FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2004

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 1-2189

ABBOTT LABORATORIES

An Illinois Corporation

I.R.S. Employer Identification **No. 36-0698440**

100 Abbott Park Road
Abbott Park, Illinois 60064-6400

Telephone: **(847) 937-6l00**

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of l934 during the preceding l2 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒. No o.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒. No o.

As of September 30, 2004, Abbott Laboratories had 1,557,392,303 common shares without par value outstanding.

PART I. FINANCIAL INFORMATION

Abbott Laboratories and Subsidiaries

Condensed Consolidated Financial Statements

(Unaudited)

Abbott Laboratories and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited)

(dollars and shares in thousands except per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2004	2003	2004	2003
Net Sales	$ 4,681,669	$ 4,247,855	$ 14,025,573	$ 12,383,055
Cost of products sold	2,114,919	1,928,796	6,257,063	5,577,094
Research and development	391,698	409,270	1,232,786	1,174,752
Acquired in-process research and development	8,100	61,240	232,006	100,240

Selling, general and administrative	1,144,416	1,027,774	3,534,584	3,598,856
Total Operating Cost and Expenses	3,659,133	3,427,080	11,256,439	10,450,942
Operating Earnings	1,022,536	820,775	2,769,134	1,932,113
Net interest expense	36,706	36,266	107,043	112,008
(Income) from TAP Pharmaceutical Products Inc. joint venture	(84,582)	(142,821)	(306,486)	(407,451)
Net foreign exchange loss	3,915	5,636	24,541	50,562
Other (income) expense, net	439	(7,240)	(25,920)	(32,146)
Earnings from Continuing Operations Before Taxes	1,066,058	928,934	2,969,956	2,209,140
Taxes on earnings from Continuing Operations	261,979	231,459	768,725	598,661
Earnings from Continuing Operations	804,079	697,475	2,201,231	1,610,479
Earnings from Discontinued Operations, net of taxes	—	63,742	60,015	198,362
Net Earnings	$ 804,079	$ 761,217	$ 2,261,246	$ 1,808,841
Basic Earnings Per Common Share —				
Continuing Operations	$ 0.52	$ 0.45	$ 1.41	$ 1.03
Discontinued Operations	0.00	0.04	0.04	0.13
Net Earnings	$ 0.52	$ 0.49	$ 1.45	$ 1.16
Diluted Earnings Per Common Share —				
Continuing Operations	$ 0.51	$ 0.44	$ 1.40	$ 1.02
Discontinued Operations	0.00	0.04	0.04	0.13
Net Earnings	$ 0.51	$ 0.48	$ 1.44	$ 1.15
Cash Dividends Declared Per Common Share	$ 0.26	$ 0.245	$ 0.78	$ 0.735
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,559,980	1,562,898	1,561,080	1,562,476
Dilutive Common Stock Options	9,023	9,207	9,567	8,480
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options	1,569,003	1,572,105	1,570,647	1,570,956
Outstanding Common Stock Options Having No Dilutive Effect	78,832	59,836	57,950	59,207

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

Abbott Laboratories and Subsidiaries

Condensed Consolidated Statement of Cash Flows

(Unaudited)
(dollars in thousands)

	Nine Months Ended September 30	
	2004	**2003**
Cash Flow From (Used in) Operating Activities:		
Net earnings	$ 2,261,246	$ 1,808,841
Less: Earnings from discontinued operations, net of taxes	60,015	198,362
Earnings from continuing operations	2,201,231	1,610,479
Adjustments to reconcile earnings from continuing operations to net cash from operating activities of continuing operations -		
Depreciation	625,466	547,584
Amortization of intangibles	329,874	253,314
Acquired in-process research and development	232,006	100,240
Trade receivables	(32,769)	162,248
Inventories	(239,488)	(19,568)
Other, net	357,972	202,712
Net Cash From Operating Activities of Continuing Operations	3,474,292	2,857,009

Cash Flow From (Used in) Investing Activities of Continuing Operations:		
Acquisitions of businesses and technologies	(1,965,351)	(463,886)
Acquisitions of property and equipment	(933,708)	(807,530)
Investment securities transactions	(658,046)	248,804
Other	13,385	64,393
Net Cash (Used in) Investing Activities of Continuing Operations	(3,543,720)	(958,219)
Cash Flow From (Used in) Financing Activities of Continuing Operations:		
Proceeds from (repayments of) commercial paper, net	688,000	(839,850)
Proceeds from issuance of long-term debt	1,500,000	—
Repayment of long-term debt	(1,650,000)	—
Other borrowing transactions, net	136,682	913,018
Common share transactions, net	(405,349)	(48,770)
Dividends paid	(1,194,820)	(1,132,665)
Net Cash (Used in) Financing Activities of Continuing Operations	(925,487)	(1,108,267)
Effect of exchange rate changes on cash and cash equivalents	(20,366)	69,841
Discontinued Operations:		
Net cash provided by discontinued operations	131,048	117,123
Financing activities of discontinued operations	700,000	—
Net cash provided by discontinued operations	831,048	117,123
Net (Decrease) Increase in Cash and Cash Equivalents	(184,233)	977,487
Cash and Cash Equivalents, Beginning of Year	995,124	704,450
Cash and Cash Equivalents, End of Period	$ 810,891	$ 1,681,937

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

Abbott Laboratories and Subsidiaries

Condensed Consolidated Balance Sheet

(Unaudited)

(dollars in thousands)

	September 30 2004	December 31 2003
Assets		
Current Assets:		
Cash and cash equivalents	$ 810,891	$ 995,124
Investment securities	1,100,402	291,297
Trade receivables, less allowances of $238,965 in 2004 and $259,514 in 2003	2,945,894	3,313,377
Inventories:		
Finished products	1,229,353	1,467,441
Work in process	599,764	545,977
Materials	541,074	725,021
Total inventories	2,370,191	2,738,439
Prepaid expenses, deferred income taxes, and other receivables	2,770,094	2,952,178
Assets held for sale	218,531	—
Total Current Assets	10,216,003	10,290,415
Investment Securities Maturing after One Year	222,155	406,357
Property and Equipment, at Cost	11,963,172	13,290,747
Less: accumulated depreciation and amortization	6,265,567	7,008,941
Net Property and Equipment	5,697,605	6,281,806
Intangible Assets, net of amortization	4,998,480	4,089,882
Goodwill	5,216,582	4,449,408
Deferred Income Taxes, Investment in Joint Ventures and Other Assets	1,147,869	1,197,474
Assets Held for Sale	65,532	—
	$ 27,564,226	$ 26,715,342
Liabilities and Shareholders' Investment		
Current Liabilities:		
Short-term borrowings	$ 1,696,716	$ 828,092
Trade accounts payable	1,597,801	1,754,367
Salaries, dividends payable, and other accruals	3,254,718	3,188,975
Income taxes payable	508,367	158,836
Current portion of long-term debt	156,483	1,709,265
Liabilities of operations held for sale	81,372	—
Total Current Liabilities	7,295,457	7,639,535

Post-employment Obligations and Other Long-term Liabilities	2,583,398	2,551,220
Long-Term Debt	4,728,470	3,452,329
Liabilities of Operations Held for Sale	1,557	—
Shareholders' Investment:		
Preferred shares, one dollar par value		
Authorized – 1,000,000 shares, none issued	—	—
Common shares, without par value		
Authorized - 2,400,000,000 shares		
Issued at stated capital amount -		
Shares: 2004: 1,572,601,329; 2003: 1,580,247,227	3,164,832	3,034,054
Common shares held in treasury, at cost -		
Shares: 2004: 15,209,026; 2003: 15,729,296	(222,098)	(229,696)
Unearned compensation – restricted stock awards	(55,048)	(56,336)
Earnings employed in the business	9,483,232	9,691,484
Accumulated other comprehensive income	584,426	632,752
Total Shareholders' Investment	12,955,344	13,072,258
	$ 27,564,226	$ 26,715,342

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

Abbott Laboratories and Subsidiaries

Notes to Condensed Consolidated Financial Statements

September 30, 2004

(Unaudited)

Note 1 – Basis of Presentation

The accompanying unaudited, condensed consolidated financial statements have been prepared pursuant to rules and regulations of the Securities and Exchange Commission and, therefore, do not include all information and footnote disclosures normally included in audited financial statements. However, in the opinion of management, all adjustments necessary to present fairly the results of operations, financial position and cash flows have been made. It is suggested that these statements be read in conjunction with the financial statements included in Abbott's Annual Report on Form 10-K for the year ended December 31, 2003.

Note 2 – Spin-off of Hospira

On April 12, 2004, Abbott's board of directors declared a special dividend distribution of all of the outstanding shares of common stock of Hospira, Inc. For every 10 Abbott common shares held at the close of business on April 22, 2004, Abbott shareholders received one share of Hospira stock on April 30, 2004. All of the shares of Hospira's common stock were distributed to Abbott shareholders on a pro-rata basis. Abbott has received a ruling from the Internal Revenue Service that the spin-off qualifies as a tax-free distribution to Abbott and its U.S. shareholders for U.S. federal income tax purposes. Cash, which will generally be taxable to the recipient, was issued in lieu of fractional shares. Hospira included the operations relating to the manufacture and sale of hospital products including specialty injectable pharmaceuticals, medication delivery systems and critical care devices and injectable pharmaceutical contract manufacturing. Hospira included Abbott's Hospital Products segment, after that segment's reorganization on January 1, 2004, and portions of Abbott's International segment. The income and cash flows of Hospira and the direct transaction costs of the spin-off have been presented as discontinued operations in the Condensed Consolidated Statement of Earnings and Statement of Cash Flows. Prior years' balance sheets have not been adjusted to reflect the effect of the spin-off.

The legal transfer of certain operations and assets (net of liabilities) outside the United States will occur after the distribution date. These operations and assets are used in the conduct of Hospira's international business and Hospira is subject to the risks and entitled to the benefits generated by these operations and assets. These assets and liabilities have been presented as available for sale in the condensed consolidated balance sheet as of September 30, 2004. The assets and liabilities held for sale consist primarily of inventories, trade accounts receivable, property and equipment and trade accounts payable, salaries and other accruals.

In April 2004, Abbott borrowed and Hospira assumed $700 million of debt, the proceeds of which were retained by Abbott to reduce short-term borrowings. Hospira is solely responsible for repayment of the principal and for payment of interest on this debt. Abbott has retained liabilities for taxes on income prior to the spin-off, post-employment medical benefits for most of Hospira's U.S. retired employees and U.S. retirement eligible employees, certain potential liabilities, if any, related to alleged improper pricing practices in connection with federal, state and private reimbursement for certain drugs, and the defined benefit retirement plan liabilities and plan assets for most of Hospira's retired employees. In connection with the spin-off, Abbott's defined benefit, medical and dental and employee stock option programs have been adjusted. See footnotes 7 and 11 for further details.

Summarized financial information for discontinued operations is as follows:
(dollars in thousands)

Three Months Ended September 30	Nine Months Ended September 30	
2003	2004	2003

Net sales	$ 598,026	$ 793,129	$ 1,766,924
Earnings before taxes	91,707	90,444	282,657
Taxes on earnings	27,965	30,429	84,295
Net earnings	63,742	60,015	198,362

The financial information above includes the operations of Hospira through April 30, 2004, the date of the spin-off. As a consequence, the results for the nine months ended September 30, 2004 include only four months of the operations of Hospira. The results of the discontinued operations also include direct transaction costs of approximately $36 million and approximately $3 million in the nine months ended September 30, 2004 and 2003, respectively.

The following is a summary of the assets and liabilities transferred to Hospira on April 30, 2004:
(dollars in millions)

Trade receivables, net	$ 235
Inventories	481
Prepaid expenses, deferred income taxes, and other receivables	269
Net property and equipment	841
Goodwill	81
Deferred income taxes and other assets	91
Total Assets	$ 1,998
Short-term borrowings	$ 700
Trade accounts payable, salaries and other accruals	346
Post-employment obligations and other long-term liabilities	185
Total Liabilities	$ 1,231
Net Assets Transferred to Hospira	$ 767

Note 3 – Supplemental Financial Information
(dollars in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2004	2003	2004	2003
Net Interest Expense:				
Interest expense	$ 49,891	$ 47,219	$ 143,252	$ 143,473
Interest income	(13,185)	(10,953)	(36,209)	(31,465)
Total	$ 36,706	$ 36,266	$ 107,043	$ 112,008

Note 4 – Taxes on Earnings

Taxes on earnings reflect the estimated annual effective rates, and for 2004 include the effects of the charges for acquired in-process research and development and for other non-tax deductible items. For 2003, the tax rate includes the effects of the settlement of the Ross enteral nutrition investigation and the charges for acquired in-process research and development. The effective tax rates, excluding the effect of these 2004 and 2003 charges, are less than the statutory U.S. federal income tax rate principally due to the domestic dividend exclusion and the benefit of lower statutory tax rates and tax exemptions in several taxing jurisdictions.

Note 5 – Litigation and Environmental Matters

Abbott is involved in various claims and legal proceedings including a number of antitrust suits and investigations in connection with the pricing of prescription pharmaceuticals. These suits and investigations allege that various pharmaceutical manufacturers conspired to fix prices for prescription pharmaceuticals and/or to discriminate in pricing to retail pharmacies by providing discounts to mail-order pharmacies, institutional pharmacies and HMOs in violation of state and federal antitrust laws. The suits were brought on behalf of retail pharmacies and name certain pharmaceutical manufacturers, including Abbott, as defendants. The cases seek treble damages, civil penalties, and injunctive and other relief. Abbott filed a response to each of the complaints denying all substantive allegations.

There are several lawsuits pending in connection with the sales of *Hytrin*. These suits allege that Abbott violated state or federal antitrust laws and, in some cases, unfair competition laws by signing patent settlement agreements with Geneva Pharmaceuticals, Inc. and Zenith Laboratories, Inc. in 1998. Those agreements related to pending patent infringement lawsuits between Abbott and the two companies. Some of the suits also allege that Abbott violated various state or federal laws by filing frivolous patent infringement lawsuits to protect *Hytrin* from generic competition. The cases seek treble damages, civil penalties and other relief. Abbott has filed or intends to file a response to each of the complaints denying all substantive allegations.

Abbott 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 and state remediation laws and is investigating potential contamination at a number of company-owned locations. Abbott has recorded an estimated cleanup cost for each site for which management believes Abbott has a probable loss exposure. No individual site cleanup exposure is expected to exceed $3 million, and the aggregate cleanup exposure is not expected to exceed $20 million.

Within the next year, legal proceedings may occur that may result in a change in the estimated reserves recorded by Abbott. For its legal proceedings and environmental exposures discussed in this note and in Note 6, Abbott estimates the range of possible loss to be from approximately $130 million to $225 million. Abbott has recorded reserves of approximately $160 million for these proceedings and exposures. These reserves represent management's best estimate of probable loss, except for one which is recorded at the minimum, as defined by Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies."

While it is not feasible to predict the outcome of all such proceedings and exposures with certainty, management believes that their ultimate disposition should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations.

Note 6 – TAP Pharmaceutical Products Inc.

TAP Pharmaceutical Products Inc. (TAP) and Abbott have been named as defendants in several lawsuits alleging violations of various state or federal laws in connection with TAP's marketing and pricing of *Lupron*. During the third quarter of 2004, TAP reached an agreement in principle with plaintiffs to settle the allegations and dismiss Abbott from the cases. The settlement is subject to court approval. Abbott reversed the reserve it had recorded for this matter and TAP recorded the expected settlement amount. Abbott's portion of this settlement is included in the reserve amounts and range in Note 5 above.

Within the next year, legal proceedings may occur that may result in a change in the estimated reserves recorded by TAP and Abbott. While it is not feasible to predict the outcome of such pending claims, proceedings, and investigations with certainty, management is of the opinion that their ultimate disposition should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations.

Note 7 – Post-Employment Benefits

Retirement plans consist of defined benefit, defined contribution, and medical and dental plans. In the second quarter of 2004, as a result of the spin-off, Abbott remeasured most of its defined benefit and medical and dental plan assets and liabilities and adjusted the net cost for the period subsequent to the spin-off. Net cost recognized in continuing operations for the nine months ended September 30 for Abbott's major defined benefit plans and post-employment medical and dental benefit plans is as follows: *(dollars in millions)*

	Defined Benefit Plans		Medical and Dental Plans	
	2004	2003	2004	2003
Service cost — benefits earned during the year	$ 129.0	$ 119.0	$ 21.1	$ 24.2
Interest cost on projected benefit obligations	173.3	149.4	41.3	36.6
Expected return on plans' assets	(196.1)	(170.1)	—	—
Net amortization	18.8	4.6	3.4	3.7
Net cost	$ 125.0	$ 102.9	$ 65.8	$ 64.5

As a result of the April 30, 2004 remeasurement of the assets and liabilities of Abbott's main domestic defined benefit plan, in connection with the spin-off, Abbott recorded an additional minimum pension liability adjustment of approximately $80 million. This resulted in a charge to Accumulated other comprehensive income in the second quarter 2004 of approximately $50 million, net of income taxes.

In the second quarter 2004, Abbott reflected the requirements of Financial Accounting Standards Board Staff Position No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." As a result, the projected benefit obligations related to benefits attributed to past service were reduced by approximately $210 million**,** and the net cost recognized in the nine months ended September 30, 2004 was reduced by approximately $25 million.

As a result of the spin-off of Hospira and the assumption by Hospira of certain defined benefit and medical and dental plan liabilities and assets, Abbott transferred to Hospira net accrued benefit costs and plans' assets as of April 30, 2004 as follows:
(dollars in millions)

	Defined Benefit Plans	Medical and Dental Plans
Projected benefit obligations	$ (426)	$ (117)
Plans' assets	263	—
Net unrecognized actuarial (gains) losses and prior service cost	145	31
Net accrued balance transferred to Hospira	$ (18)	$ (86)

As a result of the spin-off, Abbott transferred to Hospira a minimum pension liability adjustment and a charge to Accumulated other comprehensive income, net of income taxes, of approximately $41 million and $23 million, respectively.

Abbott funds its domestic defined benefit plans according to IRS funding limitations. In the first nine months of 2004, $295 million was contributed to the main domestic defined benefit plan. In addition, Abbott transferred approximately $45 million to Hospira in the third quarter 2004 in accordance with the employee benefit agreement governing the assumption by Hospira of certain defined benefit plan assets and liabilities.

Note 8 – Comprehensive Income, net of tax
(dollars in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2004	2003	2004	2003
Foreign currency translation adjustments	$ (106,327)	$ (486,984)	$ 30,985	$ 495,660
Minimum pension liability adjustments	—	—	(50,121)	—
Unrealized gains (losses) on marketable equity securities	(3,101)	19,102	(38,728)	53,770
Net gains on derivative instruments designated as cash flow hedges	2,554	38,141	14,575	9,260

Reclassification adjustments for realized (gains)	(4,305)	(6,169)	(24,937)	(17,137)
Other comprehensive income (loss), net of tax	(111,179)	(435,910)	(68,226)	541,553
Net Earnings	804,079	761,217	2,261,246	1,808,841
Comprehensive Income	$ 692,900	$ 325,307	$ 2,193,020	$ 2,350,394

Supplemental Comprehensive Income Information, net of tax:		
Cumulative foreign currency translation (income) adjustments	$ (884,747)	$ (187,418)
Minimum pension liability adjustments	329,276	203,182
Cumulative unrealized (gains) on marketable equity securities	(28,196)	(45,641)
Cumulative (gains) losses on derivative instruments designated as cash flow hedges	(759)	8,106

Note 9 – Segment Information *(dollars in millions)*

Revenue Segments— Abbott's principal business is the discovery, development, manufacture and sale of a broad line of health care products. Abbott's products are generally sold directly to retailers, wholesalers, hospitals, health care facilities, laboratories, physicians' offices and government agencies throughout the world. Effective January 1, 2004, Abbott's segments were reorganized to reflect the shift of certain hospital pharmaceutical products from the Hospital Products segment to the Pharmaceutical Products segment, and the separation of the vascular and spinal product businesses into separate segments. On April 30, 2004, Abbott spun-off its core hospital products business which included all of the Hospital Products segment, after its reorganization on January 1, 2004, and a portion of the International segment. In addition, as of January 1, 2004, the Diagnostic Products segment was reorganized into four separate divisions. For segment reporting purposes, these divisions are aggregated and reported as the Diagnostic Products segment. The segment information below has been adjusted to reflect the reorganizations and the spin-off of Abbott's core hospital products business. Abbott's reportable segments are as follows:

Pharmaceutical Products— U.S. sales of a broad line of pharmaceuticals.

Diagnostic Products— Worldwide sales of diagnostic systems and tests for blood banks, hospitals, consumers, commercial laboratories and alternate-care testing sites.

Ross Products— U.S. sales of a broad line of adult and pediatric nutritional products, pediatric pharmaceuticals and consumer products.

International— Non-U.S. sales of all of Abbott's pharmaceutical and nutritional products. Products sold by International are manufactured by domestic segments and by international manufacturing locations.

Abbott's underlying accounting records are maintained on a legal entity basis for government and public reporting requirements. Segment disclosures are on a performance basis consistent with internal management reporting. Intersegment transfers of inventory are recorded at standard cost and are not a measure of segment operating earnings. The cost of some corporate functions and certain employee benefits are sold to segments at predetermined rates that approximate cost. Remaining costs, if any, are not allocated to segments. Intangible assets and related amortization from business acquisitions are not allocated to segments. The following segment information has been prepared in accordance with the internal accounting policies of Abbott, as described above, and are not presented in accordance with generally accepted accounting principles applied to the consolidated financial statements.

	Net Sales to External Customers				Operating Earnings			
	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30		Nine Months Ended September 30	
	2004	2003	2004	2003	2004	2003	2004	2003
Pharmaceutical	$ 1,678	$ 1,502	$ 4,882	$ 4,221	$ 611	$ 509	$ 1,700	$ 1,397
Diagnostics (worldwide)	845	756	2,452	2,235	112	80	264	190
Ross	531	519	1,717	1,597	136	145	574	558
International	1,425	1,273	4,451	3,841	424	272	1,217	887
Total Reportable Segments	4,479	4,050	13,502	11,894	1,283	1,006	3,755	3,032
Other	203	198	524	489				
Net Sales	$ 4,682	$ 4,248	$ 14,026	$ 12,383				
Corporate functions and benefit plans costs					62	57	216	140
Non-reportable segments					55	(6)	144	28
Net interest expense					37	36	107	112
Acquired in-process research and development					8	61	232	100
(Income) from TAP Pharmaceutical Products Inc. joint venture					(85)	(143)	(306)	(407)
Net foreign exchange loss					4	6	25	51
Other, net (a)					136	66	367	799
Consolidated Earnings from Continuing Operations Before Taxes					$ 1,066	$ 929	$ 2,970	$ 2,209

(a) Other, net for 2004 includes acquisition related charges, primarily related to the TheraSense acquisition. Other, net for the nine months 2003 includes charges of $622 for the settlement of the Ross enteral nutrition investigation.

Note 10 – Business Combinations and Technology Acquisitions

In April 2004, Abbott acquired TheraSense, Inc., a leader in the development, manufacturing and marketing of blood glucose self-monitoring systems, for approximately $1.2 billion in cash. In the second quarter 2004, Abbott also acquired certain other product technologies for approximately $352 million. These acquisitions resulted in a charge of $164 million for acquired in-process research and development, intangible assets of approximately $903 million, non-tax deductible goodwill of approximately $708 million and deferred income taxes of approximately $241 million. Acquired intangible assets, primarily

product technology, are amortized over 9 to 17 years (average of approximately 13 years). In January 2004, Abbott acquired i-STAT Corporation, a manufacturer of point-of-care diagnostic products for blood analysis, for approximately $394 million in cash. This acquisition resulted in a charge of approximately $60 million for acquired in-process research and development, intangible assets of approximately $263 million, non-tax deductible goodwill of approximately $126 million and deferred income taxes of approximately $105 million. Acquired intangible assets, primarily product technology, are amortized over 7 to 18 years (average of approximately 17 years).

In the third quarter 2003, Abbott acquired ZonePerfect, a marketer of healthy and nutritious products for active people, for approximately $160 million in cash. In addition, Abbott acquired Integrated Vascular Systems, Inc., a developer of a novel vessel closure technology, for approximately $65 million in cash. These acquisitions resulted in a charge of approximately $61 million for acquired in-process research and development, intangible assets of approximately $105 million and non-deductible goodwill of approximately $90 million. Acquired intangible assets, primarily trademarks and product technology, are amortized over 12 to 20 years (average of approximately 15 years).

In the second quarter 2003, Abbott acquired Spinal Concepts Inc., a marketer of spinal fixation products used in the treatment of spinal disorders, diseases and injuries for approximately $166 million, in cash, plus additional milestone payments of up to $40 million if agreed upon targets are met. Abbott also acquired the assets of JOMED's coronary and peripheral interventional business line for approximately $68 million in cash. These acquisitions resulted in a charge of $39 million for acquired in-process research and development, intangible assets of approximately $117 million and non-tax deductible goodwill of approximately $92 million. Acquired intangible assets, primarily product technology, are amortized over 10 to 16 years (average of approximately 13 years).

Had these acquisitions taken place on January 1 of the previous year, consolidated sales and income would not have been significantly different from reported amounts.

Note 11 – Incentive Stock Programs

Abbott measures compensation cost using the intrinsic value-based method of accounting for stock options and replacement stock options granted to employees. Had compensation cost been determined using a fair market value-based accounting method, pro forma net earnings (*in millions*) and earnings per share (EPS) amounts would have been as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2004	2003	2004	2003
Net earnings, as reported	$ 804	$ 761	$ 2,261	$ 1,809
Compensation cost under fair value-based accounting method, net of taxes	(53)	(57)	(152)	(168)
Net earnings, pro forma	$ 751	$ 704	$ 2,109	$ 1,641
Diluted EPS from continuing operations, as reported	$ 0.51	$ 0.44	$ 1.40	$ 1.02
Diluted EPS from continuing operations, pro forma	0.48	0.41	1.32	0.93
Basic EPS, as reported	0.52	0.49	1.45	1.16
Basic EPS, pro forma	0.48	0.45	1.35	1.05
Diluted EPS, as reported	0.51	0.48	1.44	1.15
Diluted EPS, pro forma	0.48	0.45	1.35	1.05

Hospira optionees who were eligible to retire as of the spin-off date are retired from Abbott for purposes of their outstanding options. Approximately 4.8 million Abbott options held by Hospira optionees who were not eligible to retire were cancelled and were replaced by Hospira. Pro forma compensation expense for the nine months ended September 30, 2004 reflects the cancellation of the options. Abbott options were adjusted for the effects of the spin-off on the value of the options resulting in the issuance of an additional 8.2 million Abbott options.

Note 12 – Equity Method Investments
(dollars in millions)

Abbott's 50 percent-owned joint venture, TAP Pharmaceutical Products Inc. (TAP), is accounted for under the equity method of accounting. Abbott's income from the TAP joint venture is recognized net of consolidating adjustments. Summarized financial information for TAP is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2004	2003	2004	2003
Net Sales	$ 912.8	$ 945.7	$ 2,680.6	$ 2,952.4
Cost of Sales	269.1	258.8	775.5	788.7
Income Before Taxes	266.4	446.3	965.3	1,273.3
Net Income	169.2	285.6	613.0	814.9

	September 30 2004	December 31 2003
Current Assets	$ 1,501.5	$ 1,451.6
Total Assets	1,756.2	1,718.1
Current Liabilities	1,247.2	965.8
Total Liabilities	1,298.7	1,037.2

Note 13 – Long-term Debt and Interest Rate Hedge Contracts

Under a registration statement filed with the Securities and Exchange Commission in September 2003, Abbott issued $1.5 billion of long-term debt in the first quarter of 2004 that matures in 2009 through 2014 with interest rates ranging from 3.5 percent to 4.35 percent. Proceeds from this debt were used to fund the acquisition of TheraSense in the second quarter of 2004 and to pay down domestic commercial paper borrowings. In connection with these borrowings, Abbott entered into interest rate hedge contracts totaling $1.5 billion to manage its exposure to changes in the fair value of the $1.5 billion of debt. These contracts are designated as fair value hedges of the variability of the fair value of fixed-rate debt due to changes in the long-term bench-mark interest rates. The effect of the hedge is to change the fixed interest rate to a variable rate.

Note 14 – Goodwill and Intangible Assets
(dollars in millions)

Abbott recorded goodwill of approximately $834 related to the acquisitions of TheraSense in the second quarter of 2004 and i-STAT in the first quarter of 2004. Foreign currency translation adjustments increased goodwill in the first nine months of 2004 by approximately $14 and approximately $81 of goodwill was transferred to Hospira. There were no other reductions of goodwill relating to impairments or disposal of all or a portion of a business.

The gross amount of amortizable intangible assets, primarily product rights and technology was $6,363 as of September 30, 2004 and $5,159 as of December 31, 2003, and accumulated amortization was $1,383 as of September 30, 2004 and $1,087 as of December 31, 2003. Intangible assets with indefinite lives are not significant. The estimated annual amortization expense for intangible assets is $447 in 2004, $468 in 2005, $466 in 2006, $452 in 2007, and $427 in 2008. Intangible assets are amortized primarily on a straight-line basis over 4 to 25 years (average 14 years).

FINANCIAL REVIEW

Results of Operations

The following table details sales by reportable segment for the third quarter and first nine months:
(dollars in millions)

	Three Months Ended September 30			Nine Months Ended September 30		
	Net Sales to External Customers		Percentage Change (a)	Net Sales to External Customers		Percentage Change (a)
	2004	2003		2004	2003	
Pharmaceutical	$ 1,678	$ 1,502	11.7	$ 4,882	$ 4,221	15.7
Diagnostics	845	756	11.8	2,452	2,235	9.7
Ross	531	519	2.4	1,717	1,597	7.5
International	1,425	1,273	12.0	4,451	3,841	15.9
Total Reportable Segments	4,479	4,050	10.6	13,502	11,894	13.5
Other	203	198	1.7	524	489	7.1
Net Sales	$ 4,682	$ 4,248	10.2	$ 14,026	$ 12,383	13.3
Total U.S.	$ 2,645	$ 2,406	9.9	$ 7,827	$ 6,963	12.4
Total International	$ 2,037	$ 1,842	10.6	$ 6,199	$ 5,420	14.4

(a) Percentage changes are versus the prior year and are based on unrounded numbers.

Worldwide sales for the third quarter and nine months ended September 30, 2004 reflect primarily unit growth and the positive effect of the relatively weaker U.S. dollar. The relatively weaker U.S. dollar increased third quarter and first nine months 2004 consolidated net sales 1.8 percent and 3.5 percent respectively, and increased Total International sales 4.0 percent and 8.0 percent over the third quarter and first nine months of 2003. In addition, the effect of the relatively weaker U.S. dollar increased third quarter and first nine months 2004 sales in the Diagnostic Products segment by 3.3 percent and 5.7 percent, respectively and International segment sales by 3.9 percent and 8.0 percent, respectively.

A comparison of the product group sales by segment for the first nine months ended September 30 is as follows: *(dollars in millions)*

	Nine Months Ended September 30			
	2004	Percentage Change (a)	2003	Percentage Change (a)
Pharmaceutical —				
Primary Care	$ 2,715	23.4	$ 2,201	21.2
Specialty	1,449	36.4	1,062	26.4
Hospital Pharmaceuticals	618	2.0	606	5.3
Diagnostics —				
Immunochemistry	1,574	2.4	1,537	2.4
Diabetes Care	549	37.2	400	9.4
Ross —				
Pediatric Nutritionals	862	6.5	809	7.7
Adult Nutritionals	661	12.3	589	(8.3)
International —				
Other Pharmaceuticals	2,309	21.6	1,899	14.8
Anti-Infectives	586	5.4	556	8.2
Hospital Pharmaceuticals	431	13.1	381	18.5
Pediatric Nutritionals	430	11.6	385	5.2
Adult Nutritionals	483	12.7	429	11.4

(a) Percentage changes are versus the prior year and are based on unrounded numbers.

Increased sales of *Tricor*, *Flomax* and *Mobic* in 2004 favorably impacted the Primary Care product sales of the Pharmaceutical Products segment, and increased sales of *Humira* favorably impacted Specialty product sales. Increased sales of *Humira* also favorably impacted Other Pharmaceuticals sales in the International Segment. Worldwide sales of *Humira* totaled $579 million in the first nine months of 2004 and are forecasted to be more than $800 million for the full year 2004 and more than $1.2 billion in 2005. Diagnostic Products and International segment product sales were favorably impacted in 2004 and 2003 by the effect of the relatively weaker U.S. dollar. Diabetes Care product sales for the Diagnostic Products segment were favorably impacted by the acquisition of TheraSense in the second quarter of 2004**.** In addition, Adult Nutritionals product sales for the Ross Products segment were favorably impacted by the acquisition of ZonePerfect in the third quarter of 2003. In Abbott's annual report on Form 10-K for the year ended December 31, 2003, Abbott disclosed that the FDA was studying conditions under which competitors could rely on Abbott's NDA to market a competitive product to *Synthroid.* In the second quarter 2004, the FDA granted approval for generic competition to *Synthroid* and generic competitors have now entered the market. U.S. sales of *Synthroid* in the first nine months of 2004 and 2003 were $496 million and $412 million, respectively, and for the third quarters of 2004 and 2003 were $153 million and $161 million, respectively.

The gross profit margin was 54.8 percent for the third quarter 2004, compared to 54.6 percent for the third quarter 2003. First nine months 2004 gross profit margin was 55.4 percent, compared to 55.0 percent for the first nine months 2003. The increases in the gross profit margins were due, in part, to favorable product mix and the favorable mix effect of exchange on the gross profit margin, partially offset by integration costs associated with the acquisition of TheraSense and higher other manufacturing costs.

Research and development expenses, excluding acquired in-process research and development, decreased 4.3 percent in the third quarter 2004 and increased 4.9 percent for the first nine months 2004 over the comparable 2003 periods. The increase for the first nine months 2004 was due, in part, to increased spending to support pipeline programs, including follow-on indications for *Humira*, other late-stage clinical programs in pharmaceuticals and vascular devices. The decrease in the third quarter 2004 was due to the timing of spending, particularly related to the pharmaceutical pipeline and the vascular device programs. The majority of research and development expenditures are concentrated on pharmaceutical products.

Selling, general and administrative expenses for the third quarter 2004 increased 11.3 percent and decreased 1.8 percent for the first nine months 2004 over the comparable 2003 periods. In the second quarter 2003, Abbott recorded a pretax charge of $614 million in selling, general and administrative expenses related to the settlement of the Ross enteral nutrition investigation. This 2003 charge reduced the increase in selling, general and administrative expenses by 20.2 percent for the first nine months 2004. These increases, excluding the effect of the second quarter 2003 charge, were due primarily to increased selling and marketing support for new and existing products, including continued spending for the launch of *Humira*, as well as spending on other marketed pharmaceutical products and domestic nutritionals.

In the second quarter 2004, Abbott reflected the requirements of Financial Accounting Standards Board Staff Position No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003." The effect of this change will reduce the post-employment medical and dental plan net cost for the full year 2004 by approximately $33 million.

Abbott's income from the TAP Pharmaceutical Products Inc. (TAP) joint venture was adversely affected by approximately $40 million in the third quarter 2004 as a result of an agreement in principle with plaintiffs to settle allegations of violations of various state or federal laws in connection with TAP's marketing and pricing of *Lupron*. In addition, the TAP joint venture anticipates a non-recurring reduction in *Prevacid* purchases by one wholesaler customer compared to TAP's previous expectations. The impact on Abbott's share of TAP joint venture income could be approximately $40 million if the reduction was completed entirely in the fourth quarter. Abbott expects favorable trends elsewhere in its business to offset this impact, and as a result Abbott confirms the earnings per share guidance it provided in its third quarter earnings release (furnished as Exhibit 99.1 to its Form 8-K dated October 14, 2004.)

Spin-off of Hospira

On April 12, 2004, Abbott's board of directors declared a special dividend distribution of all of the outstanding shares of common stock of Hospira, Inc. For every 10 Abbott common shares held at the close of business on April 22, 2004, Abbott shareholders received one share of Hospira stock on April 30, 2004. All of the shares of Hospira's common stock were distributed to Abbott shareholders on a pro-rata basis. Abbott has received a ruling from the Internal Revenue Service that the spin-off qualifies as a tax-free distribution to Abbott and its U.S. shareholders for U.S. federal income tax purposes. Cash, which will generally be taxable to the recipient, was issued in lieu of fractional shares. Hospira included the operations relating to the manufacture and sale of hospital products including specialty injectable pharmaceuticals, medication delivery systems and critical care devices and injectable pharmaceutical contract manufacturing. Hospira included Abbott's Hospital Products segment, after that segment's reorganization on January 1, 2004, and portions of Abbott's International segment. The income and cash flows of Hospira and the direct transaction costs of the spin-off have been presented as discontinued operations in the Condensed Consolidated Statement of Earnings and Statement of Cash Flows. Prior years' balance sheets have not been adjusted to reflect the effect of the spin-off.

The legal transfer of certain operations and assets (net of liabilities) outside the United States will occur after the distribution date. These operations and assets are used in the conduct of Hospira's international business and Hospira is subject to the risks and entitled to the benefits generated by these operations and assets. These assets and liabilities have been presented as available for sale in the condensed consolidated balance sheet as of September 30, 2004. The assets and liabilities held for sale consist primarily of inventories, trade accounts receivable, property and equipment and trade accounts payable, salaries and other accruals.

In April 2004, Abbott borrowed and Hospira assumed $700 million of debt, the proceeds of which were retained by Abbott to reduce short-term borrowings. Hospira is solely responsible for repayment of the principal and for payment of interest on this debt. Abbott has retained liabilities for taxes on income prior to the spin-off, post-employment medical benefits for most of Hospira's U.S. retired employees and U.S. retirement eligible employees, certain potential liabilities, if any, related to alleged improper pricing practices in connection with federal, state and private reimbursement for certain drugs, and the defined benefit retirement plan liabilities and plan assets for most of Hospira's retired employees. In connection with the spin-off, Abbott's defined benefit, medical and dental and employee stock option programs have been adjusted.

Business Combinations and Technology Acquisitions

In April 2004, Abbott acquired TheraSense, Inc., a leader in the development, manufacturing and marketing of blood glucose self-monitoring systems, for approximately $1.2 billion in cash. In the second quarter 2004, Abbott also acquired certain other product technologies for approximately $352 million. These acquisitions resulted in a charge of $164 million for acquired in-process research and development, intangible assets of approximately $903 million, non-tax deductible goodwill of approximately $708 million and deferred income taxes of approximately $241 million. Acquired intangible assets, primarily product technology, are amortized over 9 to 17 years (average of approximately 13 years). In January 2004, Abbott acquired i-STAT Corporation, a manufacturer of point-of-care diagnostic products for blood analysis, for approximately $394 million in cash. This acquisition resulted a charge of approximately $60 million for acquired in-process research and development, intangible assets of approximately $263 million, non-tax deductible goodwill of approximately $126 million and deferred income taxes of approximately $105 million. Acquired intangible assets, primarily product technology, are amortized over 7 to 18 years (average of approximately 17 years).

In the third quarter 2003, Abbott acquired ZonePerfect, a marketer of healthy and nutritious products for active people, for approximately $160 million in cash. In addition, Abbott acquired Integrated Vascular Systems, Inc., a developer of a novel vessel closure technology, for approximately $65 million in cash. These acquisitions resulted in a charge of approximately $61 million for acquired in-process research and development, intangible assets of approximately $105 million and non-deductible goodwill of approximately $90 million. Acquired intangible assets, primarily trademarks and product technology, are amortized over 12 to 20 years (average of approximately 15 years).

In the second quarter 2003, Abbott acquired Spinal Concepts Inc., a marketer of spinal fixation products used in the treatment of spinal disorders, diseases and injuries for approximately $166 million, in cash, plus additional milestone payments of up to $40 million if agreed upon targets are met. Abbott also acquired the assets of JOMED's coronary and peripheral interventional business line for approximately $68 million in cash. These acquisitions resulted in a charge of $39 million for acquired in-process research and development, intangible assets of approximately $117 million and non-tax deductible goodwill of approximately $92 million. Acquired intangible assets, primarily product technology, are amortized over 10 to 16 years (average of approximately 13 years).

Had these acquisitions taken place on January 1 of the previous year, consolidated sales and income would not have been significantly different from reported amounts.

In October 2004, Abbott announced that it would acquire Experimental & Applied Sciences, a nutritional leader in healthy living nutritional products, for approximately $320 million in cash and Spine Next, S.A. for approximately $60 million in cash plus additional milestone payments upon achivement of future targets.

Interest Expense

Net interest expense decreased in the first nine months of 2004 due primarily to a higher level of interest income from higher investment balances.

Taxes on Earnings

Taxes on earnings reflect the estimated annual effective rates, and for 2004 include the effects of the charges for acquired in-process research and development and for other non-tax deductible items. For 2003, the tax rate included the effect of the settlement of the Ross enteral nutrition investigation and the charges for acquired in-process research and development. The effect of the charges for the nine months 2004 was to increase the effective tax rate from 24.2 percent to 25.9 percent. The effective tax rates, excluding the effect of the 2003 and 2004 charges, are less than the statutory U.S. federal income tax rate principally due to the domestic dividend exclusion and the benefit of lower statutory tax rates and tax exemptions in several taxing jurisdictions.

Liquidity and Capital Resources at September 30, 2004 Compared with December 31, 2003

Net cash from operating activities for the first nine months 2004 totaled $3.5 billion. Abbott expects annual cash flow from operating activities of continuing operations to continue to exceed Abbott's capital expenditures and cash dividends.

At September 30, 2004, Abbott had working capital of approximately $2.9 billion compared to working capital of approximately $2.7 billion at December 31, 2003**.**

At September 30, 2004, Abbott's long-term debt rating was AA by Standard & Poor's Corporation and A1 by Moody's Investors Service. Abbott has readily available financial resources, including unused lines of credit of $3.0 billion, which support commercial paper borrowing arrangements.

In June 2000, the Board of Directors authorized the purchase of 25 million shares of Abbott's common stock and Abbott purchased 13.3 million shares from this authorization from 2000 through 2003. During the first nine months ended September 30 2004, Abbott purchased the remaining 11.7 million of its common shares under this authorization at a cost of approximately $500 million. In October 2004, the Board of Directors authorized the purchase of 50 million shares of Abbott's common stock from time to time.

In the first nine months of 2004, $295 million was contributed to the main domestic defined benefit plan. In addition, Abbott transferred approximately $45 million to Hospira in the third quarter of 2004 in accordance with the employee benefit agreement governing the assumption by Hospira of certain defined benefit plan assets and liabilities.

Under a registration statement filed with the Securities and Exchange Commission in September 2003, Abbott issued $1.5 billion of long-term debt in the first quarter of 2004 that matures in 2009 through 2014 with interest rates ranging from 3.5 percent to 4.35 percent. Proceeds from this debt were used to fund the acquisition of TheraSense and to pay down domestic commercial paper borrowings. In connection with these borrowings, Abbott entered into interest rate hedge contracts totaling $1.5 billion to manage its exposure to changes in the fair value of the $1.5 billion of debt. These contracts are designated as fair

value hedges of the variability of the fair value of fixed-rate debt due to changes in the long-term bench-mark interest rates. The effect of the hedge is to change the fixed interest rate to a variable rate.

Abbott retained $700 million of proceeds from borrowings that Hospira assumed as a result of the spin-off and used these proceeds to reduce domestic commercial paper borrowings. In addition, Abbott retired long-term debt of $1.65 billion in the third quarter of 2004 with proceeds from domestic commercial paper borrowings.

The acquisitions of Experimental & Applied Sciences and Spine Next, S.A. will be funded with domestic commercial paper borrowings.

Legislative Issues

On October 22, 2004, the President of the United States signed the American Jobs Creation Act of 2004. Among the provisions of the Act is a provision that allows for the exclusion from income of a portion of remittances of earnings of foreign subsidiaries to U.S. shareholders through December 31, 2005. Any decision to remit additional foreign earnings would increase the effective income tax rate for amounts that would be remitted under the Act. Except for the possible remittance of additional foreign earnings, Abbott does not expect this legislation to have a material impact on its future operating results.

Effective January 1, 2005, the Medicare formula for reimbursement to providers for physician-administered drugs will change. Abbott has not determined the effect, if any, the formula change might have on its results of operation.

Abbott's primary markets are highly competitive and subject to substantial government regulation. Abbott expects debate to continue at both the federal and the state levels over the availability, method of delivery, and payment for health care products and services. Abbott believes that if legislation is enacted, it could have the effect of reducing access to health care products and services, or reducing prices or the rate of price increases 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 Abbott 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.

Private Securities Litigation Reform Act of 1995 — A Caution Concerning Forward-Looking Statements

Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Abbott cautions investors that any forward-looking statements or projections made by Abbott, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Economic, competitive, governmental, technological and other factors that may affect Abbott's operations are discussed in Exhibit 99.1 to this Quarterly Report on Form 10-Q.

PART I. FINANCIAL INFORMATION

Item 4. Controls and Procedures

(a) *Evaluation of disclosure controls and procedures.* The Chief Executive Officer, Miles D. White, and Chief Financial Officer, Thomas C. Freyman, evaluated the effectiveness of Abbott Laboratories' disclosure controls and procedures as of the end of the period covered by this report, and concluded that Abbott Laboratories' disclosure controls and procedures were effective to ensure that information Abbott is required to disclose in its filings with the Securities and Exchange Commission under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed by Abbott in the reports that it files or submits under the Exchange Act is accumulated and communicated to Abbott's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Abbott is involved in various claims, legal proceedings and investigations, including (as of September 30, 2004, except as otherwise indicated) those described below.

In its 2003 Form 10-K, Abbott reported that a number of prescription pharmaceutical pricing antitrust suits were brought in the mid-1990s on behalf of retail pharmacies in federal and state courts as purported class actions. The retail pharmacies allege that pharmaceutical manufacturers, including Abbott, conspired to fix prices for prescription pharmaceuticals and/or to discriminate in pricing to retail pharmacies in violation of state and federal antitrust laws. The cases seek treble damages, civil penalties, and injunctive and other relief. Abbott has agreed to settle one of the previously reported cases, *Fullerton Drugs*, pending in the Northern District of Illinois for an immaterial amount.

In its 2003 Form 10-K, Abbott reported that a number of antitrust cases were pending in federal court and various state courts in connection with the settlement of patent litigation by Abbott involving terazosin hydrochloride, a drug sold by Abbott under the trademark Hytrin®. The federal court cases are pending in the United States District Court for the Southern District of Florida under the Multidistrict Litigation Rules as *In re: Terazosin Hydrochloride, MDL No. 1317.* On August 31, 2004, summary judgment was granted in Abbott's favor on certain of plaintiffs' claims. Abbott's motions for summary judgment on plaintiffs' remaining claims are still pending. One of the previously reported state court cases, *Hopper,* was stayed pending the resolution of MDL No. 1317.

In its Form 10-Q for the second quarter of 2004, Abbott reported that a number of cases are pending in state and federal court brought as purported class actions or representative actions on behalf of individuals or entities. These lawsuits allege generally that Abbott and numerous other pharmaceutical companies reported false pricing information in connection with certain drugs that are reimbursable under Medicare and Medicaid. The federal court cases

have been consolidated in the United States District Court in Massachusetts under the Multidistrict Litigation Rules as *In re: Pharmaceutical Industry Average Wholesale Price Litigation, MDL 1456.* These cases generally seek damages, treble damages, disgorgement of profits, restitution and attorneys' fees. During the third quarter of 2004, one additional lawsuit was filed: *The City of New York*, filed in August 2004 in the United States District Court for the Southern District of New York. Transfer to *MDL 1456* is pending.

In its 2003 Form 10-K, Abbott reported that a number of cases have been brought against TAP Pharmaceutical Products Inc., Abbott and Takeda Chemical Industries, Ltd. in various courts that generally allege that TAP reported false pricing information in connection with Lupron®, a product reimbursable under Medicare. The parties have reached an agreement in principle to settle these cases. Terms of the settlement have not been finalized and are subject to court approval.

In its Form 10-Q for the second quarter of 2004, Abbott reported that six cases were pending in federal court in which Abbott seeks to protect its patents for fenofibrate (a drug Abbott sells under the trademark TriCor®). In the case pending in the United States District Court in Puerto Rico, Cipher Pharmaceuticals has filed three motions for summary judgment of non-infringement. Abbott has filed oppositions to the motions.

In its Form 10-Q for the second quarter of 2004, Abbott reported that it is a defendant in numerous lawsuits involving the drug oxycodone (a drug sold under the trademark OxyContin®), which is manufactured and sold by Purdue Pharma. Abbott promoted OxyContin to certain specialty physicians, including surgeons and anesthesiologists, under a co-promotion agreement with Purdue Pharma. Most of the lawsuits allege generally that plaintiffs suffered personal injuries as a result of taking OxyContin. A few lawsuits allege consumer protection violations and unfair trade practices. One suit by a third-party payor alleges antitrust pricing violations and overpricing of the drug. One case has been brought by the Attorney General for the State of West Virginia. As of September 30, 2004, a total of 300 lawsuits are pending in which Abbott is a party. 64 cases are pending in federal court; 236 cases are pending in state court. 277 cases are brought by individual plaintiffs, and 23 cases are brought as purported class action lawsuits. Purdue Pharma is a defendant in each lawsuit and, pursuant to the co-promotion agreement, Purdue is required to indemnify Abbott in each lawsuit.

In its Form 10-Q for the second quarter of 2004, Abbott reported that it is involved in two cases against Teva Pharmaceuticals USA, Inc. related to Abbott's patents for clarithromycin (a drug Abbott sells under the trademarks Biaxin® and Biaxin XL®). Teva filed two separate declaratory judgment actions in the Northern District of Illinois alleging that Teva's proposed immediate release clarithromycin and proposed extended release clarithromycin do not infringe certain Abbott patents. In the case involving Teva's proposed extended release clarithromycin, the court granted Abbott's motion to dismiss on jurisdictional grounds. In October 2004, Genpharm Inc. filed a lawsuit in the United States District Court for the Northern District of Illinois seeking a declaration that its proposed generic immediate release clarithromycin does not infringe certain Abbott patents. Litigation relating to clarithromycin patents is also pending in the United Kingdom, Germany, Netherlands, Spain, Belgium, and Canada.

In its Form 10-Q for the second quarter of 2004, Abbott reported that six cases had been filed in the United States District Court for the District of Minnesota alleging generally

that Abbott and numerous other pharmaceutical manufacturers violated antitrust laws by conspiring to prevent re-importation of drugs from Canada. A seventh case was filed during the third quarter (*Mills*, filed in July 2004 in the United States District Court for the District of Minnesota). All seven cases were consolidated under the caption *In re Canadian Import Antitrust Litigation.* The consolidated lawsuit purports to be a class action brought on behalf of all United States residents who purchased and/or paid for brand name prescription drugs manufactured by the defendants. The plaintiffs seek an injunction prohibiting efforts to stop re-importation, a refund of all allegedly unlawful profits received by the defendants, treble damages, and attorneys' fees.

While it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate dispositions should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

(c) Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1, 2004 – July 31, 2004	43,820(1)	$ 39.440	0	4,830,500(2)
August 1, 2004 – August 31, 2004	1,732,208(1)	$ 41.030	1,661,000	3,169,500(2)
September 1, 2004 – September 30, 2004	3,491,682(1)	$ 42.506	3,169,500	0(2)
Total	5,267,710	$ 41.9952	4,830,500	0(2)

(1) In addition to the shares purchased under the publicly announced program described below, these shares represent: (i) the shares surrendered to Abbott to satisfy tax withholding obligations in connection with the vesting of restricted stock –3,368 in July, 16,690 in August, and 0 in September; and (ii) the shares deemed surrendered to Abbott to pay the exercise price and to satisfy tax withholding obligations in connection with the exercise of employee stock options –40,452 in July, 54,518 in August, and 322,182 in September.

(2) On June 9, 2000, the board of directors of Abbott Laboratories approved the purchase of up to 25 million of Abbott's common shares. During the third quarter, Abbott completed the share repurchase program that was authorized in June 2000. On October 14, 2004, Abbott announced that the Abbott board of directors approved the purchase of up to 50 million of its common shares.

Item 6. Exhibits

Incorporated by reference to the Exhibit Index included herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABBOTT LABORATORIES

By: /s/ Thomas C. Freyman

Thomas C. Freyman,
Executive Vice
President,
Finance and Chief
Financial
Officer

Date: November 4, 2004

EXHIBIT INDEX

Exhibit No.	Exhibit
10.1	The Abbott Laboratories 1996 Incentive Stock Program, as amended and restated through the 2nd Amendment February 20, 2004.
12	Statement re: computation of ratio of earnings to fixed charges.
31.1	Certification of Chief Executive Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
31.2	Certification of Chief Financial Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
Exhibits 32.1 and 32.2 are furnished herewith and should not be deemed to be “filed” under the Securities Exchange Act of 1934.	
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Cautionary Statement Regarding Forward-Looking Statements.

ABBOTT LABORATORIES
1996 INCENTIVE STOCK PROGRAM
(as amended and restated through the
2nd Amendment February 20, 2004)

1. PURPOSE. The purpose of the Abbott Laboratories 1996 Incentive Stock Program (the "Program") is to attract and retain outstanding directors, officers and other employees of Abbott Laboratories (the "Company") and its subsidiaries, and to furnish incentives to such persons by providing opportunities to acquire common shares of the Company, or monetary payments based on the value of such shares or the financial performance of the Company, or both, on advantageous terms as herein provided and to further align such persons' interests with those of the Company's other shareholders through compensation that is based on the value of the Company's common shares.

2. ADMINISTRATION. The Program will be administered by a committee (the "Committee") of at least two persons which shall be either the Compensation Committee of the Board of Directors of the Company (the "Board of Directors") or such other committee comprised entirely of persons who are both: (i) "disinterested persons" as defined in Rule 16b-3 of the Securities and Exchange Commission; and (ii) "outside directors" as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended, or any successor provision; as the Board of Directors may from time to time designate. The Committee shall interpret the Program, prescribe, amend and rescind rules and regulations relating thereto and make all other determinations necessary or advisable for the administration of the Program. A majority of the members of the Committee shall constitute a quorum and all determinations of the Committee shall be made by a majority of its members. Any determination of the Committee under the Program may be made without notice of meeting of the Committee by a writing signed by all of the Committee members. The Committee may, from time to time, delegate any or all of its duties, powers and authority to any officer or officers of the Company, except to the extent such delegation would be inconsistent with Rule 16b-3 of the Securities and Exchange Commission or other applicable law, rule or regulation. The Chief Executive Officer of the Company may, on behalf of the Committee, grant stock options and restricted stock awards under the Program, other than to persons subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All such grants by the Chief Executive Officer must be reported to, and ratified by, the Committee within twelve months of the grant date but, if ratified, shall be effective as of the grant date.

3. PARTICIPANTS. Participants in the Program will consist of such officers and other employees of the Company and its subsidiaries as the Committee in its sole discretion may designate from time to time to receive Benefits hereunder. The Committee's designation of a participant in any year shall not require the Committee to designate such person to receive a Benefit in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Benefits, including without limitation (i) the financial condition of the Company; (ii) anticipated profits for the current or future years; (iii) contributions of participants to the profitability and development of the Company; (iv) prior awards to participants; and (v) other compensation provided to participants. Non-Employee Directors shall also be participants in the Program solely for purposes of receiving Restricted Stock Awards under paragraph 13 and Non-qualified Stock Options

under paragraph 14. The term "Non-Employee Director" shall mean a member of the Board of Directors who is not a full-time employee of the Company or any of its subsidiaries.

4. TYPES OF BENEFITS. Benefits under the Program may be granted in any one or a combination of (a) Incentive Stock Options; (b) Non-qualified Stock Options; (c) Stock Appreciation Rights; (d) Limited Stock Appreciation Rights; (e) Restricted Stock Awards; (f) Performance Awards; and (g) Foreign Qualified Benefits, all as described below.

5. SHARES RESERVED UNDER THE PROGRAM. There is hereby reserved for issuance under the Program: (i) an aggregate of Five Million (5,000,000) common shares; plus (ii) an authorization for each calendar year (the "Annual Authorization") for the years 1996 through 1999, of seven-tenths of one percent (0.7%) of the total common shares of the Company issued and outstanding as of the first day of such calendar year and for the years from and including 2000, one and a half percent (1.5%) of the total common shares of the Company issued and outstanding as of the first day of such calendar year; which may be newly issued or treasury shares. The shares hereby reserved are in addition to the shares previously reserved under the Company's 1981 Incentive Stock Program, 1986 Incentive Stock Program and 1991 Incentive Stock Program (the "Prior Programs"). Any common shares reserved for issuance under the Prior Programs in excess of the number of shares as to which options or other Benefits have been awarded on the date of shareholder approval of this Program, plus any such shares as to which options or other Benefits granted under the Prior Programs may lapse, expire, terminate or be canceled after such date, shall also be reserved and available for issuance in connection with Benefits under this Program. Any common shares reserved under the Program for any calendar year under an Annual Authorization as to which options or other Benefits have not been awarded as of the end of such calendar year shall be available for issuance in connection with Benefits granted in subsequent years.

If there is a lapse, expiration, termination or cancellation of any Benefit granted hereunder without the issuance of shares or payment of cash thereunder, or if shares are issued under any Benefit and thereafter are reacquired by the Company pursuant to rights reserved upon the issuance thereof, or shares are reacquired pursuant to the payment of the purchase price of shares under stock options by delivery of other common shares of the Company, the shares subject to or reserved for such Benefit, or so reacquired, may again be used for new options, rights or awards of any sort authorized under this Program; provided, however, that in no event may the number of common shares issued under this Program, and not reacquired by the Company pursuant to rights reserved upon the issuance thereof or pursuant to the payment of the purchase price of shares under stock options by delivery of other common shares of the Company, exceed the total number of shares reserved for issuance hereunder.

6. INCENTIVE STOCK OPTIONS. Incentive Stock Options will consist of options to purchase common shares at purchase prices not less than One Hundred percent (100%) of the Fair Market Value of such common shares on the date of grant. An Incentive Stock Option will not be exercisable after the expiration of ten (10) years from the date such option is granted. In the event of termination of employment for any reason other than retirement, disability or death, the right of the optionee to exercise an Incentive Stock Option shall terminate upon the earlier of the end of the original term of the option or

three (3) months after the optionee's last day of work for the Company and its subsidiaries. In the event of termination of employment due to retirement or disability, or if the optionee should die while employed, the right of the optionee or his or her successor in interest to exercise an Incentive Stock Option shall terminate upon the end of the original term of the option. If the optionee should die within three (3) months after termination of employment for any reason other than retirement or disability, the right of his or her successor in interest to exercise an Incentive Stock Option shall terminate upon the earlier of the end of the original term of the option or three (3) months after the date of such death. To the extent the aggregate fair market value (determined as of the time the Option is granted) of the common shares with respect to which any Incentive Stock Option is exercisable for the first time by any individual during any calendar year (under all option plans of the Company and its subsidiary corporations) exceeds $100,000, the excess shall be treated as a Non-qualified Stock Option. An Incentive Stock Option shall be exercisable as determined by the Committee, but in no event earlier than six (6) months from its grant date.

7. NON-QUALIFIED STOCK OPTIONS. Non-qualified Stock Options will consist of options to purchase common shares at purchase prices not less than One Hundred percent (100%) of the Fair Market Value of such common shares on the date of grant. A Non-qualified Stock Option will not be exercisable after the expiration of ten (10) years from the date such option is granted. In the event of termination of employment for any reason other than retirement, disability or death, the right of the optionee to exercise a Non-qualified Stock Option shall terminate upon the earlier of the end of the original term of the option or three (3) months after the optionee's last day of work for the Company and its subsidiaries. In the event of termination of employment due to retirement or disability, or if the optionee should die while employed, the right of the optionee or his or her successor in interest to exercise a Non-qualified Stock Option shall terminate upon the end of the original term of the option. If the optionee should die within three (3) months after termination of employment for any reason other than retirement or disability, the right of his or her successor in interest to exercise a Non-qualified Stock Option shall terminate upon the earlier of the end of the original term of the option or three (3) months after the date of such death. A Non-qualified Stock Option shall be exercisable as determined by the Committee, but in no event earlier than six (6) months from its grant date.

8. STOCK APPRECIATION RIGHTS. The Committee may, in its discretion, grant a Stock Appreciation Right to the holder of any stock option granted hereunder or under the Prior Programs. Such Stock Appreciation Rights shall be subject to such terms and conditions consistent with the Program as the Committee shall impose from time to time, including the following:

(a) A Stock Appreciation Right may be granted with respect to a stock option at the time of its grant or at any time thereafter up to six (6) months prior to its expiration.

(b) Stock Appreciation Rights will permit the holder to surrender any related stock option or portion thereof which is then exercisable and to elect to receive in exchange therefor cash in an amount equal to:

(i) The excess of the Fair Market Value on the date of such election of one common share over the option price multiplied by

(ii) The number of shares covered by such option or portion thereof which is so surrendered.

(c) A Stock Appreciation Right granted to a participant who is subject to Section 16 of the Exchange Act may be exercised only after six (6) months from its grant date (unless such exercise would not affect the exemption under Rule 16b-3 of the Securities and Exchange Commission).

(d) A Stock Appreciation Right may be granted to a participant regardless of whether such participant has been granted a Limited Stock Appreciation Right with respect to the same stock option. However, a Stock Appreciation Right may not be exercised during any period that a Limited Stock Appreciation Right with respect to the same stock option may be exercised.

(e) In the event of the exercise of a Stock Appreciation Right, the number of shares reserved for issuance hereunder shall be reduced by the number of shares covered by the stock option or portion thereof surrendered.

9. LIMITED STOCK APPRECIATION RIGHTS. The Committee may, in its discretion, grant a Limited Stock Appreciation Right to the holder of any stock option granted hereunder or under the Prior Programs. Such Limited Stock Appreciation Rights shall be subject to such terms and conditions consistent with the Program as the Committee shall impose from time to time, including the following:

(a) A Limited Stock Appreciation Right may be granted with respect to a stock option at the time of its grant or at any time thereafter up to six (6) months prior to its expiration.

(b) A Limited Stock Appreciation Right will permit the holder to surrender any related stock option or portion thereof which is then exercisable and to receive in exchange therefor cash in an amount equal to:

(i) The excess of the Fair Market Value on the date of such election of one common share over the option price multiplied by

(ii) The number of shares covered by such option or portion thereof which is so surrendered.

(c) A Limited Stock Appreciation Right granted to a participant who is subject to Section 16 of the Exchange Act may be exercised only after six (6) months from its grant date (unless such exercise would not affect the exemption under Rule 16b-3 of the Securities and Exchange Commission) and only during the sixty (60) day period commencing on the later of:

(i) the day following the date of a Change in Control; or (ii) the first date on which such exercise would be exempt under Rule 16b-3 of the Securities and Exchange Commission.

(d) A Limited Stock Appreciation Right may be granted to a participant regardless of whether such participant has been granted a Stock Appreciation Right with respect to the same stock option.

(e) In the event of the exercise of a Limited Stock Appreciation Right, the number of shares reserved for issuance hereunder shall be reduced by the number of shares covered by the stock option or portion thereof surrendered.

10. RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNITS

(a) RESTRICTED STOCK AWARDS. Restricted Stock Awards will consist of common shares transferred to participants without other payment therefor as additional compensation for their services to the Company or any of its subsidiaries. Restricted Stock Awards granted under this paragraph 10 shall be satisfied from the Company's available treasury shares. Restricted Stock Awards shall be subject to such terms and conditions as the Committee determines appropriate, including, without limitation, restrictions on the sale or other disposition of such shares and rights of the Company to reacquire such shares upon termination of the participant's employment within specified periods. Subject to such other restrictions as are imposed by the Committee, the common shares covered by a Restricted Stock Award granted to a participant who is subject to Section 16 of the Exchange Act may be sold or otherwise disposed of only after six (6) months from the grant date of the award (unless such sale would not affect the exemption under Rule 16b-3 of the Securities and Exchange Commission).

(b) RESTRICTED STOCK UNITS. Restricted Stock Units will consist of an unfunded promise to deliver shares of stock at some future date to participants without other payment therefor as additional compensation for their services to the Company or any of its subsidiaries. Stock delivered under this paragraph 10 (b) shall be satisfied from the Company's available treasury shares. Restricted Stock Units granted under this paragraph 10(b) shall be subject to such terms and conditions as the Committee determines appropriate, including, without limitation, restrictions on the sale or other disposition of such stock units, the rights of the Company to provide for the forfeiture of such stock units upon termination of the participant's employment within specified periods and the right to receive dividend equivalent payments.

(c) No more than ten percent (10%) of the total number of shares available for grant in any calendar year may be granted as Restricted Stock Units or Restricted Stock Awards (in the aggregate) under paragraphs 10 and 13 in that year.

11. PERFORMANCE AWARDS. Performance Awards in the form of Performance Units or Performance Shares may be granted to any participant in the Program. Performance Units shall consist of monetary awards which may be earned in whole or in part if the Company achieves certain goals established by the Committee over a designated period of time. Performance Shares shall consist of common shares or awards denominated in common shares which may be earned in whole or in part if the Company achieves certain goals established by the Committee over a designated period of time. The goals established by the Committee shall be based on any one, or combination of, earnings per share, return on equity, return on assets, total shareholder return, net operating income, cash flow, increase in revenue, economic value added, increase in share price or cash flow return on investment. Partial achievement of the goal(s) may result in a payment or vesting corresponding to the degree of achievement. Payment of an award earned may be in cash or in common shares or in a combination of both, and may be made when earned, or may be vested and deferred, as the Committee in its sole discretion determines. The maximum amount which may be granted under all Performance Awards for any one year for any one participant shall be Five Million Dollars ($5,000,000). This limit shall be applied to Performance Shares by multiplying the number of Performance Shares granted by the fair market value of one common share on the date of the award. During the term of the Program, no more than 5 million shares of Abbott common stock may be granted in the form of Performance Units and no more than 5 million shares of Abbott common stock may be granted in the form of Performance Shares. This paragraph 11 is intended to comply with the performance-based compensation requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall be interpreted in accordance with the rules and regulations thereunder.

12. FOREIGN QUALIFIED BENEFITS. Benefits under the Program may be granted to such employees of the Company and its subsidiaries who are residing in foreign jurisdictions as the Committee in its sole discretion may determine from time to time. The Committee may adopt such supplements to the Program as may be necessary to comply with the applicable laws of such foreign jurisdictions and to afford participants favorable treatment under such laws; provided, however, that no Benefit shall be granted under any such supplement with terms or conditions which are inconsistent with the provisions as set forth under the Program.

13. RESTRICTED STOCK AWARDS FOR NON-EMPLOYEE DIRECTORS.

(a) Each year, on the date of the annual shareholders meeting, each person who is elected a Non-Employee Director at the annual shareholders meeting shall be awarded both: (i) a Restricted Stock Award covering a number of common shares with a fair market value on the date of the award closest to, but not in excess of, an amount equal to six times the monthly fee in effect under Section 3.1 of the Abbott Laboratories Non-Employee Director's Fee Plan on the date of the award and (ii) in the years 1996 through 2005, a Restricted Stock Award covering a number of

common shares with a fair market value on the date of the award closest to, but not in excess of, Twenty-Two Thousand Dollars ($22,000) for awards made in years 1996 through 2000 and Twenty-Five Thousand Dollars ($25,000) for awards made in years 2001 through 2005.

(b) ISSUANCE OF CERTIFICATES. As soon as practicable following the date of the award the Company shall issue certificates ("Certificates") to the Non-Employee Director receiving the award, representing the number of common shares covered by the award. Each Certificate shall bear a legend describing the restrictions on such shares imposed by this paragraph 13.

(c) RIGHTS. Upon issuance of the Certificates, the directors in whose names they are registered shall, subject to the restrictions of this paragraph 13, have all of the rights of a shareholder with respect to the shares represented by the certificates, including the right to vote such shares and receive cash dividends and other distributions thereon.

(d) RESTRICTED PERIOD. The shares covered by awards granted under this paragraph 13 may not be sold or otherwise disposed of within six (6) months following their grant date (unless such sale would not affect the exemption under Rule 16b-3 of the Securities and Exchange Commission) and in addition shall be subject to the restrictions of this paragraph 13 for a period (the "Restricted Period") commencing with the date of the award and ending on the earliest of the following events:

(i) The date the director terminates or retires from the Board;

(ii) The date the director dies; or

(iii) The date of occurrence of a Change in Control (as defined in paragraph 20(c)).

(e) RESTRICTIONS. All shares covered by awards granted under this paragraph 13 shall be subject to the following restrictions during the Restricted Period:

(i) The shares may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of.

(ii) Any additional common shares of the Company or other securities or property issued with respect to shares covered by awards granted under this paragraph 13 as a result of any stock dividend, stock split or reorganization, shall be subject to the restrictions and other provisions of this paragraph 13.

(iii) A director shall not be entitled to receive any shares prior to completion of all actions deemed appropriate by the Company to comply with federal or state securities laws and stock exchange requirements.

(f) Except in the event of conflict, all provisions of the Program shall apply to this paragraph 13. In the event of any conflict between the provisions of the Program and this paragraph 13, this paragraph 13 shall control. Those provisions of paragraph 17 which authorize the Committee to declare outstanding restricted stock awards to be vested and to amend or modify the terms of Benefits shall not apply to awards granted under this paragraph 13. Restricted Stock Awards granted under this paragraph 13 shall be satisfied from the Company's available treasury shares.

14. NON-QUALIFIED STOCK OPTIONS FOR NON-EMPLOYEE DIRECTORS.

(a) Each Non-Employee Director may elect to receive any or all of his or her fees earned during the second half of 1996 and each subsequent calendar year under Section 3 of the Abbott Laboratories Non-Employee Directors' Fee Plan (the "Directors' Fee Plan") in the form of Non-qualified Stock Options under this Section 14. Each such election shall be irrevocable, and must be made in writing and filed with the Secretary of the Company by December 31, 1995 (for fees earned in the second half of 1996) and (for fees earned in subsequent calendar years) by June 30 of the calendar year preceding the calendar year in which such fees are earned (or such later date as may be permissible under Rule 16b-3 of the Securities and Exchange Commission, but in no event later than December 31 of such preceding calendar year).

(b) A Non-Employee Director may file a new election each calendar year applicable to fees earned in the immediately succeeding calendar year. If no new election or revocation of a prior election is received by June 30 of any calendar year (or such later date as may be permissible under paragraph (a)), the election, if any, in effect for such calendar year shall continue in effect for the immediately succeeding calendar year. Any election made under this Section 14 shall take precedence over any election made by the director for the same period, under the Directors' Fee Plan, to the extent necessary to resolve any conflict between such elections. If a director does not elect to receive his or her fees in the form of Non-qualified Stock Options, the fees due such director shall be paid or deferred as provided in the Directors' Fee Plan and any applicable election thereunder by the director.

(c) The number of common shares covered by each Non-qualified Stock Option granted in any year under this Section 14 shall be determined based on an independent appraisal for such year of the intrinsic value of options granted hereunder and the amount of fees covered by the director's election for such year. The number of common shares covered by options granted in 1996 (as determined under this procedure) shall be the number of whole shares equal to (i) the product of three (3) times the amount of fees which the director has elected under paragraph (a) to receive in the form of Non-qualified Stock Options, divided by (ii) One Hundred percent (100%) of the Fair Market Value of one common share on the grant date. Any fraction of a share shall be disregarded, and the remaining amount of the fees corresponding to such option shall be paid as provided in the

Directors' Fee Plan and any applicable election thereunder by the director.

(d) Effective on October 10, 1997, each Non-qualified Stock Option due a director under this Section 14 prior to the 1998 annual shareholders meeting shall be granted on October 10, 1997 at a purchase price equal to One Hundred percent (100%) of the Fair Market Value of the common shares covered by such option on the grant date. Effective with the 1998 Annual Shareholders Meeting, each Non-qualified Stock Option due a director under this Section 14 shall be granted annually, on the date of the annual shareholders meeting, at a purchase price equal to One Hundred percent (100%) of the Fair Market Value of the common shares covered by such option on the grant date. Each such option shall be immediately exercisable and nonforfeitable, and shall not be exercisable after the expiration of ten (10) years from the date it is granted. Each such option shall contain provisions allowing payment of the purchase price and, to the extent permitted, any taxes due on exercise, by delivery of other common shares of the Company (or, in the case of the payment of taxes, by withholding of shares).

(e) All Non-qualified Stock Options granted under this Section 14 prior to October 10, 1997, shall be immediately exercisable and nonforfeitable, and shall not be exercisable after the expiration of ten (10) years from the date granted.

15. NONTRANSFERABILITY. Except as provided by the Committee, each stock option and stock appreciation right granted under this Program shall not be transferable other than by will or the laws of descent and distribution, and shall be exercisable, during the participant's lifetime, only by the participant or the participant's guardian or legal representative.

16. OTHER PROVISIONS. The award of any Benefit under the Program may also be subject to other provisions (whether or not applicable to the Benefit awarded to any other participant) as the Committee determines appropriate, including, without limitation, provisions for the purchase of common shares under stock options in installments, provisions for the payment of the purchase price of shares under stock options by delivery of other common shares of the Company having a then market value equal to the purchase price of such shares, restrictions on resale or other disposition, such provisions as may be appropriate to comply with federal or state securities laws and stock exchange requirements and understandings or conditions as to the participant's employment in addition to those specifically provided for under the Program.

In the case of a participant who is subject to Section 16(a) and 16(b) of the Exchange Act, the Committee may, at any time, add such conditions and limitations to any Benefit granted to such participant, or any feature of any such Benefit, as the Committee, in its sole discretion, deems necessary or desirable to comply with Section 16(a) or 16(b) and the rules and regulations thereunder or to obtain any exemption therefrom. A participant may pay the purchase price of shares under stock options by delivery of a properly executed exercise notice together with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds to pay the purchase price. To facilitate the foregoing, the Company may enter

into agreements for coordinated procedures with one or more brokerage firms.

The Committee may, in its discretion and subject to such rules as it may adopt, permit or require a participant to pay all or a portion of the federal, state and local taxes, including FICA and medicare withholding tax, arising in connection with the following transactions: (a) the exercise of a Non-qualified Stock Option; (b) the lapse of restrictions on common shares received as a Restricted Stock Award; or (c) the receipt or exercise of any other Benefit; by (i) having the Company withhold common shares, (ii) tendering back common shares received in connection with such Benefit or (iii) delivering other previously acquired common shares of the Company having a fair market value approximately equal to the amount to be withheld.

The Committee may grant stock options under the Program (and, for stock options granted prior to shareholder approval of this Program, under the Company's 1991 Incentive Stock Program) that provide for the grant of replacement stock options if all or any portion of the purchase price or taxes incurred in connection with the exercise, are paid by delivery (or, in the case of payment of taxes, by withholding of shares) of other common shares of the Company. The replacement stock option shall cover the number of common shares surrendered to pay the purchase price, plus the number of shares surrendered or withheld to satisfy the participant's tax liability, shall have an exercise price equal to One Hundred percent (100%) of the Fair Market Value of such common shares on the date such replacement stock option is granted, shall first be exercisable six months from the date of grant of the replacement stock option and shall have an expiration date equal to the expiration date of the original stock option.

17. TERM OF PROGRAM AND AMENDMENT, MODIFICATION, CANCELLATION OR ACCELERATION OF BENEFITS. The Program shall continue in effect until terminated by the Board of Directors, except that no Incentive Stock Option shall be granted after October 13, 2005 and that no other Benefits shall be granted after April 27, 2010. The terms and conditions applicable to any Benefits may at any time be amended, modified or canceled by mutual agreement between the Committee and the participant or such other persons as may then have an interest therein, so long as any amendment or modification does not increase the number of common shares issuable under this Program; and provided further, that the Committee may, at any time and in its sole discretion, declare any or all stock options and stock appreciation rights then outstanding under this Program or the Prior Programs to be exercisable and any or all then outstanding Restricted Stock Awards to be vested, whether or not such options, rights or awards are then otherwise exercisable or vested. Notwithstanding the foregoing, except as provided in paragraph 22, the Committee shall neither lower the purchase price of any option granted under the Program nor grant any option under the Program in replacement of a cancelled option which had previously been granted at a higher purchase price, without shareholder approval.

18. AMENDMENT TO PRIOR PROGRAMS. No options or other Benefits shall be granted under the Prior Programs on or after the date of shareholder approval of this Program.

19. INDIVIDUAL LIMIT ON OPTIONS AND STOCK APPRECIATION RIGHTS; AGGREGATE LIMIT ON INCENTIVE STOCK OPTIONS. The maximum number of shares with respect to which Incentive Stock Options, Non-qualified Stock Options,

Stock Appreciation Rights and Limited Stock Appreciation Rights may be granted to any one participant, in aggregate in any one calendar year, shall be Two Million (2,000,000) shares. Incentive Stock Options with respect to no more than the lesser of (i) One Hundred and Fifty Million (150,000,000) shares (plus any shares acquired by the Company pursuant to payment of the purchase price of shares under incentive stock options by delivery of other common shares of the Company), or (ii) the total number of shares reserved under paragraph 5 may be issued under the Plan.

20. TAXES. The Company shall be entitled to withhold the amount of any tax attributable to any amount payable or shares deliverable under the Program after giving the person entitled to receive such amount or shares notice as far in advance as practicable, and the Company may defer making payment or delivery if any such tax may be pending unless and until indemnified to its satisfaction.

21. DEFINITIONS.

(a) FAIR MARKET VALUE. Except as provided below, the Fair Market Value of the Company's common shares shall be determined by such methods or procedures as shall be established by the Committee; provided that, in the case of any Limited Stock Appreciation Right (other than a right related to an Incentive Stock Option), the Fair Market Value shall be the higher of:

(i) The highest daily closing price of the Company's common shares during the sixty (60) day period following the Change in Control; or

(ii) The highest gross price paid or to be paid for the Company's common shares in any of the transactions described in paragraphs 21(c)(i) and 21(c)(ii).

(b) SUBSIDIARY. The term "subsidiary" for all purposes other than the Incentive Stock Option provisions in paragraph 6, shall mean any corporation, partnership, joint venture or business trust, fifty percent (50%) or more of the control of which is owned, directly or indirectly, by the Company. For Incentive Stock Option purposes the term "subsidiary" shall be defined as provided in Internal Revenue Code Section 424(f).

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

(i) the date any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (a) of paragraph (iii) below; or

(ii) the date the following individuals cease for any reason to constitute

a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board of Directors or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) the date on which there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity, other than (a) a merger or consolidation (I) immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the Board of Directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof and (II) which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities; or

(iv) the date the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of the Company, in combination with the ownership of any trustee or other fiduciary holding securities under an

employee benefit plan of the Company or any subsidiary of the Company, in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

For purposes of this Program "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act; "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act; and "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(d) DISABILITY. The term "disability" for all purposes of the Program shall mean the participant's disability as defined in subsection 4.1(a) of the Abbott Laboratories Extended Disability Plan for twelve (12) consecutive months.

22. ADJUSTMENT PROVISIONS.

(a) If the Company shall at any time change the number of issued common shares without new consideration to the Company (such as by stock dividends or stock splits), the total number of shares reserved for issuance under this Program, the individual and aggregate limits described in paragraphs 11 and 19 on the number of shares that may be granted or issued (as the case may be), the number of shares covered by each outstanding Benefit and the purchase price of such shares shall be adjusted so that the aggregate consideration payable to the Company and the value of each such Benefit shall not be changed. Subject to paragraph 22(c), the Committee shall also have the right to provide for the continuation of Benefits or for other equitable adjustments after changes in the Company or in the common shares resulting from reorganization, sale, merger, consolidation, spin-off or similar occurrence.

(b) Subject to paragraph 22(c), without affecting the number of shares otherwise reserved or available hereunder, the Committee may authorize the issuance or assumption of Benefits in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate.

(c) Notwithstanding any other provision of this Program or the Prior Programs including the terms of any Benefit granted hereunder, if the outstanding common shares of the Company shall be combined, or be changed into, or exchanged for, another kind of stock of the Company, into securities of another corporation, or into property (including cash) whether through recapitalization, reorganization, sale, merger, consolidation, spin-off, business combination or a similar transaction (a "Transaction"), the Company shall cause its successor, acquiror (or ultimate parent of any successor or acquiror), as applicable, to assume each stock option, Stock Appreciation Right and Limited Stock Appreciation Right outstanding immediately prior to the Transaction (or to cause new options or rights to be substituted therefor). Pursuant to such assumed or substituted option or rights, participants shall thereafter be entitled to receive, upon due exercise of any portion of the option or right, (a) in the event of a Transaction in which the outstanding common shares of the Company are combined, or changed into, or exchanged for, solely another kind of stock of the Company or securities of another corporation (disregarding, for this purpose, cash paid in lieu of fractional shares), the securities which that person would have been entitled to receive for common shares acquired through exercise of the same portion of such option or right immediately prior to the effective date of such Transaction, and (b) in the event of a Transaction in which the outstanding common shares of the Company are changed into, or exchanged for, property (including cash) other than solely stock of the Company or securities of another corporation (disregarding, for this purpose, cash paid in lieu of fractional shares), securities the fair market value of which immediately following the effective date of such Transaction (as determined by the Committee) equals the fair market value (as determined by the Committee) of the property which that person would have been entitled to receive for common shares acquired through exercise of the same portion of such option or right immediately prior to the effective date of such Transaction. In each case such assumed or substituted option or right shall continue to be subject to the same terms and conditions (including, without limitation, with respect to any right to receive "replacement options" upon option exercise) to which it was subject immediately prior to the Transaction.

Notwithstanding the immediately preceding paragraph, upon a Transaction in which the outstanding common shares of the Company are changed into, or exchanged for, property (including cash) other than solely stock of the Company or securities of another corporation (disregarding, for this purpose, cash paid in lieu of fractional shares) and which constitutes a Change in Control, each participant may elect to receive, immediately following such Transaction in exchange for cancellation of any stock

option (other than an Incentive Stock Option granted prior to June 20, 2003), Stock Appreciation Right or Limited Appreciation Right held by such participant immediately prior to the Transaction, a cash payment, with respect to each common share subject to such option or right, equal to the difference between the value of consideration (as determined by the Committee) received by the shareholders for a common share of the Company in the Transaction, less any applicable purchase price.

(d) Notwithstanding any other provision of this Program or the Prior Programs including the terms of any Benefit granted hereunder, upon the occurrence of a Change in Control:

(i) All stock options then outstanding under this Program or the Prior Programs shall become fully exercisable as of the date of the Change in Control, whether or not then otherwise exercisable;

(ii) All Stock Appreciation Rights and Limited Stock Appreciation Rights then outstanding shall become fully exercisable as of the date of the Change in Control, whether or not then otherwise exercisable;

(iii) All terms and conditions of all Restricted Stock Awards then outstanding shall be deemed satisfied as of the date of the Change in Control; and

(iv) All Performance Awards then outstanding shall be deemed to have been fully earned and to be immediately payable, in cash, as of the date of the Change in Control.

23. AMENDMENT AND TERMINATION OF PROGRAM. The Board of Directors may amend the Program from time to time or terminate the Program at any time, but no such action shall reduce the then existing amount of any participant's Benefit or adversely change the terms and conditions thereof without the participant's consent. Notwithstanding the foregoing, except as provided in paragraph 22, the Company shall neither lower the purchase price of any option granted under the Program nor grant any option under the Program in replacement of a cancelled option which had previously been granted at a higher purchase price, without shareholder approval. To the extent required for compliance with Rule 16b-3 of the Securities and Exchange Commission, paragraph 13 of the Program may not be amended more frequently than once every six months other than to comport with changes in the Internal Revenue Code of 1986, as amended, or the rules thereunder, and no amendment of the Program shall result in any Committee member losing his or her status as a "disinterested person" as defined in Rule 16b-3 of the Securities and Exchange Commission with respect to any employee benefit plan of the Company or result in the Program or awards thereunder losing their exempt status under said Rule 16b-3.

24. EFFECTIVE DATE. The Program was originally adopted by the Board of Directors on October 13, 1995.

Exhibit 12

Abbott Laboratories

Computation of Ratio of Earnings to Fixed Charges

(Unaudited)

(dollars in millions except ratio)

	Nine Months Ended September 30, 2004
Earnings from Continuing Operations	$ 2,201
Add (deduct):	
Taxes on earnings from continuing operations	769
Capitalized interest cost, net of amortization	4
Minority interest	8
Earnings from Continuing Operations as adjusted	$ 2,982
Fixed Charges:	
Interest on long-term and short-term debt	143
Capitalized interest cost	7
Rental expense representative of an interest factor	44
Total Fixed Charges	194
Total adjusted earnings available for payment of fixed charges	$ 3,176
Ratio of earnings to fixed charges	16.4

NOTE: For the purpose of calculating this ratio, (i) earnings have been calculated by adjusting earnings from continuing operations for taxes on earnings from continuing operations; interest expense; capitalized interest cost, net of amortization; minority interest; and the portion of rentals representative of the interest factor, (ii) Abbott considers one-third of rental expense to be the amount representing return on capital, and (iii) fixed charges comprise total interest expense, including capitalized interest and such portion of rentals.

Exhibit 31.1

Certification of Chief Executive Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))

I, Miles D. White, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Abbott Laboratories;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott Laboratories as of, and for, the periods presented in this report;

4. Abbott Laboratories' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for Abbott Laboratories and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Abbott Laboratories, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of Abbott Laboratories' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in Abbott Laboratories' internal control over financial reporting that occurred during Abbott Laboratories' most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Abbott Laboratories' internal control over financial reporting; and

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5. Abbott Laboratories' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Abbott Laboratories' auditors and the audit committee of Abbott Laboratories' board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Abbott Laboratories' ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott Laboratories' internal control over financial reporting.

Date: November 4, 2004

By: /s/ Miles D. White
Miles D. White, Chairman of the Board
and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))

I, Thomas C. Freyman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Abbott Laboratories;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott Laboratories as of, and for, the periods presented in this report;

4. Abbott Laboratories' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for Abbott Laboratories and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Abbott Laboratories, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of Abbott Laboratories' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in Abbott Laboratories' internal control over financial reporting that occurred during Abbott Laboratories' most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Abbott Laboratories' internal control over financial reporting; and

5. Abbott Laboratories' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Abbott Laboratories' auditors and the audit committee of Abbott Laboratories' board of directors:

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a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Abbott Laboratories' ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott Laboratories' internal control over financial reporting.

Date: November 4, 2004

By: /s/ Thomas C. Freyman
Thomas C. Freyman, Executive Vice President,
Finance and Chief Financial Officer

Exhibit 32.1

Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Abbott Laboratories (the "Company") on Form 10-Q for the period ended September 30, 2004 as filed with the Securities and Exchange Commission (the "Report"), I, Miles D. White, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Miles D. White

Miles D. White
Chairman of the Board and
Chief Executive Officer
November 4, 2004

A signed original of this written statement required by Section 906 has been provided to Abbott Laboratories and will be retained by Abbott Laboratories and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Abbott Laboratories (the "Company") on Form 10-Q for the period ended September 30, 2004 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas C. Freyman, Executive Vice President, Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Thomas C. Freyman
Thomas C. Freyman
Executive Vice President, Finance
and Chief Financial Officer
November 4, 2004

A signed original of this written statement required by Section 906 has been provided to Abbott Laboratories and will be retained by Abbott Laboratories and furnished to the Securities and Exchange Commission or its staff upon request.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Financial Review and other sections of this Form 10-Q contain forward-looking statements that are based on management's current expectations, estimates and projections. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "forecasts," variations of these words and similar expressions are intended to identify these forward-looking statements. Certain factors, including but not limited to those listed below, may cause actual results to differ materially from current expectations, estimates, projections, forecasts and from past results.

- Competitive factors, including: (i) pricing pressures, both in the United States and abroad, primarily from managed care groups and government agencies, (ii) the development of new products by competitors having lower prices or superior performance or that are otherwise competitive with Abbott's current products, (iii) generic competition when Abbott's products lose their patent or regulatory protection, (iv) technological advances, patents and registrations obtained by competitors, and (v) business combinations among Abbott's competitors or major customers.

- Difficulties and delays inherent in the development, manufacturing, marketing, or sale of products, including: (i) uncertainties in the United States Food and Drug Administration and foreign regulatory approval processes, (ii) delays in the receipt of or the inability to obtain required approvals, (iii) efficacy or safety concerns, (iv) the suspension, revocation, or adverse amendment of the authority necessary for manufacture, marketing, or sale, (v) the imposition of additional or different regulatory requirements, such as those affecting labeling, (vi) seizure or recall of products, (vii) the failure to obtain, the imposition of limitations on the use of, or the loss of patent and other intellectual property rights, (viii) loss of regulatory exclusivity, (ix) manufacturing or distribution problems, (x) restrictions on imports or exports, (xi) problems with licensors, suppliers and distributors, and (xii) labor disputes, strikes, slow-downs or other forms of labor or union activity.

- Governmental action including: (i) new laws, regulations and judicial and administrative decisions related to health care availability, method of delivery, or the method or amount of payment or reimbursement for health care products and services, (ii) changes in the United States Food and Drug Administration

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and foreign regulatory approval processes that may delay or prevent the approval of new products and result in lost market opportunity, (iii) new laws, regulations, and judicial and administrative decisions affecting pricing or marketing, and costs, and (iv) changes in the tax laws, regulations, and interpretations relating to Abbott's operations, including laws related to the remittance of foreign earnings.

- Changes in economic conditions over which Abbott has no control, including changes in the rate of inflation, business conditions, interest rates, foreign currency exchange rates, market value of Abbott's equity investments, and the performance of investments held by Abbott's employee benefit trusts.

- Changes in business and political conditions, including (i) war, political instability, terrorist attacks in the U.S. and other parts of the world, the threat of future terrorist activity in the U.S. and other parts of the world and related U.S. military action, and (ii) the cost and availability of insurance due to any of the foregoing events.

- Changes in Abbott's business units and investments and changes in the relative and absolute contribution of each to earnings resulting from evolving business strategies and opportunities existing now or in the future, such as acquisitions, restructurings or dispositions, including the spin-off of Hospira, Inc.

- Changes in costs or expenses, including variations resulting from: (i) changes in product mix and changes in tax rates both in the United States and abroad, and (ii) the spin-off of Hospira, Inc.

- Changes in the buying patterns of a major distributor, retailer, or wholesale customer resulting from buyer purchasing decisions, pricing, seasonality, or other factors.

- Legal difficulties, any of which could preclude commercialization of products or adversely affect profitability, including: (i) claims asserting antitrust violations, (ii) claims asserting securities law violations, (iii) claims asserting violations of the Federal False Claims Act, Anti-Kickback Statute, or other violations in connection with Medicare and/or Medicaid reimbursement, (iv) claims asserting violations of the Prescription Drug Marketing Act, (v) derivative actions, (vi) product liability claims, (vii) disputes over intellectual property rights (including patents), (viii) environmental matters, (ix) adverse litigation decisions, (x) issues regarding compliance with any governmental consent decree, including the consent decree between Abbott and the United States Food and Drug Administration described in Abbott's 2003 Form 10-K under the caption "Regulation," and Abbott's ability to successfully

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return diagnostic products affected by this consent decree to market, and (xi) issues regarding compliance with any corporate integrity agreement, including the corporate integrity agreement between Abbott and the Office of Inspector General for the U.S. Department of Health and Human Services described under the caption "Legal Proceedings" in Abbott's 2003 Form 10-K.

- Changes in accounting standards promulgated by the Financial Accounting Standards Board, the Securities and Exchange Commission or the American Institute of Certified Public Accountants.

No assurance can be made that any expectation, estimate or projection contained in a forward-looking statement will be achieved or will not be affected by the factors cited above or other future events. Readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. Abbott undertakes no obligation to release publicly any revisions to forward-looking statements as the result of subsequent events or developments.