate proceeds to the Company from the exercise of options in 4.a.....	\$297.0	\$295.1	\$354.4
c. Market price of the Company's common stock at year-end.....	\$29.63	\$30.38	\$34.44
d. Shares which could be repurchased under the treasury stock method (4.b. + 4.c.).....	10.0	9.7	10.3
e. Addition to average outstanding shares (4.a. - 4.d.).....	8.7	10.4	15.6
f. Shares for fully diluted earnings per share calculation (2. + 4.e.)....	837.7	854.5	869.7
g. Fully diluted earnings per share (1. + 4.f.).....	\$1.67	\$1.45	\$1.25

The portions of the Abbott Laboratories Annual Report for the year ended December 31, 1993 captioned Financial Review, Consolidated Balance Sheet, Consolidated Statement of Earnings, Consolidated Statement of Cash Flows, Consolidated Statement of Shareholders' Investment, Notes to Consolidated Financial Statements, Report of Independent Public Accountants, and the applicable portions of the section captioned Summary of Financial Data for the years 1989 through 1993.

Abbott Laboratories and Subsidiaries

CONSOLIDATED BALANCE SHEET

(Dollars in Thousands)

ASSETS

	December 31		
	1993	1992	1991
Current Assets:			
Cash and cash equivalents.....	\$ 300,676	\$ 116,576	\$ 60,395
Investment securities, at cost.....	78,149	141,601	85,838
Trade receivables, less allowances of - 1993: \$116,925; 1992: \$106,857; 1991: \$82,244	1,336,222	1,244,396	1,150,894
Inventories -			
Finished products.....	476,548	421,932	406,026
Work in process.....	216,493	190,163	186,591
Materials.....	247,492	251,713	222,768
Total inventories.....	940,533	863,808	815,385
Prepaid income taxes.....	458,026	477,387	425,442
Other prepaid expenses and receivables.....	471,929	387,970	353,114
Total Current Assets.....	3,585,535	3,231,738	2,891,068
Investment Securities Maturing After One Year, at Cost.....	221,815	270,639	340,184
Property And Equipment, at cost:			
Land.....	137,636	120,617	64,984
Buildings.....	1,261,620	1,064,974	950,810
Equipment.....	4,169,279	3,735,259	3,304,062
Construction in progress.....	652,611	576,291	465,367
	6,221,146	5,497,141	4,785,223
Less: accumulated depreciation and amortization.....	2,710,155	2,397,903	2,123,140
Net Property and Equipment.....	3,510,991	3,099,238	2,662,083
Deferred Charges and Other Assets.....	370,228	339,621	361,931
	\$7,688,569	\$6,941,236	\$6,255,266

The accompanying notes to consolidated financial statements are an integral part of this statement.

Abbott Laboratories and Subsidiaries

CONSOLIDATED BALANCE SHEET

(Dollars in Thousands)

LIABILITIES AND SHAREHOLDERS' INVESTMENT

	December 31		
	1993	1992	1991
Current Liabilities:			
Short-term borrowings.....	\$ 841,514	\$ 909,116	\$ 523,526
Trade accounts payable.....	638,509	597,226	522,397
Salaries, wages and commissions.....	215,432	196,259	212,394
Other accrued liabilities.....	933,049	905,877	649,744
Dividends payable.....	139,600	125,300	106,297
Income taxes payable.....	324,749	41,583	194,255
Current portion of long-term debt.....	2,080	7,147	20,724
Total Current Liabilities.....	3,094,933	2,782,508	2,229,337
Long-Term Debt.....	306,840	110,018	125,118
Other Liabilities and Deferrals:			
Deferred income taxes.....	51,383	321,301	347,245
Other.....	560,484	379,768	350,579
Total Other Liabilities and Deferrals.....	611,867	701,069	697,824
Shareholders' Investment:			
Preferred shares, one dollar par value			
Authorized - 1,000,000 shares, none issued.....	-	-	-
Common shares, without par value			
Authorized - 1,200,000,000 shares			
Issued at stated capital amount -			
1993: 830,941,614 shares; 1992: 846,017,815			
shares; 1991: 860,765,782 shares.....	469,828	442,390	361,008
Earnings employed in the business.....	3,364,952	2,990,689	2,867,857
Cumulative translation adjustments.....	(100,716)	(23,131)	37,621
	3,734,064	3,409,948	3,266,486
Less:			
Common shares held in treasury, at cost -			
1993: 9,811,930 shares; 1992: 9,965,386 shares;			
1991: 10,236,556 shares.....	51,783	52,593	54,024
Unearned compensation - restricted stock awards	7,352	9,714	9,475
Total Shareholders' Investment.....	3,674,929	3,347,641	3,202,987
	\$7,688,569	\$6,941,236	\$6,255,266
	=====	=====	=====

Abbott Laboratories and Subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS

(Dollars in Thousands Except Per Share Data)

	Year Ended December 31		
	1993	1992	1991
Net Sales.....	\$8,407,843	\$7,851,912	\$6,876,588
Cost of products sold.....	3,684,727	3,505,273	3,139,972
Research and development.....	880,974	772,407	666,336
Selling, general and administrative.....	1,988,176	1,833,220	1,513,250
Provision for product withdrawal.....	(70,000)	215,000	-
Total Operating Cost and Expenses.....	6,483,877	6,325,900	5,319,558
Operating Earnings.....	1,923,966	1,526,012	1,557,030
Interest expense.....	54,283	52,961	63,831
Interest and dividend income.....	(37,821)	(42,250)	(45,117)
Other (income) expense, net.....	(35,726)	48,534	(5,906)
Gain on sale of investment.....	-	(271,986)	-
Earnings Before Taxes.....	1,943,230	1,738,753	1,544,222
Taxes on earnings.....	544,104	499,696	455,545
Earnings Before Extraordinary Gain and Accounting Change.....	1,399,126	1,239,057	1,088,677
Extraordinary Gain, Net of Tax of \$74,068.....	-	-	128,182
Cumulative Effect of Accounting Change, Net of Tax of \$78,151.....	-	-	(128,114)
Net Earnings.....	\$1,399,126	\$1,239,057	\$1,088,745
Earnings Per Common Share Before Extraordinary Gain and Accounting Change.....	\$1.69	\$1.47	\$1.27
Extraordinary Gain, Net of Tax.....	-	-	.15
Cumulative Effect of Accounting Change, Net of Tax.....	-	-	(.15)
Earnings Per Common Share.....	\$1.69	\$1.47	\$1.27
Average Number of Common Shares Outstanding.....	828,988,000	844,122,000	854,062,000

The accompanying notes to consolidated financial statements are an integral part of this statement.

Abbott Laboratories and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in Thousands)

	Year Ended December 31		
	1993	1992	1991
Cash Flow From (Used In) Operating Activities:			
Net earnings.....	\$1,399,126	\$1,239,057	\$1,088,745
Adjustments to reconcile net earnings to net cash from operating activities -			
Depreciation and amortization.....	484,081	427,782	379,017
Exchange (gains) losses, net.....	41,795	24,925	7,830
Investing and financing (gains) losses, net....	(6,038)	36,511	35,370
Trade receivables.....	(192,451)	(181,085)	(139,768)
Inventories.....	(91,490)	(109,087)	(44,818)
Prepaid expenses and other assets.....	(93,759)	(114,009)	(221,698)
Trade accounts payable and other liabilities...	375,645	121,741	344,516
Provision for product withdrawal.....	(70,000)	215,000	-
Gain on sale of investment.....	-	(271,986)	-
Extraordinary gain.....	-	-	(202,250)
Accounting change.....	-	-	206,265
Net Cash From Operating Activities.....	1,846,909	1,388,849	1,453,209
Cash Flow From (Used In) Investing Activities:			
Acquisitions of property, equipment and businesses.....	(952,732)	(1,007,247)	(770,611)
Purchases of investment securities.....	(335,915)	(178,727)	(284,092)
Proceeds from sales of investment securities...	447,983	496,120	398,682
Other.....	46,826	22,277	13,915
Net Cash Used in Investing Activities.....	(793,838)	(667,577)	(642,106)
Cash Flow From (Used In) Financing Activities:			
Proceeds from borrowings with original maturities of more than 3 months.....	289,429	196,487	344,162
Repayments of borrowings with original maturities of more than 3 months.....	(197,090)	(213,833)	(241,735)
Proceeds from (repayments of) other borrowings.	30,124	381,848	(211,991)
Purchases of common shares.....	(465,822)	(607,598)	(317,811)
Proceeds from stock options exercised.....	27,536	74,027	57,898
Dividends paid.....	(548,044)	(488,413)	(410,345)
Net Cash Used in Financing Activities.....	(863,867)	(657,482)	(779,822)

Abbott Laboratories and Subsidiaries
 CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
 (Dollars in Thousands)

	Year Ended December 31		
	1993	1992	1991
Effect of exchange rate changes on cash and cash equivalents.....	(5,104)	(7,609)	(4,920)
Net Increase in Cash and Cash Equivalents.....	184,100	56,181	26,361
Cash and Cash Equivalents, Beginning of Year.....	116,576	60,395	34,034
Cash and Cash Equivalents, End of Year.....	\$ 300,676	\$ 116,576	\$ 60,395
	=====	=====	=====
Supplemental Cash Flow Information:			
Income taxes paid.....	\$ 332,834	\$ 702,897	\$ 651,442
Interest paid.....	52,477	58,709	59,915

The accompanying notes to consolidated financial statements are an integral part of this statement.

Abbott Laboratories and Subsidiaries

CONSOLIDATED STATEMENT OF SHAREHOLDER'S INVESTMENT

(Dollars in Thousands Except Per Share Data)

	Year Ended December 31		
	1993	1992	1991
Common Shares:			
Issued at Beginning of Year			
Shares: 1993: 846,017,815;			
1992: 860,765,782; 1991: 868,573,972.....	\$ 442,390	\$ 361,008	\$ 297,522
Issued under incentive stock programs			
Shares: 1993: 2,602,920; 1992: 5,865,601;			
1991: 4,856,024.....	29,619	61,683	49,423
Tax benefit from sale of option shares and vesting of restricted stock awards (no share effect).....	8,300	29,800	19,000
Retired - Shares: 1993: 17,679,121; 1992: 20,613,568; 1991: 12,664,214.....	(10,481)	(10,101)	(4,937)
Issued at End of Year			
Shares: 1993: 830,941,614;			
1992: 846,017,815; 1991: 860,765,782.....	\$ 469,828	\$ 442,390	\$ 361,008
	=====	=====	=====
Earnings Employed in the Business:			
Balance at Beginning of Year.....	\$2,990,689	\$2,867,857	\$2,528,033
Net earnings.....	1,399,126	1,239,057	1,088,745
Cash dividends declared on common shares (per share-1993: \$.68; 1992: \$.60; 1991: \$.50).....	(562,344)	(507,416)	(426,622)
Cost of common shares and share rights retired in excess of stated capital amount...	(465,724)	(614,953)	(323,399)
Cost of treasury shares issued below market value of restricted stock awards.....	3,205	6,144	1,100
Balance at End of Year.....	\$3,364,952	\$2,990,689	\$2,867,857
	=====	=====	=====
Cumulative Translation Adjustments:			
Balance at Beginning of Year.....	\$ (23,131)	\$ 37,621	\$ 74,328
Translation adjustments.....	(77,695)	(62,380)	(36,750)
Allocated income taxes.....	110	1,628	43
Balance at End of Year.....	\$ (100,716)	\$ (23,131)	\$ 37,621
	=====	=====	=====

Abbott Laboratories and Subsidiaries

CONSOLIDATED STATEMENT OF SHAREHOLDER'S INVESTMENT (CONTINUED)

(Dollars in Thousands Except Per Share Data)

	Year Ended December 31		
	1993	1992	1991
Common Shares Held in Treasury:			
Balance at Beginning of Year			
Shares: 1993: 9,965,386; 1992: 10,236,556; 1991: 10,292,868.....	\$ 52,593	\$ 54,024	\$ 54,321
Issued under incentive stock programs			
Shares: 1993: 153,456; 1992: 271,170; 1991: 56,312.....	(810)	(1,431)	(297)
Balance at End of Year	-----	-----	-----
Shares: 1993: 9,811,930; 1992: 9,965,386; 1991: 10,236,556.....	\$ 51,783 =====	\$ 52,593 =====	\$ 54,024 =====
Unearned Compensation - Restricted Stock Awards:			
Balance at Beginning of Year.....	\$ 9,714	\$ 9,475	\$ 11,945
Issued at market value - Shares: 1993: 144,000; 1992: 254,000; 1991: 46,000.....	3,771	7,079	1,134
Lapses - Shares: 1993: 42,800; 1992: 38,000; 1991: 18,000.....	(887)	(637)	(301)
Amortization.....	(5,246)	(6,203)	(3,303)
Balance at End of Year.....	\$ 7,352 =====	\$ 9,714 =====	\$ 9,475 =====

The accompanying notes to consolidated financial statements are an integral part of this statement.

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of the parent company and subsidiaries, after elimination of intercompany transactions. The accounts of foreign subsidiaries are consolidated as of November 30.

Cash and Cash Equivalents

Cash equivalents consist of time deposits and certificates of deposit with original maturities of three months or less. The carrying amount of cash and cash equivalents approximated fair value as of December 31, 1993 and 1992.

Inventories

Inventories are stated at the lower of cost (first-in, first-out basis) or market. Cost includes material and conversion costs.

Property and Equipment

Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets.

Product Liability

Provisions are made for the portions of probable losses which are not covered by product liability insurance.

Financial Instruments

The Company enters into foreign exchange contracts and foreign currency option contracts to manage its exposure to foreign currency rate changes. At December 31, 1993, 1992, and 1991, the Company held approximately \$536 million, \$673 million, and \$1.5 billion, respectively, of such instruments. The instruments held at December 31, 1993, primarily in European and Japanese currencies, mature through 1995. Realized and unrealized gains and losses on contracts that qualify as hedges of anticipated purchases are recognized in the same period that the foreign currency exposure is recognized. At December 31, 1993, 1992, and 1991, approximately \$2.0 million, \$1.0 million, and \$7.4 million, respectively, of net losses had been deferred. Gains and losses on contracts that do not qualify for hedge accounting are recognized in income as foreign currency exchange rates change.

The Company also enters into a variety of interest rate hedge contracts in the management of interest rate exposures. At December 31, 1993 and 1991, the Company held \$200 million of such instruments, which mature through 1995; and at December 31, 1992, held \$300 million of such instruments. Gains or losses are recognized in income in the same period that the interest rate exposure is recognized.

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

The net asset (liability) recorded at December 31, 1993 and 1992 for foreign exchange, foreign currency option and interest rate contracts was \$9.8 million and \$(9.3) million, respectively, compared with the respective fair value of the net asset (liability) of \$5.6 million and \$(9.8) million.

Fair value is the quoted market price of the instrument held or the quoted market price of a similar instrument. Disclosure of fair value is not required for December 31, 1991.

Translation Adjustments

For foreign operations in highly inflationary economies, translation gains and losses are included in other (income) expense, net. For remaining foreign operations, translation adjustments are included as a component of shareholders' investment.

Earnings per Common Share

Earnings per common share amounts are computed using the weighted average number of common shares outstanding.

NOTE 2 - DEBT AND LINES OF CREDIT
(dollars in thousands)

The following is a summary of long-term debt at December 31:

	1993	1992	1991
	-----	-----	-----
5.6% debentures, due 2003.....	\$200,000	\$ -	\$ -
Industrial revenue bonds at various rates of interest, averaging 4.0% at December 31, 1993, and due at various dates through 2023.....	82,600	82,600	82,600
Other, principally foreign affiliate borrowings at various rates of interest, averaging 4.7% at December 31, 1993, and due at various dates through 1998.....	24,240	27,418	42,518
	-----	-----	-----
Total, net of current maturities.....	306,840	110,018	125,118
Current maturities of long-term debt.....	2,080	7,147	20,724
	-----	-----	-----
Total carrying amount.....	\$308,920	\$117,165	\$145,842
	=====	=====	=====
Total fair market value.....	\$304,038	\$115,568	
	=====	=====	

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

Payments required on long-term debt outstanding at December 31, 1993, are \$19,969 in 1995, \$1,399 in 1996, \$4,209 in 1997, and \$2,460 in 1998.

At December 31, 1993, there were \$300,000 of domestic lines of credit, none of which were used. Related compensating balances, which are subject to withdrawal by the Company at its option, and commitment fees are not material. The Company may issue up to \$300,000 of senior debt securities in the future under a registration statement filed with the Securities and Exchange Commission in 1993.

At December 31, 1993 and 1992, the carrying amount of short-term borrowings approximated fair value.

NOTE 3 - BENEFIT PLANS
(dollars in thousands)

Retirement plans consist of defined benefit, defined contribution, and medical and dental plans.

Pension benefits for the Company's defined benefit plans generally are based on the employee's years of service and compensation near retirement. Certain plan benefits would vest and certain restrictions on the use of plan assets would take effect upon a change in control of the Company.

Net pension cost for the Company's significant defined benefit plans includes the following components:

	1993 -----	1992 -----	1991 -----
Service cost - benefits earned during the year..	\$ 59,381	\$ 52,128	\$ 46,428
Interest cost on projected benefit obligations..	84,864	76,355	68,380
Return on assets.....	(128,221)	(46,128)	(267,341)
Net amortization and deferral.....	(729)	(74,779)	159,513
	-----	-----	-----
Net pension cost.....	\$ 15,295	\$ 7,576	\$ 6,980
	=====	=====	=====

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

The plans' funded status at December 31 was as follows:

	1993	1992	1991
	-----	-----	-----
Actuarial present value of benefit obligations -			
Vested benefits.....	\$791,435	\$620,537	\$549,748
Nonvested benefits.....	97,985	82,557	69,608
	-----	-----	-----
Accumulated benefit obligations.....	\$889,420	\$703,094	\$619,356
	=====	=====	=====
	1993	1992	1991
	-----	-----	-----
Plans' assets at fair value, principally			
listed securities.....	\$1,342,541	\$1,244,881	\$1,243,518
Actuarial present value of projected			
benefit obligations.....	1,198,768	951,603	857,741
	-----	-----	-----
Projected benefit obligations			
less than plans' assets.....	143,773	293,278	385,777
Unrecognized net transitional asset.....	(74,710)	(85,563)	(98,152)
Unrecognized prior service cost.....	30,951	32,455	34,344
Unrecognized net gain.....	(57,724)	(199,779)	(276,254)
	-----	-----	-----
Net prepaid pension cost.....	\$ 42,290	\$ 40,391	\$ 45,715
	=====	=====	=====

Assumptions used for the Company's major defined benefit plan as of December 31 include:

	1993	1992	1991
	-----	-----	-----
Discount rate for determining obligations			
and interest cost.....	7 1/4%	9%	9%
Expected aggregate average long-term change			
in compensation.....	4%	6%	6%
Expected long-term rate of return on assets.....	9%	10%	10%

The principal defined contribution plan is the stock retirement plan. Company contributions to this plan were \$41,225 in 1993, \$37,055 in 1992, and \$31,254 in 1991, equal to 7.33 percent of dividends, as provided under the plan.

The Company provides certain medical and dental benefits to qualifying domestic retirees. Effective January 1, 1991, the Company adopted Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions." The Company recorded the transition obligation as the cumulative effect of an accounting change.

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

Net postretirement health care cost includes the following components:

	1993	1992	1991
	-----	-----	-----
Service cost - benefits earned during the year	\$16,823	\$14,681	\$ 9,194
Interest cost on accumulated postretirement benefit obligations.....	29,266	25,355	18,073
Return on assets.....	(9,239)	(6,489)	(15,453)
Net amortization and deferral.....	2,393	(583)	8,794
	-----	-----	-----
Net postretirement health care cost.....	\$39,243	\$32,964	\$20,608
	=====	=====	=====

The plans' funded status at December 31 was as follows:

	1993	1992	1991
	-----	-----	-----
Actuarial present value of benefit obligations -			
Retirees.....	\$ 171,231	\$ 115,463	\$ 100,381
Fully eligible active participants.....	117,158	72,659	58,078
Other active participants.....	162,219	127,688	64,759
	-----	-----	-----
Accumulated postretirement benefit obligations..	450,608	315,810	223,218
Plans' assets at fair value, principally			
listed securities.....	100,920	91,778	86,018
	-----	-----	-----
Accumulated postretirement benefit obligations			
in excess of plans' assets.....	(349,688)	(224,032)	(137,200)
Unrecognized net loss (gain).....	161,692	58,125	(7,577)
	-----	-----	-----
Accrued postretirement health care cost.....	\$(187,996)	\$(165,907)	\$(144,777)
	=====	=====	=====

Assumptions used for the Company's retiree health care plans as of December 31 include:

	1993	1992	1991
	-----	-----	-----
Discount rate for determining obligations and interest cost.....	7 1/4%	9%	9%
Expected long-term rate of return on assets.....	9%	10%	10%

A 9 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 1994. This rate is assumed to decrease gradually to 5 percent in year 2000 and remain at that level thereafter. A one-percentage-point increase in the assumed health care cost trend rates would increase the accumulated postretirement benefit obligations as of December 31, 1993 by approximately \$76,000 and the total of the service and interest cost components of net postretirement health care cost for the year then ended by approximately \$17,200.

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

The Company also provides certain other postemployment benefits, primarily disability plans, to qualifying domestic employees, and accrues for the related cost over the service lives of the employee.

NOTE 4 - INVESTMENT SECURITIES
(dollars in thousands)

The following is a summary of investment securities at December 31:

Current Investment Securities	1993	1992	1991
	-----	-----	-----
Time deposits and certificates of deposit.....	\$ 32,350	\$ 84,430	\$ 79,966
Corporate debt obligations and other securities.	40,155	38,285	-
Debt obligations issued or guaranteed by various governments or government agencies....	5,644	18,886	5,872
	-----	-----	-----
Total carrying amount.....	\$ 78,149	\$141,601	\$ 85,838
	=====	=====	=====
Total fair market value.....	\$ 78,319	\$142,887	
	=====	=====	
Investment Securities Maturing after One Year	1993	1992	1991
	-----	-----	-----
Time deposits and certificates of deposit.....	\$ 34,500	\$ 54,500	\$ 70,500
Debt obligations issued or guaranteed by various governments or government agencies....	142,612	166,139	197,684
Corporate debt obligations.....	44,703	50,000	72,000
	-----	-----	-----
Total carrying amount.....	\$221,815	\$270,639	\$340,184
	=====	=====	=====
Total fair market value.....	\$231,879	\$285,763	
	=====	=====	

Of the investment securities listed above, \$293,888, \$409,105, and \$424,218, were held at December 31, 1993, 1992, and 1991, respectively, by subsidiaries operating in Puerto Rico under tax incentive grants expiring from 2002 through 2007. In addition, these subsidiaries held cash equivalents of \$197,200, \$33,800, and \$4,000 at December 31, 1993, 1992, and 1991, respectively.

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

NOTE 5 - TAXES ON EARNINGS
(dollars in thousands)

Effective January 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." This statement requires that deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. Prior to 1993, provisions were made for the estimated amount of income taxes on reported earnings which were payable currently and in the future. The effect of this change on income before taxes and net income was not significant, and prior years' financial statements have not been restated.

U.S. income taxes are provided on those earnings of foreign subsidiaries and subsidiaries operating in Puerto Rico under tax incentive grants, which are intended to be remitted to the parent company. Undistributed earnings reinvested indefinitely in foreign subsidiaries as working capital and plant and equipment aggregated \$702,000 at December 31, 1993. Deferred income taxes not provided on these earnings are not significant.

Earnings before taxes, and the related provisions for taxes on earnings, are as follows:

Earnings Before Taxes	1993	1992	1991
	-----	-----	-----
Domestic.....	\$1,480,163	\$1,418,335	\$1,205,883
Foreign.....	463,067	320,418	338,339
	-----	-----	-----
Total.....	\$1,943,230	\$1,738,753	\$1,544,222
	=====	=====	=====
Taxes on Earnings	1993	1992	1991
	-----	-----	-----
Current:			
U.S. Federal and Possessions.....	\$ 355,813	\$ 347,711	\$ 316,377
State.....	49,222	63,838	50,758
Foreign.....	175,455	133,065	140,559
	-----	-----	-----
Total current.....	580,490	544,614	507,694
	-----	-----	-----
Deferred:			
Domestic.....	(29,461)	(35,739)	(49,998)
Foreign.....	2,066	(9,179)	(2,151)
Enacted tax rate changes.....	(8,991)	-	-
	-----	-----	-----
Total deferred.....	(36,386)	(44,918)	(52,149)
	-----	-----	-----
Total.....	\$ 544,104	\$ 499,696	\$ 455,545
	=====	=====	=====

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

Differences between the effective income tax rate and the U.S. statutory tax rate were as follows:

	1993 -----	1992 -----	1991 -----
Statutory tax rate.....	35.0%	34.0%	34.0%
Benefit of tax exemptions in Puerto Rico and Ireland.....	(6.7)	(6.1)	(5.6)
State taxes, net of federal benefit..	1.7	2.1	2.2
All other, net.....	(2.0)	(1.3)	(1.1)
	----	----	----
Effective tax rate	28.0%	28.7%	29.5%
	====	====	====

As of December 31, 1993, total deferred tax assets were \$632,112 and total deferred tax liabilities were \$211,839. Valuation allowances for tax assets are not significant. The major temporary differences that give rise to deferred tax assets are compensation and employee benefits (\$146,505), valuation and exposure reserves for inventory and accounts receivable (\$86,003 and \$91,329, respectively), deferred intercompany profit (\$72,129), and state income taxes (\$30,715). The use of accelerated depreciation for U.S. income tax purposes (\$165,482) and employee benefits (\$32,578) are the primary temporary differences that give rise to deferred tax liabilities.

NOTE 6 - INCENTIVE STOCK PROGRAM

The 1991 Incentive Stock Program authorizes the granting of stock options, stock appreciation rights, limited stock appreciation rights, restricted stock awards, performance units, and foreign qualified benefits. Stock options, limited stock appreciation rights, restricted stock awards, and foreign qualified benefits have been granted and are currently outstanding under this program and prior programs. The purchase price of the shares under option must be at least 100 percent of the fair market value of the common stock on the date of grant. Limited stock appreciation rights have been granted to certain holders of stock options and can be exercised, by surrendering related stock options, only upon a change in control of the Company. At December 31, 1993, 4,374,757 options, with purchase prices from \$6.31 to \$32.69 per share, were subject to limited stock appreciation rights. Upon a change in control of the Company, all outstanding stock options become fully exercisable, and all terms and conditions of all restricted stock awards are deemed satisfied. At December 31, 1993, 13,598,451 shares were reserved for future grants under the 1991 Program.

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

Data with respect to stock options under the 1991 Program and prior programs are as follows:

	Options Outstanding	
	Shares	Price per Share
January 1, 1993.....	31,768,681	\$ 5.21 to \$33.82
Granted.....	1,362,660	23.64 to 30.50
Exercised.....	(2,602,920)	5.21 to 27.19
Lapsed.....	(451,383)	25.22 to 33.47
December 31, 1993.....	30,077,038	\$ 5.27 to \$33.82
	=====	
Exercisable at December 31, 1993	17,812,066	\$ 5.27 to \$33.82
	=====	

NOTE 7 - LITIGATION AND ENVIRONMENTAL MATTERS

The Company is involved in various claims and legal proceedings including numerous antitrust suits and investigations in connection with the sale and marketing of infant formula and pharmaceutical products. In May and July 1993, the Company settled certain of these claims and legal proceedings relating to the infant formula products.

The Company is also involved in numerous product liability cases, many of which allege injuries to the offspring of women who ingested a synthetic estrogen (DES) during pregnancy. In addition, the Company has been identified as a potentially responsible party for investigation and cleanup costs at a number of locations in the United States and Puerto Rico under federal remediation laws and is voluntarily investigating potential contamination at a number of Company-owned locations.

The matters above are discussed more fully in Item 1, Business - Environmental Matters, and Item 3, Legal Proceedings, in the Annual Report on Form 10-K, which is available upon request.

While it is not feasible to predict the outcome of such pending claims, proceedings, investigations and remediation activities with certainty, management is of the opinion, with which its General Counsel concurs, that their ultimate disposition should not have a material adverse effect on the Company's financial position.

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

NOTE 8 - QUARTERLY RESULTS (Unaudited)

(dollars in millions except per share data)	Three Months Ended		
	1993	1992	1991
			March 31

Net Sales.....	\$2,045.6	\$1,877.9	\$1,653.6
Gross Profit.....	1,112.4	1,033.2	889.4
Earnings Before Extraordinary Gain and Accounting Change	345.5	294.2	254.1
Net Earnings.....	345.5	294.2	254.2
Earnings Per Common Share Before Extraordinary Gain and Accounting Change.....	.41	.35	.30
Earnings Per Common Share.....	.41	.35	.30
			June 30

Net Sales.....	\$2,073.8	\$1,908.7	\$1,683.0
Gross Profit.....	1,186.8	1,045.7	908.2
Net Earnings.....	346.1	317.1	268.3
Earnings Per Common Share.....	.42	.37	.31
			September 30

Net Sales.....	\$2,060.4	\$1,968.8	\$1,653.7
Gross Profit.....	1,143.4	1,076.1	886.7
Net Earnings.....	316.2	278.8	251.5
Earnings Per Common Share.....	.38	.33	.29
			December 31

Net Sales.....	\$2,228.0	\$2,096.5	\$1,886.3
Gross Profit.....	1,280.5	1,191.6	1,052.3
Net Earnings.....	391.3	349.0	314.7
Earnings Per Common Share.....	.48	.42	.37

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

NOTE 9 - OTHER SIGNIFICANT EVENTS

In June 1992, the Company voluntarily withdrew from the worldwide market its quinolone anti-infective, temafloxacin, and recorded a charge of \$215 million for costs associated with this withdrawal. In 1993, the Company resolved various contingencies relative to the temafloxacin withdrawal and recorded a credit of \$70 million in the second quarter for these items.

In the first quarter 1993, the Company sold its peritoneal dialysis product line. The gain on the sale is reported in other (income) expense, net.

In May 1992, the Company sold its 20 percent investment in Boston Scientific Corporation for a pre-tax gain of \$272 million. In 1991, the Company sold its investment in Amgen Inc. for an after-tax gain of \$128 million. The sale was reported as an extraordinary gain in the 1991 first quarter.

NOTE 10 - INDUSTRY SEGMENT AND GEOGRAPHIC AREA INFORMATION
(dollars in millions)

The Company's principal business is the discovery, development, manufacture, and sale of a broad and diversified line of health care products and services. These products have been classified into the following industry segments:

PHARMACEUTICAL AND NUTRITIONAL PRODUCTS - Included are a broad line of adult and pediatric pharmaceuticals and nutritionals, which are sold primarily on the prescription or recommendation of physicians or other health care professionals; consumer products; agricultural and chemical products; and bulk pharmaceuticals.

HOSPITAL AND LABORATORY PRODUCTS - Included are diagnostic systems for blood banks, hospitals, commercial laboratories and alternate-care testing sites; intravenous and irrigation fluids and related administration equipment; drugs and drug delivery systems; anesthetics; critical care products; and other medical specialty products for hospitals and alternate-care sites.

In the following tables, net sales by industry segment and geographic area include both sales to customers, as reported in the Consolidated Statement of Earnings, and inter-area sales (for geographic areas) at sales prices which approximate market. Operating profit excludes corporate expenses.

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

INDUSTRY SEGMENTS (a)	1993	1992	1991
	-----	-----	-----
Net Sales:			
Pharmaceutical and nutritional.....	\$4,389	\$4,025	\$3,512
Hospital and laboratory.....	4,019	3,827	3,365
	-----	-----	-----
Total	\$8,408	\$7,852	\$6,877
	=====	=====	=====
Operating Profit:			
Pharmaceutical and nutritional (b).....	\$1,211	\$ 879	\$ 993
Hospital and laboratory.....	794	703	639
	-----	-----	-----
Operating Profit.....	2,005	1,582	1,632
Corporate expenses, net (c).....	46	104	69
Interest (income) expense, net.....	16	11	19
Gain on sale of investment.....	-	(272)	-
	-----	-----	-----
Earnings Before Taxes.....	\$1,943	\$1,739	\$1,544
	=====	=====	=====
Identifiable Assets:			
Pharmaceutical and nutritional.....	\$3,046	\$2,616	\$2,240
Hospital and laboratory.....	3,296	3,108	2,887
General corporate (d).....	1,347	1,217	1,128
	-----	-----	-----
Total	\$7,689	\$6,941	\$6,255
	=====	=====	=====
Capital Expenditures:			
Pharmaceutical and nutritional.....	\$ 475	\$ 502	\$ 363
Hospital and laboratory.....	474	500	365
General corporate.....	4	5	5
	-----	-----	-----
Total	\$ 953	\$1,007	\$ 733
	=====	=====	=====
Depreciation and Amortization:			
Pharmaceutical and nutritional.....	\$ 189	\$ 161	\$ 139
Hospital and laboratory.....	292	264	238
General corporate.....	3	3	2
	-----	-----	-----
Total	\$ 484	\$ 428	\$ 379
	=====	=====	=====

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

GEOGRAPHIC AREAS (a) and (e)	1993	1992	1991
	-----	-----	-----
Net Sales:			
United States:			
Domestic and export customers.....	\$5,347	\$4,918	\$4,376
Inter-area.....	932	930	870
	-----	-----	-----
Total United States.....	6,279	5,848	5,246
Latin America.....	413	339	285
Europe, Mideast and Africa.....	1,554	1,649	1,422
Pacific, Far East and Canada.....	1,094	946	794
Eliminations.....	(932)	(930)	(870)
	-----	-----	-----
Total	\$8,408	\$7,852	\$6,877
	=====	=====	=====
Operating Profit (b):			
United States.....	\$1,390	\$1,114	\$1,260
Latin America.....	106	70	49
Europe, Mideast and Africa.....	301	260	272
Pacific, Far East and Canada.....	189	143	100
Eliminations.....	19	(5)	(49)
	-----	-----	-----
Total	\$2,005	\$1,582	\$1,632
	=====	=====	=====
Identifiable Assets, Excluding General Corporate Assets (d):			
United States.....	\$4,492	\$4,017	\$3,580
Latin America.....	228	188	161
Europe, Mideast and Africa.....	1,096	1,089	1,012
Pacific, Far East and Canada.....	703	627	566
Eliminations.....	(177)	(197)	(192)
	-----	-----	-----
Total	\$6,342	\$5,724	\$5,127
	=====	=====	=====

Abbott Laboratories and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 1993

INDUSTRY SEGMENT AND GEOGRAPHIC AREA INFORMATION (CONTINUED)

- (a) In 1993, net sales and operating profit were unfavorably impacted by the relatively stronger U.S. dollar while 1992 was favorably affected by the relatively weaker U.S. dollar. In 1991, net sales and operating profit were not significantly affected by fluctuations in the U.S. dollar.
- (b) The 1992 operating profit was unfavorably impacted by the pre-tax charge of \$215 for costs associated with the voluntary withdrawal of temafloxacin from the worldwide market. The 1993 operating profit was favorably impacted by the \$70 pre-tax credit resulting from resolution of various contingencies related to the withdrawal, and unfavorably impacted by the \$104 pre-tax charge reflecting the settlement of certain claims and legal proceedings in connection with the sale and marketing of infant formula products.
- (c) Corporate expenses, net, include results from joint ventures, minority interest expenses, and net foreign exchange losses. These amounts are included in Other (income) expense, net, in the Consolidated Statement of Earnings. Net foreign exchange losses were \$41.3 in 1993, \$93.2 in 1992, and \$11.1 in 1991.
- (d) General corporate assets are principally cash and cash equivalents and investment securities.
- (e) The Company has a domestic manufacturing facility which produces semi-processed pharmaceuticals primarily for foreign subsidiaries to finish and sell. The sales of the finished products, operating profit, and identifiable assets associated with this operation have been included in the appropriate foreign area.

Abbott Laboratories and Subsidiaries
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Abbott Laboratories:

We have audited the accompanying consolidated balance sheet of Abbott Laboratories (an Illinois corporation) and Subsidiaries as of December 31, 1993, 1992, and 1991, and the related consolidated statements of earnings, shareholders' investment, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Abbott Laboratories and Subsidiaries as of December 31, 1993, 1992, and 1991, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As explained in Note 3 to the consolidated financial statements, the Company adopted the requirements of Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1991.

Chicago, Illinois,
January 14, 1994

Arthur Andersen & Co.

Abbott Laboratories and Subsidiaries

FINANCIAL REVIEW

December 31, 1993

RESULTS OF OPERATIONS

Sales

Worldwide sales increased 7.1 percent in 1993 due to unit growth of 8.6 percent and net price increases of .9 percent, partially offset 2.4 percent by the effect of the relatively stronger U.S. dollar. Sales increased 14.2 percent in 1992 due to unit growth of 10.6 percent and net price increases of 2.9 percent. In 1991, sales increased 11.7 percent due to unit growth of 8.9 percent and net price increases of 2.9 percent.

Domestic sales increased 8.7 percent in 1993, 13.1 percent in 1992, and 11.8 percent in 1991, primarily due to volume. International sales increased 4.5 percent in 1993, 16.0 percent in 1992, and 11.4 percent in 1991, primarily due to volume, net of exchange. International sales were unfavorably affected by exchange of about 6.4 percent in 1993 and .5 percent in 1991. In 1992, international sales were favorably impacted 1.7 percent due to exchange. Sales in international markets represented approximately 37 percent of worldwide sales.

Sales in the pharmaceutical and nutritional products segment increased 9.0 percent in 1993, compared with increases of 14.6 percent in 1992, and 11.1 percent in 1991. Domestic sales in this segment increased 10.2 percent in 1993, approximately 9.2 percent due to volume growth and 1.0 percent due to net price increases. In 1992, domestic sales increased 14.5 percent, approximately 8.9 percent due to volume growth and 5.6 percent due to net price increases, and in 1991 increased 11.8 percent, approximately 6.6 percent due to price, and 5.2 percent volume. International sales in this segment increased 6.5 percent in 1993, resulting from unit growth of 9.2 percent and net price increases of 3.4 percent; and were unfavorably affected 6.1 percent by the relatively stronger U.S. dollar. International sales in this segment increased 14.7 percent in 1992, resulting from unit growth of 11.0 percent and net price increases of 3.3 percent. In 1991, international sales increased 9.8 percent due to unit growth of approximately 7.6 percent and net price increases of 3.2 percent, partially offset 1.0 percent by the effect of the relatively stronger U.S. dollar. Sales of new products in this segment in 1993 are estimated to be about \$130 million.

Sales in the hospital and laboratory products segment increased 5.0 percent in 1993, 13.7 percent in 1992, and 12.2 percent in 1991. Domestic sales in this segment increased 6.6 percent in 1993, 11.2 percent in 1992 and 12.0 percent in 1991, all primarily due to unit growth. International sales in this segment in 1993 increased 3.0 percent, approximately 9.8 percent due to unit growth offset 6.7 percent due to exchange. International sales in this segment in 1992 increased 17.0 percent, approximately 13.5 percent due to unit growth and 2.7 percent due to exchange. In 1991, international sales in this segment increased 12.5 percent, primarily due to unit growth. Sales of new products in this segment in 1993 are estimated to be about \$465 million.

Abbott Laboratories and Subsidiaries

FINANCIAL REVIEW (CONTINUED)

December 31, 1993

The classes of products which contributed at least 10 percent to consolidated net sales in at least one of the last three years were:

(dollars in millions)	1993 -----	1992 -----	1991 -----
Infant Formula.....	\$1,147	\$1,075	\$1,060
Fluids and Equipment.....	836	924	864
Medical Nutritionals.....	864	760	625

Worldwide sales of infant formula increased in 1993 primarily due to unit growth, and in 1992 primarily due to net price increases. In 1993, fluids and equipment sales decreased due to the sale of a product line, and in 1992 increased primarily due to unit growth. Increases in medical nutritionals sales were primarily due to volume gains.

Operating Earnings

Gross profit margins (sales less cost of products sold, including freight and distribution expenses) improved from 54.3 percent of sales in 1991 and 55.4 percent in 1992, to 56.2 percent in 1993. Productivity improvements, favorable product mix, and net price increases in some product lines more than offset the impacts of inflation and competitive pricing pressures in other product lines. In 1993, gross profit margins were unfavorably impacted by the relatively stronger U.S. dollar while 1992 was favorably affected by the relatively weaker U.S. dollar. In the U.S., states receive price rebates from manufacturers of infant formula under the federally subsidized Special Supplemental Food Program for Women, Infants, and Children (WIC). The WIC rebate programs continue to have a negative effect on the gross profit margins of this portion of the infant formula business.

Research and development expense increased to \$881 million in 1993, and represented 10.5 percent of net sales, compared with 9.8 percent of net sales in 1992 and 9.7 percent of net sales in 1991. Research and development expenditures continue to be concentrated on diagnostic and pharmaceutical products.

Selling, general and administrative expenses increased 8.5 percent in 1993, compared to increases of 21.1 percent in 1992, and 18.6 percent in 1991. The 1993 increase reflects the settlement of certain claims and legal proceedings in connection with the sale and marketing of infant formula products. In May 1993, the Company recorded a pre-tax charge to earnings of approximately \$104 million in connection with these settlements. The increases in 1992 and 1991 resulted from higher levels of selling and marketing support for new and existing products, primarily pharmaceutical and diagnostic products.

Abbott Laboratories and Subsidiaries

FINANCIAL REVIEW (CONTINUED)

December 31, 1993

In June 1992, the Company voluntarily withdrew from the worldwide market its quinolone anti-infective, temafloxacin, and recorded a pre-tax charge of \$215 million for costs associated with this withdrawal. In 1993, the Company resolved various contingencies relative to the temafloxacin withdrawal and recorded a pre-tax credit to earnings of \$70 million for these items. Temafloxacin was introduced in the U.S. in February 1992, and had been introduced in several other countries throughout 1991. Total sales of this product were not significant; however, operating earnings of the pharmaceutical and nutritional products segment in 1992 were unfavorably affected by the costs of withdrawal of this product.

Other (Income) Expense, Net

Other (income) expense, net, includes net foreign exchange losses of \$41.3 million in 1993, \$93.2 million in 1992, and \$11.1 million in 1991, including net exchange (gains) losses on foreign currency contracts. These contracts were purchased to manage the Company's exposure to foreign currency rate changes. Other (income) expense, net, also includes the first quarter 1993 gain on the sale of the Company's peritoneal dialysis product line, and the Company's share of the income from joint ventures, primarily TAP Pharmaceuticals Inc.

Sale of Investments

In May 1992, the Company sold its 20 percent investment in Boston Scientific Corporation for a pre-tax gain of \$272 million. Net proceeds from the sale were used toward the purchase of eight million shares of the Company's common stock as authorized by the Board of Directors. In 1991, the Company sold its investment in Amgen Inc. for an after-tax gain of \$128 million. The sale was reported as an extraordinary gain in the 1991 first quarter.

Taxes on Earnings

The Company's effective income tax rate for 1993 was 28.0 percent, compared with 28.7 percent for 1992 and 29.5 percent for 1991.

In the first quarter 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The effect of this change on income before taxes and net income is not significant, and prior years' financial statements have not been restated.

In August 1993, the President of the United States signed the Omnibus Budget Reconciliation Act of 1993 into law. The effects of this Act on the Company's tax provision in 1993 were not significant. However, as the result of this Act, the Company's 1994 tax provision is expected to increase approximately \$50 million.

Abbott Laboratories and Subsidiaries

FINANCIAL REVIEW (CONTINUED)

December 31, 1993

Accounting Standards

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112 "Employers' Accounting for Postemployment Benefits." The Company's accounting for such benefits is in accordance with this standard.

In the first quarter of 1991, the Company adopted Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions," with immediate recognition of the transition obligation of \$128 million.

FINANCIAL CONDITION

Cash Flow

The Company expects positive cash flow from operating activities to continue to approximate or exceed the Company's capital expenditures and cash dividends.

Debt and Capital

The Company has maintained its favorable bond ratings (AAA by Standard & Poor's Corporation and Aa1 by Moody's Investors Service) and continues to have readily available financial resources, including unused domestic lines of credit of \$300 million at December 31, 1993.

In the third quarter 1993, the Company filed a registration statement with the Securities and Exchange Commission for the issuance of \$500 million of senior debt securities. In October 1993, \$200 million of 5.6 percent notes due 2003 were issued by the Company under this filing. Net proceeds were used to retire short-term borrowings and for the purchase of the Company's common shares. The Company may issue up to an additional \$300 million of debt securities in the future under this registration statement.

During the last three years, the Company purchased 49,599,000 of its common shares at a cost of \$1.391 billion, including 5,899,000 shares of the 20,000,000 shares authorized for purchase by the Board of Directors in September 1993.

Capital Expenditures

Capital expenditures of \$953 million in 1993, \$1.0 billion in 1992, and \$733 million in 1991, were principally for upgrading and expanding manufacturing and research and development facilities in both segments and for administrative support facilities. The leveling of capital expenditures is expected to continue over the next few years, with a relatively equal proportion dedicated to each segment.

Abbott Laboratories and Subsidiaries

FINANCIAL REVIEW (CONTINUED)

December 31, 1993

LEGISLATIVE ISSUES

The Company's primary markets are highly competitive and subject to substantial government regulation. In the U.S., comprehensive legislation may be enacted that would make significant changes to the availability, delivery and payment for health care products and services. International operations are also subject to a significant degree of government regulation. It is not possible to predict the extent to which the Company or the health care industry in general might be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item 1, Business, in the Annual Report on Form 10-K, which is available upon request.

Abbott Laboratories and Subsidiaries

SUMMARY OF SELECTED FINANCIAL DATA

Year Ended December 31, 1993

(Dollars in Millions Except Per Share Data)

	1993	1992	1991	1990	1989
	-----	-----	-----	-----	-----
SUMMARY OF OPERATIONS:					
Net sales.....	\$8,407.8	7,851.9	6,876.6	6,158.7	5,379.8
Cost of products sold.....	\$3,684.7	3,505.3	3,140.0	2,910.1	2,556.7
Research and development.....	\$ 881.0	772.4	666.3	567.0	501.8
Selling, general and administrative.....	\$1,988.2	1,833.2	1,513.3	1,275.6	1,100.2
Operating earnings (1).....	\$1,924.0	1,526.0	1,557.0	1,406.0	1,221.1
Interest expense.....	\$ 54.3	53.0	63.8	91.4	74.4
Interest and dividend income.....	\$ (37.8)	(42.3)	(45.1)	(51.6)	(73.8)
Other (income) expense, net.....	\$ (35.7)	48.5	(5.9)	15.5	26.3
Earnings before taxes (2).....	\$1,943.2	1,738.8	1,544.2	1,350.7	1,194.2
Taxes on earnings.....	\$ 544.1	499.7	455.5	384.9	334.4
Earnings before extraordinary gain and accounting change (3).....	\$1,399.1	1,239.1	1,088.7	965.8	859.8
Earnings per common share before extra- ordinary gain and accounting change (3)	\$ 1.69	1.47	1.27	1.11	.96
FINANCIAL POSITION:					
Working capital.....	\$ 490.6	449.2	661.7	460.0	719.2
Investment securities maturing after one year, at cost.....	\$ 221.8	270.6	340.2	314.0	300.0
Net property and equipment.....	\$3,511.0	3,099.2	2,662.1	2,375.8	2,090.2
Total assets.....	\$7,688.6	6,941.2	6,255.3	5,563.2	4,851.6
Long-term debt.....	\$ 306.8	110.0	125.1	134.8	146.7
Shareholders' investment.....	\$3,674.9	3,347.6	3,203.0	2,833.6	2,726.4
Return on shareholders' investment.....	% 39.8	37.8	36.1	34.7	33.1
Book value per share.....	\$ 4.48	4.00	3.77	3.30	3.08
OTHER STATISTICS:					
Gross profit margin.....	% 56.2	55.4	54.3	52.7	52.5
Research and development to net sales....	% 10.5	9.8	9.7	9.2	9.3
Capital expenditures.....	\$ 952.7	1,007.2	732.8	629.5	501.5
Cash dividends declared per common share.	\$.68	.60	.50	.42	.35
Common shares outstanding (in thousands).	821,130	836,052	850,530	858,282	884,958
Number of common shareholders.....	82,947	75,703	56,541	49,827	45,361
Number of employees.....	49,659	48,118	45,694	43,770	40,929
Sales per employee (in dollars).....	\$169,312	163,180	150,492	140,706	131,441
Market price per share - high.....	\$ 30 7/8	34 1/8	34 3/4	23 1/8	17 5/8
Market price per share - low.....	\$ 22 5/8	26 1/8	19 5/8	15 5/8	11 1/2
Market price per share - close.....	\$ 29 5/8	30 3/8	34 3/8	22 1/2	17

Abbott Laboratories and Subsidiaries

SUMMARY OF SELECTED FINANCIAL DATA (CONTINUED)

Year Ended December 31, 1993

(Dollars in Millions Except Per Share Data)

	1988	1987	1986	1985	1984
	-----	-----	-----	-----	-----
SUMMARY OF OPERATIONS:					
Net sales.....	\$4,937.0	4,387.9	3,807.6	3,360.3	3,104.0
Cost of products sold.....	\$2,353.2	2,101.9	1,868.4	1,694.9	1,565.4
Research and development.....	\$ 454.6	361.3	284.9	240.6	218.7
Selling, general and administrative.....	\$1,027.2	919.0	775.7	687.7	643.4
Operating earnings.....	\$1,102.0	1,005.7	878.6	737.1	676.5
Interest expense.....	\$ 85.0	77.6	86.3	98.1	94.2
Interest and dividend income.....	\$ (69.4)	(56.7)	(63.1)	(76.0)	(70.5)
Other (income) expense, net.....	\$ 30.9	47.7	36.7	20.5	6.6
Earnings before taxes.....	\$1,055.5	937.1	818.7	694.5	646.2
Taxes on earnings.....	\$ 303.5	304.5	278.2	229.2	243.6
Earnings before extraordinary gain and accounting change.....	\$ 752.0	632.6	540.5	465.3	402.6
Earnings per common share before extra- ordinary gain and accounting change....	\$.83	.69	.58	.48	.42
FINANCIAL POSITION:					
Working capital.....	\$ 913.3	668.7	585.4	891.9	743.3
Investment securities maturing after one year, at cost.....	\$ 285.7	292.9	254.2	281.1	327.4
Net property and equipment.....	\$1,952.6	1,741.6	1,543.3	1,368.5	1,236.6
Total assets.....	\$4,825.1	4,385.7	3,865.6	3,468.4	3,170.4
Long-term debt.....	\$ 349.3	271.0	297.4	443.0	470.2
Shareholders' investment.....	\$2,464.6	2,093.5	1,778.9	1,870.7	1,602.7
Return on shareholders' investment.....	% 33.0	32.7	29.6	26.8	26.7
Book value per share.....	\$ 2.74	2.31	1.94	1.96	1.67
OTHER STATISTICS:					
Gross profit margin.....	% 52.3	52.1	50.9	49.6	49.6
Research and development to net sales....	% 9.2	8.2	7.5	7.2	7.0
Capital expenditures.....	\$ 521.2	432.7	383.4	292.9	334.8
Cash dividends declared per common share.	\$.30	.25	.21	.175	.15
Common shares outstanding (in thousands).	899,384	906,924	915,356	956,764	961,876
Number of common shareholders.....	46,324	45,822	40,387	34,923	34,963
Number of employees.....	38,751	37,828	35,754	34,742	33,668
Sales per employee (in dollars).....	\$127,403	115,995	106,495	96,721	92,193
Market price per share - high.....	\$ 13 1/8	16 3/4	13 3/4	9	6 1/8
Market price per share - low.....	\$ 10 3/4	10	7 7/8	5	4 5/8
Market price per share - close.....	\$ 12	12	11 3/8	8 1/2	5 1/8

Abbott Laboratories and Subsidiaries
SUMMARY OF SELECTED FINANCIAL DATA (CONTINUED)
Year Ended December 31, 1993
(Dollars in Millions Except Per Share Data)

	1983

SUMMARY OF OPERATIONS:	
Net sales.....	\$2,927.9
Cost of products sold.....	\$1,517.7
Research and development.....	\$ 184.5
Selling, general and administrative.....	\$ 621.4
Operating earnings	\$ 604.3
Interest expense.....	\$ 77.6
Interest and dividend income.....	\$ (73.2)
Other (income) expense, net.....	\$ 25.3
Earnings before taxes	\$ 574.6
Taxes on earnings.....	\$ 227.0
Earnings before extraordinary gain and accounting change	\$ 347.6
Earnings per common share before extra- ordinary gain and accounting change ...	\$.36
FINANCIAL POSITION:	
Working capital.....	\$ 616.1
Investment securities maturing after one year, at cost.....	\$ 402.4
Net property and equipment.....	\$1,069.2
Total assets.....	\$2,821.6
Long-term debt.....	\$ 483.9
Shareholders' investment.....	\$1,417.9
Return on shareholders' investment.....	% 25.5
Book value per share.....	\$ 1.46
OTHER STATISTICS:	
Gross profit margin.....	% 48.2
Research and development to net sales....	% 6.3
Capital expenditures.....	\$ 311.8
Cash dividends declared per common share.	\$.125
Common shares outstanding (in thousands).	968,784
Number of common shareholders.....	32,784
Number of employees.....	34,328
Sales per employee (in dollars).....	\$ 85,291
Market price per share - high.....	\$ 6 5/8
Market price per share - low.....	\$ 4 1/2
Market price per share - close.....	\$ 5 5/8

Abbott Laboratories and Subsidiaries

SUMMARY OF SELECTED FINANCIAL DATA (CONTINUED)

Year Ended December 31, 1993

(Dollars in Millions Except Per Share Data)

- (1) In 1992, the Company recorded a pre-tax charge of \$215 for costs associated with the voluntary withdrawal of temafloxacin from the worldwide market. In 1993, the Company resolved various contingencies related to the withdrawal and recorded a pre-tax credit of \$70.
- (2) In 1992, the Company recorded a pre-tax gain of \$272 on the sale of its investment in Boston Scientific Corporation.
- (3) In 1991, the Company realized an after-tax gain of \$128, or \$.15 per share, on the sale of an investment. The Company also adopted Statement of Financial Accounting Standards No. 106, which resulted in an after-tax transition expense of \$128, or \$.15 per share.

EXHIBIT 21

SUBSIDIARIES OF ABBOTT LABORATORIES

The following is a list of subsidiaries of the Company. Abbott Laboratories is not a subsidiary of any other corporation.

Domestic Subsidiaries - - - - -	State of Incorporation - - - - -
Abbott Biotech, Inc.	Delaware
Abbott Chemicals, Inc.	Delaware
Abbott Health Products, Inc.	Delaware
Abbott Home Infusion Services of New York, Inc.	New York
Abbott International Ltd.	Delaware
Abbott International Ltd. of Puerto Rico	Puerto Rico
Abbott Laboratories International Co.	Illinois
Abbott Laboratories Pacific Ltd.	Illinois
Abbott Laboratories (Puerto Rico) Incorporated	Puerto Rico
Abbott Laboratories Residential Development Fund, Inc.	Illinois
Abbott Laboratories Services Corp.	Illinois
Abbott Manufacturing, Inc.	Delaware

Abbott Trading Company, Inc.	Virgin Islands
Abbott Universal Ltd.	Delaware
CMM Transportation, Inc.	Delaware
Corporate Alliance, Inc.	Delaware
Exact Science, Inc.	Florida
Fuller Research Corporation	Delaware
HAVEN Leasing Corporation	Delaware
Laser Surgery Partnership	Illinois
Medlase Holding Corporation	Delaware
North Shore Properties, Inc.	Delaware
Oximetrix de Puerto Rico, Inc.	Delaware
Oximetrix, Inc.	Delaware
Sequoia Turner Corporation	California
Sequoia Turner Export Corporation	California
Solartek Products, Inc.	Delaware
Sorenson Research Co., Inc.	Utah
Swan-Myers, Incorporated	Indiana
TAP Pharmaceuticals Inc.	Delaware
Tobal Products Incorporated	Illinois

Foreign Subsidiaries -----	Country in Which Organized -----
Abbott Laboratories Argentina, S.A.	Argentina
Abbott Australian Holdings Pty. Limited	Australia
Abbott Australasia Pty. Limited	Australia
Abbott Gesellschaft m.b.H.	Austria
Abbott Hospitals Limited	Bahamas
Abbott Laboratories (Bangladesh) Ltd.	Bangladesh
Abbott, S.A.	Belgium
Abbott Ireland Ltd.	Bermuda
Abbott Laboratorios do Brasil Ltda.	Brazil
Abbott Laboratories Limited	Canada
Abbott Laboratories de Chile Limitada	Chile
Ningbo Asia-Pacific Biotechnology Ltd. (formerly Ningbo Abbott Biotechnology Ltd.)	China, People's Republic of
Abbott Laboratories de Colombia, S.A.	Colombia
Abbott Laboratories A/S	Denmark

Abbott Laboratorios del Ecuador, S.A.	Ecuador
Abbott, S.A. de C.V.	El Salvador
Abbott Laboratories Limited	England
Abbott Laboratories Trustee Company Limited	England
Abbott France S.A.	France
Abbott G.m.b.H.	Germany
Oximetrix G.m.b.H.	Germany
Abbott Laboratories (Hellas) S.A.	Greece
FAMAR Panos A. Marinopoulos S.A.	Greece
FAMAR Anonymous Industrial Co. of Pharmaceuticals and Cosmetics	Greece
Abbott Grenada Limited	Grenada
Abbott Laboratorios, S.A.	Guatemala
Abbott Laboratories Limited	Hong Kong
Abbott Laboratories (India) Ltd.	India
Abind Healthcare Private Limited	India
P. T. Abbott Indonesia	Indonesia
Abbott Laboratories, Ireland, Limited	Ireland
Abbott Ireland Ltd.	Ireland

Abbott S.p.A.	Italy
Laboratori Abbott S.p.A.	Italy
Abbott West Indies Limited	Jamaica
Consolidated Laboratories Limited	Jamaica
Abbott Japan K.K.	Japan
Dainabot K.K.	Japan
Abbott Korea Limited	Korea
Abbott Middle East S.A.R.L.	Lebanon
Abbott Laboratories (Malaysia) Sdn. Bhd.	Malaysia
Abbott Laboratories de Mexico, S.A. de C.V.	Mexico
Abbott Laboratories (Mozambique) Limitada	Mozambique
Edisco B.V.	The Netherlands
Abbott B.V.	The Netherlands
M & R Laboratoria B.V.	The Netherlands
Abbott Laboratories (N.Z.) Limited	New Zealand
Abbott Laboratories Nigeria Limited	Nigeria
Abbott Laboratories (Pakistan) Limited	Pakistan
Abbott Laboratories, C.A.	Panama

Abbott Overseas, S.A.	Panama
Abbott Laboratorios S.A.	Peru
Abbott Laboratories	Philippines
102 E. de los Santos Realty Co., Inc.	Philippines
Union-Madison Realty Company, Inc.	Philippines
Abbott Laboratorios, Limitada	Portugal
Abbott Laboratories (Singapore) Private Limited	Singapore
Abbott Laboratories South Africa (Pty.) Limited	South Africa
Abbott Laboratories, S.A.	Spain
Abbott Cientifica, S.A.	Spain
Abbott Scandinavia A.B.	Sweden
Abbott A.G.	Switzerland
Abbott Laboratories S.A.	Switzerland
Abbott Finance Company S.ª r.l.	Switzerland
Investment Services A.G.	Switzerland
Overseas Services S.A.	Switzerland
Abbott Laboratories Taiwan Limited	Taiwan
Abbott Laboratories Limited	Thailand

Abbott Laboratuarlari Ithalat Ihracat
Ve Tecaret Anonim Sirketi

Turkey

Abbott Laboratories Uruguay Limitada

Uruguay

Abbott Laboratories, C.A.

Venezuela

Medicamentos M & R, S.A.

Venezuela

SUPPLEMENTAL REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Abbott Laboratories:

We have audited in accordance with generally accepted auditing standards, the financial statements included in the Company's Annual Report incorporated by reference in this Form 10-K, and have issued our report thereon dated January 14, 1994. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. Schedules I, V, VI, VIII, IX, and X are the responsibility of the Company's management, are presented for purposes of complying with the Securities and Exchange Commission's rules, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Chicago, Illinois,
January 14, 1994

/s/ Arthur Andersen & Co.
ARTHUR ANDERSEN & CO.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of the following into the Company's previously filed S-8 Registration Statements Numbers 2-79691 for the Abbott Laboratories 1981 Incentive Stock Program, 33-4368 for the Abbott Laboratories 1986 Incentive Stock Program, 33-39798 for the Abbott Laboratories 1991 Incentive Stock Program, and 33-26685 and 33-51585 for the Abbott Laboratories Stock Retirement Plan and Trust and into the Company's previously filed S-3 Registration Statement Number 33-50253:

1. Our supplemental report dated January 14, 1994 included in this Annual Report on Form 10-K for the year ended December 31, 1993; and
2. Our report dated January 14, 1994 incorporated by reference in this Annual Report on Form 10-K for the year ended December 31, 1993.

Chicago, Illinois,
February 23, 1994

/s/ Arthur Andersen & Co.
ARTHUR ANDERSEN & CO.