UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2006

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) 937-6100**

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 12 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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒ Accelerated Filer Non-accelerated filer

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

As of March 31, 2006, Abbott Laboratories had 1,526,217,499 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 March 31	
	2006	2005

Net Sales	$ 5,183,459	$ 5,382,679
Cost of products sold	2,169,704	2,522,531
Research and development	485,142	436,656
Selling, general and administrative	1,464,415	1,287,621
Total Operating Cost and Expenses	4,119,261	4,246,808
Operating Earnings	1,064,198	1,135,871
Net interest expense	34,519	42,270
(Income) from TAP Pharmaceutical Products Inc. joint venture	(101,311)	(82,845)
Net foreign exchange (gain) loss	(610)	(3,046)
Other (income) expense, net	(3,417)	1,636
Earnings Before Taxes	1,135,017	1,177,856
Taxes on Earnings	270,134	339,968
Net Earnings	$ 864,883	$ 837,888
Basic Earnings Per Common Share	$ 0.57	$ 0.54
Diluted Earnings Per Common Share	$ 0.56	$ 0.53
Cash Dividends Declared Per Common Share	$ 0.295	$ 0.275
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,529,862	1,556,232
Dilutive Common Stock Options and Awards	7,833	13,273
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options and Awards	1,537,695	1,569,505
Outstanding Common Stock Options Having No Dilutive Effect	86,456	45,837

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)

	Three Months Ended March 31	
	2006	**2005**
Cash Flow From (Used in) Operating Activities:		
Net earnings	$ 864,883	$ 837,888
Adjustments to reconcile earnings to net cash from operating activities –		
Depreciation	248,746	224,530
Amortization of intangibles	123,846	120,350
Trade receivables	263,130	141,588
Inventories	159,943	(65,386)
Other, net	(492,567)	(736,582)
Net Cash From Operating Activities	1,167,981	522,388
Cash Flow From (Used in) Investing Activities:		
Acquisitions of property and equipment	(296,252)	(334,143)
Investment securities transactions	2,419	723,604
Other	1,503	1,343
Net Cash (Used in) From Investing Activities	(292,330)	390,804
Cash Flow From (Used in) Financing Activities:		
Proceeds from commercial paper, net	—	493,000
Payment of long-term debt	(425,000)	—
Other borrowing transactions, net	59,176	7,450
Purchases of common shares	(754,502)	(602,227)
Proceeds from stock options exercised, including tax benefit	93,479	76,797
Dividends paid	(423,551)	(405,740)
Net Cash (Used in) Financing Activities	(1,450,398)	(430,720)
Effect of exchange rate changes on cash and cash equivalents	9,018	(16,052)

Net cash provided by operating activities of discontinued operations	15,138	11,339
Net (Decrease) Increase in Cash and Cash Equivalents	(550,591)	477,759
Cash and Cash Equivalents, Beginning of Year	2,893,687	1,225,628
Cash and Cash Equivalents, End of Period	$ 2,343,096	$ 1,703,387

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)

	March 31 2006	December 31 2005
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,343,096	$ 2,893,687
Investment securities, primarily time deposits and certificates of deposit	61,566	62,406
Trade receivables, less allowances of $202,585 in 2006 and $203,683 in 2005	3,342,637	3,576,794
Inventories:		
Finished products	1,099,378	1,203,557
Work in process	652,745	630,267
Materials	666,414	708,155
Total inventories	2,418,537	2,541,979
Prepaid expenses, deferred income taxes, and other receivables	2,341,463	2,181,260
Assets held for sale	101,533	129,902
Total Current Assets	10,608,832	11,386,028
Investment Securities, primarily equity securities	138,304	134,013
Property and Equipment, at Cost	12,982,843	12,760,421
Less: accumulated depreciation and amortization	6,929,930	6,757,280
Net Property and Equipment	6,052,913	6,003,141
Intangible Assets, net of amortization	4,656,050	4,741,647
Goodwill	5,258,986	5,219,247
Other Long-term Assets and Investments in Joint Ventures	1,790,900	1,624,201
Assets Held for Sale	25,515	32,926
	$ 28,531,500	$ 29,141,203
Liabilities and Shareholders' Investment		
Current Liabilities:		
Short-term borrowings	$ 292,360	$ 212,447
Trade accounts payable	930,821	1,032,516
Salaries, dividends payable, and other accruals	3,647,906	3,771,274
Income taxes payable	393,394	488,926
Current portion of long-term debt	1,848,479	1,849,563
Liabilities of operations held for sale	47,580	60,788
Total Current Liabilities	7,160,540	7,415,514
Post-employment Obligations, Deferred Income Taxes and Other Long-term Liabilities	2,776,317	2,737,852
Long-term Debt	4,151,776	4,571,504
Liabilities of Operations Held for Sale	722	1,062
Commitments and Contingencies		
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: 2006: 1,539,659,521; 2005: 1,553,769,958	3,666,015	3,477,460
Common shares held in treasury, at cost -		
Shares: 2006: 13,442,022; 2005: 14,534,979	(196,295)	(212,255)
Earnings employed in the business	10,109,898	10,404,568
Accumulated other comprehensive income (loss)	862,527	745,498
Total Shareholders' Investment	14,442,145	14,415,271
	$ 28,531,500	$ 29,141,203

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

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, 2005.

Note 2 – Supplemental Financial Information
(dollars in thousands)

	Three Months Ended March 31	
	2006	2005
Net Interest Expense:		
Interest expense	$ 72,971	$ 57,315
Interest income	(38,452)	(15,045)
Total	$ 34,519	$ 42,270

Supplemental Cash Flow Information – Other, net in Net Cash From Operating Activities for 2006 and 2005 includes the effects of contributions to the main domestic defined benefit plan of $200,000 and $641,000, respectively, and to the post-employment medical and dental plans of $40,000 and $140,000, respectively.

Note 3 – Taxes on Earnings

Taxes on earnings reflect the estimated annual effective rates and for the first quarter 2005 include additional income taxes of approximately $57 million for remittances of foreign earnings of approximately $600 million in connection with the American Jobs Creation Act of 2004. The effective tax rates, excluding the effect of the income taxes on the remittances of foreign earnings, 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 4 – Litigation and Environmental Matters

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, Abbott estimates the range of possible loss to be from approximately $25 million to $135 million. The recorded reserve balance at March 31, 2006 for these proceedings and exposures was approximately $50 million. 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 5 – Post-Employment Benefits
(dollars in millions)

Retirement plans consist of defined benefit, defined contribution, and medical and dental plans. Net cost for the three months ended March 31 for Abbott's major defined benefit plans and post-employment medical and dental benefit plans is as follows:

	Defined Benefit Plans		Medical and Dental Plans	
	2006	2005	2006	2005
Service cost — benefits earned during the period	$ 54.7	$ 49.5	$ 13.1	$ 9.8
Interest cost on projected benefit obligations	69.5	64.6	19.5	16.1
Expected return on plans' assets	(93.9)	(87.8)	(3.9)	(2.2)
Net amortization	20.6	15.6	5.3	2.3
Net cost	$ 50.9	$ 41.9	$ 34.0	$ 26.0

Abbott funds its domestic defined benefit plans according to IRS funding limitations. In the first quarters of 2006 and 2005, $200 and $641, respectively, was contributed to the main domestic defined benefit plan and $40 and $140, respectively, was contributed to the post-employment medical and dental benefit

plans.

Note 6 – Comprehensive Income, net of tax
(dollars in thousands)

	Three Months Ended March 31	
	2006	2005
Foreign currency translation gain (loss) adjustments	$ 97,726	$ (59,687)
Unrealized gains (losses) on marketable equity securities	2,547	(16,660)
Net adjustments for derivative instruments designated as cash flow hedges	16,756	24,677
Other comprehensive income (loss), net of tax	117,029	(51,670)
Net Earnings	864,883	837,888
Comprehensive Income	$ 981,912	$ 786,218
Supplemental Comprehensive Income Information, net of tax:		
Cumulative foreign currency translation (gain) adjustments	$ (858,901)	$ (1,655,214)
Minimum pension liability adjustments	8,931	355,103
Cumulative unrealized (gains) on marketable equity securities	(10,994)	(1,041)
Cumulative (gains) losses on derivative instruments designated as cash flow hedges	(1,563)	29,090

Note 7 – 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, 2006, Abbott's segments were reorganized to reflect the shift of nutritional products from Abbott's International division to a newly formed division, Abbott Nutrition International. As a result of this reorganization, total assets of approximately $850 have been transferred from the International division to the Abbott Nutrition International Products division. For segment reporting purposes, Abbott's Ross Products division and the Abbott Nutrition International division are aggregated and reported as the Nutritional Products segment and the U.S. and international pharmaceutical products divisions are aggregated and reported as the Pharmaceutical Products segment. Abbott's reportable segments are as follows:

Pharmaceutical Products— Worldwide sales of a broad line of pharmaceuticals. For segment reporting purposes, two pharmaceutical divisions are aggregated and reported as the Pharmaceutical Products segment.

Diagnostic Products— Worldwide sales of diagnostic systems and tests for blood banks, hospitals, consumers, commercial laboratories and alternate-care testing sites. For segment reporting purposes, four diagnostic divisions are aggregated and reported as the Diagnostic Products segment.

Nutritional Products— Worldwide sales of a broad line of adult and pediatric nutritional products. For segment reporting purposes, two nutrition divisions are aggregated and reported as the Nutritional Products segment.

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 the cost of certain employee benefits are charged to segments at predetermined rates that approximate cost. Remaining costs, if any, are not allocated to segments. Substantially all 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.

	Three Months Ended March 31			
	Net Sales to External Customers		Operating Earnings	
	2006	2005	2006	2005
Pharmaceuticals (a)	$ 2,895	$ 3,304	$ 1,015	$ 1,011
Diagnostics	918	887	54	98
Nutritionals	1,142	995	388	292
Total Reportable Segments	4,955	5,186	1,457	1,401
Other	228	197		
Net Sales	$ 5,183	$ 5,383		
Corporate functions and benefit plans costs			78	48
Non-reportable segments			10	47
Net interest expense			35	42
(Income) from TAP Pharmaceutical Products Inc. joint venture			(101)	(83)
Share-based compensation (b)			146	8
Other, net, including amortization of intangible assets			154	161
Consolidated Earnings Before Taxes			$ 1,135	$ 1,178

(a) The decrease in Pharmaceutical Product segment sales was due primarily to the effects of the amendment to the Boehringer Ingelheim distribution agreement.

(b) Approximately 40 to 45 percent of the annual net cost of share-based awards will typically be recognized in the first quarter due to the timing of the granting of share-based awards.

Note 8 – Incentive Stock Programs

In the first quarter of 2006, Abbott granted 22,967,958 stock options, 1,545,630 replacement stock options, 987,600 (net of forfeitures of 100,000) restricted stock awards and 594,400 restricted stock units under the programs. The purchase price of shares under option must be at least equal to the fair market value of the common stock on the date of grant, and the maximum term of an option is 10 years. Options granted in 2006 vest equally over three years except for replacement options, which vest in six months. When an employee tenders mature shares to Abbott upon exercise of a stock option, a replacement stock option is granted equal to the amount of shares tendered. Replacement options are granted at the then current market price for a term that expires on the date of the underlying option grant. Except for replacement options, options granted after December 31, 2004 do not have a replacement option feature. Upon a change in control of Abbott, all outstanding stock options become fully exercisable, and all terms and conditions of all restricted stock awards are deemed satisfied. Restricted stock awards granted in 2006 have a 5 year term, with no more than one-third of the award vesting in any one year upon Abbott reaching a minimum return on equity target. Restricted stock units granted in 2006 vest over three years and upon vesting, the recipient receives one share of Abbott stock for each vested restricted stock unit. Restricted stock awards and settlement of vested restricted stock units are issued out of treasury shares. Abbott issues new shares for exercises of stock options. Abbott does not have a policy of purchasing its shares relating to its share-based programs. At March 31, 2006, approximately 24 million shares were reserved for future grants.

The number of restricted stock awards and units outstanding and their weighted-average grant-date fair value at January 1, 2006 and March 31, 2006 was 2,381,800 ($50.09) and 3,579,214 ($47.42), respectively. The number of restricted stock awards and units, and their weighted-average grant-date fair value, granted, vested and lapsed during the three months ended March 31, 2006 were 1,682,000 ($44.14), 384,586 ($50.46) and 100,000 ($44.16), respectively. The fair value of restricted stock awards and units vested in the three months ended March 31, 2006 and 2005 was $17,623,152 and $4,062,217, respectively.

	Options Outstanding			Exercisable Options		
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
January 1, 2006	141,122,811	$ 42.69	6.3	98,328,158	$ 42.77	5.4
Granted	24,513,588	44.09				
Exercised (total intrinsic value was $60,588,307)	(5,117,642)	31.37				
Lapsed	(1,805,543)	46.85				
March 31, 2006	158,713,214	$ 43.22	6.7	113,126,218	$ 42.79	5.7

The aggregate intrinsic value of options outstanding and exercisable at March 31, 2006 was $325 million and $314 million, respectively. The total unrecognized compensation cost related to all share-based compensation plans at March 31, 2006 amounted to approximately $350 million and is expected to be recognized over the next three years.

On January 1, 2006, Abbott adopted the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment,” which requires that the fair value of share-based awards be recorded in the results of operations. Under the revised standard, awards issued prior to 2006 are charged to expense under the prior rules, and awards issued after 2005 are charged to expense under the revised rules. Total non-cash compensation expense charged against income in the first quarter of 2006 for share-based plans totaled approximately $146 million and the tax benefit recognized was approximately $35 million. Approximately 40 to 45 percent of the annual net cost of share-based awards will typically be recognized in the first quarter due to the timing of the granting of share-based awards. Compensation cost capitalized as part of inventory is not significant. Through December 31, 2005, Abbott measured compensation cost using the intrinsic value-based method of accounting for stock options and replacement options granted to employees. Abbott used the modified prospective method of adoption. Under this method, prior years’ financial results do not include the impact of recording stock options using fair value. Had compensation cost been determined using the fair value-based accounting method in 2005, pro forma net income (*in millions*) and earnings per share (EPS) amounts would have been as follows:

	Three Months Ended March 31, 2005
Net earnings, as reported	$ 838
Compensation cost under fair value-based accounting method, net of taxes of $25	(90)
Net earnings, pro forma	$ 748
Basic EPS, as reported	$ 0.54
Basic EPS, pro forma	0.48
Diluted EPS, as reported	0.53
Diluted EPS, pro forma	0.48

The weighted average fair value of an option granted in 2006 and 2005 was $11.72 and $12.17, respectively. The fair value of an option grant was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2006	2005
Risk-free interest rate	4.6%	3.8%
Average life of options (years)	6.1	5.4

Volatility	28.0%	29.0%
Dividend yield	2.7%	2.2%

The risk-free interest rate is based on the rates available at the time of the grant for zero-coupon U.S. government issues with a remaining term equal to the option's expected life. The average life of an option granted in 2006 is based on both historical and projected exercise and lapsing data. Prior to 2006, the average life of an option granted was based on historical experience. Expected volatility for 2006 option grants is based on implied volatilities from traded options on Abbott's stock and historical volatility of Abbott's stock over the expected life of the option. Expected volatility for options granted prior to 2006 was based on historical volatility over a period prior to the option grant equal to the option's expected life. Dividend yield is based on the option's exercise price and annual dividend rate at the time of grant.

Note 9 – Equity Method Investment
(dollars in millions)

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

	Three Months Ended March 31	
	2006	2005
Net sales	$ 784.6	$ 760.8
Cost of sales	209.4	222.8
Income before taxes	319.1	260.9
Net earnings	202.6	165.7

	March 31 2006	December 31 2005
Current assets	$ 1,386.8	$ 1,339.1
Total assets	1,519.9	1,470.2
Current liabilities	1,150.7	1,082.2
Total liabilities	1,209.4	1,136.2

Note 10 – Goodwill and Intangible Assets
(dollars in millions)

Foreign currency translation adjustments and other adjustments increased (decreased) goodwill in the first quarter 2006 and 2005 by approximately $40 and $(43), respectively. There were no 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 $6,820 as of March 31, 2006 and $6,776 as of December 31, 2005, and accumulated amortization was $2,182 as of March 31, 2006 and $2,053 as of December 31, 2005. Intangible assets with indefinite lives are not significant. The estimated annual amortization expense for intangible assets is $487 in 2006, $474 in 2007, $465 in 2008, $464 in 2009, and $467 in 2010. Intangible assets are amortized primarily on a straight-line basis over 4 to 25 years (average 13 years).

Note 11 – Restructuring Plans

In 2005, Abbott management approved plans to realign its global manufacturing operations and selected international commercial operations. An additional $7 million was subsequently recorded in the first quarter 2006 relating to these restructurings, primarily for accelerated depreciation.

The following summarizes the activity for restructurings *(dollars in millions)*:

	Employee-Related and Other	Asset Impairments	Total
2005 restructuring charges	$ 191.7	$ 63.8	$ 255.5
Payments and impairments	(36.9)	(63.8)	(100.7)
Accrued balance at December 31, 2005	154.8	—	154.8
Payments and other adjustments	(36.2)	—	(36.2)
Accrued balance at March 31, 2006	$ 118.6	$ —	$ 118.6

Note 12 – Subsequent Event

On April 21, 2006, Abbott acquired Guidant's vascular intervention and endovascular solutions businesses for $4.1 billion, in cash, in connection with Boston Scientific's acquisition of Guidant. Abbott will also pay $250 million each upon government approvals to market Guidant's drug-eluting stent in the U.S. and in Japan. Abbott also acquired $1.4 billion of Boston Scientific common stock directly from Boston Scientific, and loaned $900 million to a wholly-owned subsidiary of Boston Scientific. The loan is guaranteed by Boston Scientific, bears interest at 4 percent and is due in April 2011. The acquisition of Guidant's vascular intervention and endovascular solutions businesses and the Boston Scientific common stock and the loan to Boston Scientific were financed with commercial paper borrowings of approximately $4.1 billion and approximately $2.3 billion of cash.

Results of Operations

The following table details sales by reportable segment for the three months ended March 31:
(dollars in millions)

	Net Sales to External Customers		Absolute Percent Change (a)	Percent Change Excluding BI Products (b)
	2006	2005		
Pharmaceuticals	$ 2,895	$ 3,304	(12.4)	1.5
Diagnostics	918	887	3.5	3.5
Nutritionals	1,142	995	14.7	14.7
Total Reportable Segments	4,955	5,186	(4.5)	4.7
Other	228	197	16.5	16.5
Net Sales	$ 5,183	$ 5,383	(3.7)	5.2
Total U.S.	$ 2,674	$ 2,963	(9.7)	6.7
Total International	$ 2,509	$ 2,420	3.7	3.7

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

b) The Pharmaceutical Products segment has an agreement with Boehringer Ingelheim (BI) to co-promote and distribute three of its products in the U.S. In 2005, Abbott and BI amended the agreement. Effective January 1, 2006, Abbott no longer distributes or records sales for distribution activities for the BI products. Abbott continued to co-promote one product, *Micardis*, through March 31, 2006, and receives residual commissions on BI's sales of the products.

Worldwide sales for the first quarter 2006 compared to 2005, excluding sales of BI products, reflect primarily unit growth and are partially offset by the negative effect of the relatively stronger U.S. dollar. The relatively stronger U.S. dollar decreased first quarter 2006 consolidated net sales 2.7 percent and decreased Total International sales 6.0 percent over the first quarter of 2005. In addition, the effect of the relatively stronger U.S. dollar decreased first quarter 2006 sales in the Diagnostic Products segment by 4.4 percent and sales in the Pharmaceutical Products segment by 2.8 percent. Sales for the Nutritional Products segment were favorably impacted in 2006 by incremental revenue from a revised agreement for the U.S. promotion of *Synagis*.

A comparison of the product group sales by segment for the three months ended March 31 is as follows: *(dollars in millions)*

	Three Months Ended March 31			
	2006	Percentage Change (a)	2005	Percentage Change (a)
Pharmaceuticals —				
U.S. Pharmaceutical Operations	$ 877	3.4	$ 849	13.1
U.S. Specialty Operations	484	10.6	438	10.6
International Other Pharmaceuticals	904	2.5	882	23.4
International Anti-Infectives	219	(16.2)	261	6.4
International Hospital Pharmaceuticals	149	3.3	144	10.2
Diagnostics —				
Immunochemistry	510	(2.3)	522	2.6
Diabetes Care	273	10.7	247	74.0
Nutritionals —				
U.S. Pediatric Nutritionals	272	(1.9)	278	(6.4)
International Pediatric Nutritionals	200	30.9	153	12.7
U.S. Adult Nutritionals	262	2.4	256	20.8
International Adult Nutritionals	176	6.8	165	9.0

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

Increased sales volume of *Humira* and *Tricor* in 2006 favorably impacted U.S Pharmaceutical Operations. These increases were partially offset by lower U.S. sales of *Biaxin* due to generic competition for the immediate-release formulation as well as a weaker flu season. U.S. sales of *Biaxin* were $51 million and $114 million in the first quarter of 2006 and 2005, respectively. U.S. Specialty Operations were favorably impacted by increased sales of *Kaletra* and *Depakote* and decreased sales volume of *clarithromycin* unfavorably impacted International Anti-Infectives. Diabetes Care product sales in 2005 were favorably impacted by the acquisition of TheraSense in the second quarter of 2004. The decrease in sales of U.S. pediatric nutritionals in the Nutritional Products segment in 2006 and 2005 was primarily due to overall infant nutritionals non-WIC category decline and competitive share loss.

On January 1, 2006, Abbott adopted the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment," which requires that the fair value of share-based awards be recorded in the results of operations. Abbott used the modified prospective method of adoption. Under this method, prior years' financial results do not include the impact of recording stock options using fair value. Total non-cash compensation expense charged against income in the first quarter of 2006 for share-based plans totaled approximately $146 million. Approximately 40 to 45 percent of the annual net cost of share-based awards will typically be recognized in the first quarter due to the timing of the grants of share-based awards.

The gross profit margin was 58.1 percent for the first quarter 2006, compared to 53.1 percent for the first quarter 2005. The increase in the gross profit margin was due to favorable product mix, primarily as a result of decreased sales of Boehringer Ingelheim products that have lower margins than for other products in the Pharmaceutical Products segment.

Research and development expenses increased 11.1 percent in the first quarter 2006 over the first quarter 2005. Included in research and development expenses in 2006 is approximately $32 million of compensation expense relating to share-based awards. This increased research and development expenses by 7.2 percentage points over 2005. The remaining increase was due, in part, to increased spending to support pipeline programs, including follow-on indications for *Humira*, and other late-stage clinical programs in pharmaceuticals, diabetes care and vascular devices. The majority of research and development expenditures are concentrated on pharmaceutical products.

Selling, general and administrative expenses for the first quarter 2006 increased 13.7 percent over the first quarter 2005. Included in selling, general and administrative expenses in 2006 is approximately $95 million of incremental compensation expense relating to share-based awards. This increased selling, general and administrative expenses by 7.5 percentage points over 2005. The remaining increase was due primarily to increased selling and marketing support for new and existing products, including continued spending for *Humira*, as well as spending on other marketed pharmaceutical products.

Restructurings

In 2005, Abbott management approved plans to realign its global manufacturing operations and selected international commercial operations. An additional $7 million was subsequently recorded in the first quarter 2006 relating to these restructurings, primarily for accelerated depreciation.

The following summarizes the activity for restructurings *(dollars in millions)*:

	Employee-Related and Other	Asset Impairments	Total
2005 restructuring charges	$ 191.7	$ 63.8	$ 255.5
Payments and impairments	(36.9)	(63.8)	(100.7)
Accrued balance at December 31, 2005	154.8	—	154.8
Payments and other adjustments	(36.2)	—	(36.2)
Accrued balance at March 31, 2006	$ 118.6	$ —	$ 118.6

Interest Expense

Net interest expense decreased in the first quarter 2006 due to higher interest income as a result of higher investment balances and interest rates, partially offset by higher interest expense due to higher interest rates.

(Income) from TAP Pharmaceutical Products Inc. Joint Venture

Abbott's income from the TAP Pharmaceutical Products Inc. joint venture is higher in 2006 compared to 2005 due primarily to higher sales.

Taxes on Earnings

Taxes on earnings reflect the estimated annual effective rates and for the first quarter 2005 include additional income taxes of approximately $57 million for remittances of foreign earnings of approximately $600 million in connection with the American Jobs Creation Act of 2004. The effect of the increased income taxes on the remittance of foreign earnings was to increase the first quarter 2005 effective tax rate by approximately 4.9 percentage points. The effective tax rates, excluding the effect of the income taxes on the remittances of foreign earnings, 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.

Business Acquisition Subsequent to March 31, 2006

On April 21, 2006, Abbott acquired Guidant's vascular intervention and endovascular solutions businesses for $4.1 billion, in cash, in connection with Boston Scientific's acquisition of Guidant. Abbott will also pay $250 million each upon government approvals to market Guidant's drug-eluting stent in the U.S. and in Japan. Abbott also acquired $1.4 billion of Boston Scientific common stock directly from Boston Scientific, and loaned $900 million to a wholly-owned subsidiary of Boston Scientific. The loan is guaranteed by Boston Scientific, bears interest at 4 percent and is due in April 2011.

Liquidity and Capital Resources at March 31, 2006 Compared with December 31, 2005

Net cash from operating activities for the first three months 2006 totaled approximately $1.2 billion. The increase in cash from operating activities compared to the first quarter 2005 was primarily due to lower contributions to retirement benefit plans in 2006 compared to 2005 and lower inventory levels and trade accounts receivable. The retirement plan payments are included in Other, net in the Condensed Consolidated Statement of Cash Flows. Abbott expects annual cash flow from operating activities to continue to exceed Abbott's capital expenditures and cash dividends.

The acquisition of Guidant's vascular intervention and endovascular solutions businesses in April 2006 and the Boston Scientific common stock and the loan to Boston Scientific were financed with commercial paper borrowings of approximately $4.1 billion and approximately $2.3 billion of cash.

At March 31, 2006, Abbott had working capital of approximately $3.4 billion compared to working capital of approximately $4.0 billion at December 31, 2005. The decrease in working capital was primarily due to the repayments of long-term debt.

At March 31, 2006, 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 $7.0 billion, including a $4 billion short-term facility, which supports commercial paper borrowing arrangements. Subsequent to the announced potential acquisition of Guidant's vascular intervention and endovascular solutions businesses, Standard and Poor's affirmed its current debt ratings for Abbott and maintained its current "stable" outlook. On April 21, 2006, Moody's Investors Service affirmed its current debt ratings for Abbott and changed its current outlook from "stable" to "negative."

In October 2004, the board of directors authorized the purchase of 50 million shares of Abbott's common stock from time to time. During the three months ended March 31, 2006 and 2005, Abbott purchased approximately 17.3 million and 13.2 million, respectively, of its common shares under this authorization at a cost of approximately $755 million and $602 million, respectively.

Under a registration statement filed with the Securities and Exchange Commission in February 2006, Abbott may offer and sell from time to time debt securities in one or more offerings through February 2009. In the first quarter of 2006, Abbott entered into forward interest rate swaps to hedge potential changes in the amount of future interest payments of $1.5 billion on debt that is anticipated to be issued under this registration statement in 2006. The effect of this cash flow hedge is to fix a portion of the effective interest rate on this debt at the market rate of interest at the date the swaps were entered into.

Legislative Issues

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 and Item 1A, Risk Factors in the Annual Report on Form 10-K for the year ended December 31, 2005 and to this Quarterly Report on Form 10-Q.

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 Item 1A, Risk Factors and Exhibit 99.1 to the Annual Report on Form 10-K for the year ended December 31, 2005 and Item 1A, Risk Factors to this Quarterly Report on Form 10-Q.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In connection with the acquisition of Guidant's vascular intervention and endovascular solutions businesses on April 21, 2006, Abbott purchased 64.6 million shares, or $1.4 billion of Boston Scientific common stock and loaned $900 million to a wholly-owned subsidiary of Boston Scientific. Abbott is required to dispose of the shares by October 2008. Unless the shares trade above $30 per share for twenty consecutive days, Abbott cannot dispose of any shares until October 2006. Finally, sales of Boston's shares are limited to approximately 5.4 million shares per month until October 2007. A hypothetical 20 percent decrease in Boston Scientific's share price would decrease the fair value of the Boston Scientific shares by approximately $280 million. In addition, Abbott is a creditor of Boston Scientific for the $900 million loan that is due in 2011 and, as such, is subject to credit risk.

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 the reports that it files or submits with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Exchange Act") 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.

(b) *Changes in internal control over financial reporting.* During the quarter ended March 31, 2006, there were no changes in Abbott's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, Abbott's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Abbott is involved in various claims, legal proceedings and investigations, including (as of March 31, 2006, except as otherwise indicated) those described below.

In its 2005 Form 10-K, Abbott reported that a number of cases, brought as purported class actions or representative actions, are pending that 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. These cases brought by private plaintiffs, state counties and State Attorneys General generally seek damages, treble damages, disgorgement of profits, restitution and attorneys' fees. The federal court cases have been consolidated in the United States District Court for the District of Massachusetts as *In re: Pharmaceutical Industry Average Wholesale Price Litigation, MDL 1456.* Forty New York counties and the City of New York have amended previously reported suits by filing a consolidated amended complaint in *MDL 1456.* Two cases filed in state court and previously reported as being removed to federal court and transferred to *MDL 1456* have been remanded to state court: *Commonwealth of Kentucky* and *State of Illinois.*

In its 2005 Form 10-K, Abbott reported that it is a defendant in numerous lawsuits involving the drug oxycodone (a drug sold under the trademark OxyContin®), which is manufactured by Purdue Pharma. Abbott previously promoted OxyContin 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. As of March 31, 2006, there are a total of 162 lawsuits pending in which Abbott is a party. Ten cases are pending in federal court and 152 cases are pending in state court. 153 cases are brought by individual plaintiffs, and 9 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 2005 Form 10-K, Abbott reported that it is a defendant in a number of lawsuits involving the drug sibutramine (sold under the trademarks Meridia®, Reductil®, Reductyl™, and Reductal™) that have been brought either as purported class actions or on behalf of individual plaintiffs. The lawsuits generally allege design defects and failure to warn. Certain lawsuits also allege consumer protection violations and/or unfair trade practices. The previously reported case, *Leathers*, has been transferred to the United States District Court for the Northern District of Ohio. In January 2006, an additional case, *Sugar,* was filed in state court in New York, and has since been removed to the United States District Court for the Western District of New York. Outside of the United States, one case is pending in Canada (*Mandel*, filed in June 2002 in the Ontario Superior Court of Justice, Toronto, Canada) and three cases are pending in Italy (*Guerrino,* filed in September 2005 in the Civil Court of Rimini, Italy; *Russo,* filed in March 2006 in the Civil Court of Naples, Italy; and *Casartelli,* refiled in February 2004 in the Civil Court of Milan, Italy).

In its 2005 Form 10-K, Abbott reported that a case against Takeda Pharmaceutical Company Limited and Takeda America Holdings, Inc. ("Takeda") is pending in the United States District Court for the Northern District of Illinois. In February 2006, the trial court granted Takeda's motion to dismiss, ruling that Abbott must pursue its claim against Takeda in Japan. Abbott filed an appeal with the Seventh Circuit.

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 1A. Risk Factors

The Financial Review and other sections of this Form 10-Q may contain forward-looking statements that are based on management's current expectations, estimates, projections, and forecasts. Certain factors, including those described in the section of Abbott's 2005 Annual Report on Securities and Exchange Commission Form 10-K captioned, "Risk Factors" and in Exhibit 99.1 to that Form 10-K, as well as the additional risks noted below, may cause actual results to differ materially from current expectations, estimates, projections, and forecasts and from past results. Additional risks and uncertainties not presently known to Abbott, or risks Abbott currently considers immaterial, could also affect Abbott's actual results.

Abbott will have a significant investment in Boston Scientific.

On April 21, 2006, in connection with Abbott's acquisition of the vascular intervention and endovascular solutions businesses of Guidant Corporation, Abbott purchased 64.6 million shares of Boston Scientific stock for $1.4 billion and loaned BSC International Holding, Limited, (a wholly-owned subsidiary of Boston Scientific) $900 million on a subordinated basis. This loan is payable in April 2011, accrues interest on its outstanding principal amount at a rate of 4.00% per annum, and is unconditionally guaranteed by Boston Scientific. Abbott may not sell any of these Boston Scientific shares until October 2006, unless the average price per share of Boston Scientific's common stock over any consecutive 20-day trading period exceeds $30.00. In addition, until October 2007, Abbott generally may not, in any one-month period, sell more than approximately 5.4 million shares. For so long as the loan is outstanding, Abbott will be a general unsecured creditor of Boston Scientific with respect to the $900 million loan and, as such, is subject to credit risk. For so long as Abbott holds these shares, Abbott will have a substantial undiversified equity investment in Boston Scientific and, therefore, will be subject to the risk of changes in the market value of those shares.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(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	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be

			Announced Plans or Programs	Purchased Under the Plans or Programs
January 1, 2006 – January 31, 2006	2,348,583(1)	$ 43.046	1,822,000	18,213,556(2)
February 1, 2006 – February 28, 2006	16,326,511(1)	$ 43.602	15,504,000	2,709,556(2)
March 1, 2006 – March 31, 2006	407,812(1)	$ 43.953	0	2,709,556(2)
Total	19,082,906	$ 43.541	17,326,000	2,709,556(2)

1. These shares include:

   (i) the shares deemed surrendered to Abbott to pay the exercise price in connection with the exercise of employee stock options – 513,583 in January, 809,511 in February, and 394,812 in March; and

   (ii) the shares purchased on the open market for the benefit of participants in the Abbott Canada Stock Retirement Plan – 13,000 in January, 13,000 in February, and 13,000 in March.

   These shares do not include the shares surrendered to Abbott to satisfy tax withholding obligations in connection with the vesting of restricted stock or restricted stock units.

2. On October 14, 2004, Abbott announced that Abbott's 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: May 4, 2006

EXHIBIT INDEX

Exhibit No.	Exhibit
10.1	Amendment No. 3 to Transaction Agreement dated as of February 22, 2006, between Boston Scientific Corporation and Abbott Laboratories.
10.2	Amendment No. 4 to Transaction Agreement dated as of April 5, 2006, between Boston Scientific Corporation and Abbott Laboratories.
10.3	Base Salary of Richard A. Gonzalez.
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.

AMENDMENT NO. 3
TO
TRANSACTION AGREEMENT

THIS AMENDMENT NO. 3 TO TRANSACTION AGREEMENT (this "Amendment 3"), dated as of February 22, 2006, between BOSTON SCIENTIFIC CORPORATION, a Delaware corporation ("Boston Scientific"), and ABBOTT LABORATORIES, an Illinois corporation ("Abbott").

WHEREAS, Boston Scientific and Abbott are parties to that certain Transaction Agreement dated as of January 8, 2006 and amended by Amendment Nos. 1 and 2 thereto dated as of January 16, 2006, pursuant to which Abbott agreed to acquire certain assets and businesses and assume certain liabilities of Guidant contingent upon Boston Scientific's acquisition of Guidant (the "Agreement"); and

WHEREAS, Boston Scientific and Abbott desire to further amend the Agreement as provided in this Amendment 3 in accordance with Section 12.07 of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and the promises and mutual agreements contained in this Amendment 3, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

SECTION 1. Amendments to the Agreement. (a) Section 2.03(b) of the Agreement is hereby amended and restated to read as follows:

"(b) On or before March 1, 2006, Abbott shall provide Boston Scientific with a proposed allocation of the Purchase Price among the Asset categories (the "Allocation") for Boston Scientific's review and comment. For purposes of the Allocation, Asset categories shall consist of the following two classes: (i) Assets located or owned in the United States, and (ii) Assets located or owned outside of the United States. If Boston Scientific does not provide any comments to Abbott in writing within 17 days following delivery by Abbott of the proposed Allocation, then the Allocation proposed by Abbott shall be deemed to be final and binding, absent manifest error. If, however, Boston Scientific submits comments to Abbott within such 17-day period, Abbott and Boston Scientific shall negotiate in good faith to resolve any differences within 12 days of such submission. If Boston Scientific and Abbott are unable to reach a resolution within such 12 day period, then all remaining disputed items shall be submitted for resolution by an internationally-recognized, independent accounting firm mutually selected by Abbott and Boston Scientific (the "Allocation Accounting Firm"), which shall make a final determination as to the disputed items within 17 days after such submission, but in no event later than 20 days following the closing of the Merger, and such determination shall be final and binding on Boston Scientific and

Abbott. The fees and disbursements of the Allocation Accounting Firm shall be shared equally between Boston Scientific and Abbott. Any subsequent adjustments to the Purchase Price shall be reflected in the Allocation in a manner consistent with Section 1060 of the Code and the Regulations thereunder. For all Tax purposes, Abbott and Boston Scientific agree that the transactions contemplated by this Agreement shall be reported in a manner consistent with the terms of this Agreement, including the Allocation, and that neither of them will take any position inconsistent therewith in any Tax Return, in any refund claim, in any litigation, or otherwise."

(b) Section 5.07(b) of the Agreement is hereby amended and restated to read as follows:

"(b) (i) During the term of the supply arrangements, if Boston Scientific manufactures drug eluting stent systems substantially identical to DES Stents being supplied by Abbott under the supply arrangements, then for each such drug eluting stent system that Boston Scientific sells or otherwise transfers for value to a third party (which shall not include samples or drug eluting stent systems provided at no cost for use in clinical trials), Boston Scientific shall pay to Abbott an amount equal to the Manufacturing Margin (as defined below).

(ii) If Boston Scientific wishes to substitute the delivery system of a DES Stent, then, at its option, Boston Scientific shall either (A) deliver the substitute component to Abbott for inclusion in DES Stents to be supplied by Abbott to Boston Scientific, or (B) manufacture the DES Stents itself, in which case Boston Scientific shall, during the term of the applicable supply arrangement, pay to Abbott the Manufacturing Margin with respect to each such DES Stent sold or otherwise transferred for value to third parties (which shall not include samples or DES Stents provided at no cost for use in clinical trials).

(iii) At the request of Boston Scientific, during the term of the supply arrangements, Abbott will supply to Boston Scientific at cost, for use in DES Stents or any everolimus-eluting stent system of Boston Scientific, any components used at any time during the term of the supply arrangements in manufacturing DES Stents sold by Abbott. If the mere supply of any components pursuant to this Section 5.07(b)(iii) would result in a breach of any license or other agreement included in the Assets entered into by Guidant with a third party prior to the Closing, then Abbott shall have no obligation to supply such components unless Boston Scientific has entered into a separate written license or other agreement with such third party authorizing the supply of such components by Abbott to Boston Scientific, and Abbott shall assist Boston Scientific in obtaining such license or agreement. If Abbott supplies components to Boston Scientific that, at the time of such supply, Abbott is not using to make DES Stents, and if such components infringe the Intellectual Property of a third party, then Boston Scientific will indemnify Abbott against any damages incurred by Abbott as a result of an Action by such third party alleging that Abbott's manufacture, use or sale of such components supplied to Boston Scientific, or Boston Scientific's sale or use of such components, infringes such Intellectual Property. Abbott shall invoice Boston Scientific with respect to such components upon shipment of such components, and Boston Scientific shall pay for such components within 45 days from the date of its receipt of such components.

Boston Scientific shall reimburse Abbott for any actual costs associated with changeovers from Abbott to Boston Scientific components included in the DES Stents. Abbott shall invoice Boston Scientific with respect to costs associated with such changeovers, and Boston Scientific will make payment on such invoices within 45 days from the date of Abbott's invoice. Each invoice delivered by Abbott regarding component or changeover costs will be subject, at Boston Scientific's request, to an audit on an annual basis by a third party reasonably acceptable to the parties. The parties shall reimburse each other, as applicable, no later than the tenth Business Day following the completion of such third party audit, for the aggregate amount of any overpayment or underpayment by Boston Scientific during the applicable year based on such audit."

(c) Section 5.07(h) of the Agreement is hereby amended and restated to read as follows:

"(h) Abbott shall invoice Boston Scientific with respect to the Abbott Manufacturing Cost (as defined below) for each DES Stent (including samples of DES Stents) supplied by Abbott to Boston Scientific upon shipment, and Boston Scientific shall pay such Abbott Manufacturing Cost to Abbott within 45 days from the date of receipt by Boston Scientific of such DES Stent. In addition, for each DES Stent supplied by Abbott to Boston Scientific and sold or otherwise transferred for value to a third party by Boston Scientific (which shall not include samples or DES Stents provided at no cost for use in clinical trials), Boston Scientific shall pay an amount equal to the Manufacturing Margin with respect to such DES Stent. For purposes of this Agreement, "Abbott Manufacturing Cost" means, for each DES Stent shipped during the relevant calendar year, (i) $400 in 2006, (ii) $350 in 2007, (iii) $300 in 2008, (iv) $275 in 2009, and (v) $250 in 2010 and all other calendar years thereafter during the term of the supply arrangements, in each case as adjusted pursuant to the provisions of Section 5.07(l)."

(d) The first sentence of Section 5.07(i) is hereby amended and restated to read as follows:

"Boston Scientific will pay directly to a third party any royalty payments required to be paid to such third party (pursuant to any license agreements or arrangements with such third party) in respect of any sales by Boston Scientific or its Affiliates of DES Stents."

(e) Section 5.07(j) of the Agreement is hereby amended and restated to read as follows:

"(j) The "MRG Price" in a particular Territory means the weighted average selling price of DES Stents or drug eluting stent systems substantially identical to DES Stents sold or otherwise transferred for value to a third party by Boston Scientific during the relevant quarter of the term of the applicable supply arrangement as reflected in reports prepared by Millennium Research Group (or, if Millennium Research Group does not cover the Rest of the World or Japan, or is no longer preparing such data for the United States or Europe, by another independent market research firm reasonably acceptable to the parties); provided that the MRG Price as it relates to the United States, Europe and Rest of World will include a discount to such weighted average selling price

of 6% to reflect customary rebates and discounts for drug eluting stent systems in such Territories, and the MRG Price as it relates to Japan will include a discount to such weighted average selling price of 25% to reflect customary rebates, discounts and distribution costs in Japan, in each case as adjusted pursuant to the provisions of Section 5.07(l)."

(f) The following new Section 5.07(k) is hereby added to the Agreement:

"(k) Within 45 days following the end of each calendar quarter during the term of the supply arrangements, Boston Scientific shall pay to Abbott the aggregate Manufacturing Margin due for such calendar quarter and deliver to Abbott a written statement showing how such aggregate Manufacturing Margin was calculated that includes the following information for such calendar quarter in each Territory (i) the number of DES Stents and/or drug eluting stent systems substantially identical to DES Stents sold or otherwise transferred for value to third parties by Boston Scientific (which shall not include samples or DES Stents provided at no cost for use in clinical trials), and (ii) a calculation of the per unit Manufacturing Margin payable to Abbott. The per unit "Manufacturing Margin" shall be equal to 40% of the result obtained by subtracting from the MRG Price the sum of (A) royalties (calculated based on the MRG Price) payable to third parties by Boston Scientific with respect to each DES Stent or drug eluting stent systems substantially identical to DES Stents sold or otherwise transferred for value to third parties by it (which shall not include samples or DES Stents provided at no cost for use in clinical trials), (B) 7% of the MRG Price, representing Boston Scientific's variable selling costs for each DES Stent or drug eluting stent systems substantially identical to DES Stents, and (C) the Abbott Manufacturing Cost; provided, however, that if during any quarterly period during the term of the supply arrangement, the MRG Price of the DES Stent supplied by Abbott in any Territory is less than $400, then the Manufacturing Margin for such DES Stent in such Territory during the relevant calendar quarter in which such MRG Price is less than $400 shall instead be equal to 25% of the Abbott Manufacturing Cost; and, provided, further, that in no case shall the Manufacturing Margin be less than zero."

(g) The following new Section 5.07(l) is hereby added to the Agreement:

"(l) (i) On the first Business Day of each of the thirteenth and twenty-first calendar quarters of the supply arrangements (each, a "True-Up Quarter"), Boston Scientific will deliver to an independent certified public accountant reasonably acceptable to the parties (the "True-Up Accountant") the following reports covering the first two years (beginning on the first day of the calendar quarter in which the supply arrangement first becomes effective) and the next succeeding two years of the term of the supply arrangements, respectively:

(A) a report of Boston Scientific's average actual cost, calculated on a quarterly basis, of manufacturing drug eluting stent systems in each Territory pursuant to Section 5.07(b)(i), and of manufacturing DES Stents in each Territory pursuant to clause (B) of Section 5.07(b)(ii) (a "Boston Scientific Cost Report");

(B) a report of Boston Scientific's actual weighted average selling price (after taking into account any rebates and discounts actually granted to customers in the relevant Territory) (the "Actual Selling Price"), calculated on a quarterly basis, for DES Stents or drug eluting stent systems substantially identical to DES Stents sold or otherwise transferred for value to a third party by Boston Scientific (which shall not include samples or DES Stents provided at no cost for use in clinical trials) (a "Selling Price Report"); and

(C) a report of average actual royalties paid to third parties by Boston Scientific pursuant to Section 5.07(i) ("Actual Royalties"), calculated on a quarterly basis, with respect to DES Stents or drug eluting stent systems substantially identical to DES Stents sold or otherwise transferred for value to a third party by Boston Scientific (which shall not include samples or DES Stents provided at no cost for use in clinical trials) (a "Royalty Report").

On the first Business Day of the third calendar quarter following any termination of a supply arrangement (a "Final True-Up Quarter"), Boston Scientific will deliver to the True-Up Accountant a Boston Scientific Cost Report, a Selling Price Report and a Royalty Report for any period remaining in the term of such supply arrangement following the fourth year of such supply arrangement. Each Boston Scientific Cost Report, Selling Price Report and Royalty Report delivered pursuant to this Section 5.07(l)(i) will be subject, at Abbott's request, to an audit by a third party reasonably acceptable to the parties.

(ii) On the first Business Day of the first True-Up Quarter, Abbott will deliver to the True-Up Accountant a report of its average actual cost, calculated on a quarterly basis, of manufacturing DES Stents in each Territory (an "Abbott Cost Report") for the first two years (beginning on the first day of the calendar quarter in which the supply arrangement first becomes effective) of the term of the supply arrangements. On the first Business Day of the second True-Up Quarter, Abbott will deliver to the True-Up Accountant an Abbott Cost Report for the next succeeding two years of the term of the supply arrangements. On the first Business Day of a Final True-Up Quarter, Abbott will deliver to the True-Up Accountant an Abbott Cost Report for any period remaining in the term of such supply arrangement following the fourth year of such supply arrangement. Each Abbott Cost Report delivered pursuant to this Section 5.07(l)(ii) will be subject, at Boston Scientific's request, to an audit by a third party reasonably acceptable to the parties.

(iii) If (A) Boston Scientific's or Abbott's actual manufacturing costs during the period covered by a Boston Scientific Cost Report or Abbott Cost Report, as applicable, are greater or less than the Abbott Manufacturing Cost during such period, (B) Boston Scientific's Actual Selling Price during the period covered by a Selling Price Report is greater or less than the MRG Price during such period, or (C) the Actual Royalties paid by Boston Scientific during the period covered by a Royalty Report are greater or less than the amount of royalties calculated based on MRG Price for purposes of calculating the Manufacturing Margin during such period, then the True-Up Accountant shall recalculate the amounts that would have been payable by Boston

Scientific to Abbott during such period pursuant to Sections 5.07(b)(i) and 5.07(b)(ii)(B) (assuming for purposes of this clause (iii) that the reference to "Abbott Manufacturing Cost" in clause (C) of the definition of Manufacturing Margin is a reference to Boston Scientific's actual cost of manufacturing drug eluting stent systems) and Section 5.07(h) (assuming for purposes of this clause (iii) that the reference to "Abbott Manufacturing Cost" in clause (C) of the definition of Manufacturing Margin is a reference to Abbott's actual cost of manufacturing DES Stents) using the actual manufacturing costs, Actual Selling Prices and Actual Royalties, and the parties shall reimburse each other, as applicable, for the aggregate amount of any overpayment or underpayment by Boston Scientific during such period based on such recalculated amount. Any such payment will be made no later than the later of (x) the twentieth Business Day of such True-Up Quarter or the Final True-Up Quarter, as applicable, and (y) the tenth Business Day following the completion by a third party of its audit of any Boston Scientific Cost Report, Abbott Cost Report, Selling Price Report or Royalty Report as applicable.

(iv) Boston Scientific and Abbott shall cause the True-Up Accountant and each third party auditor to treat confidentially each Boston Scientific Cost Report, Abbott Cost Report, Selling Price Report and Royalty Report."

(h) The second sentence of Section 5.08(d) of the Agreement is hereby amended and restated to read as follows:

"From and after the Closing, the parties will discuss in good faith what action, if any, should be taken if either party believes that a third party is infringing any DES Intellectual Property."

(i) The following new Section 6.06 is hereby added to the Agreement:

"SECTION 6.06. Agreement to Vote; Proxies. As of the Closing, Abbott shall grant to Boston Scientific or any of its designees an irrevocable proxy and shall appoint Boston Scientific or any of its designees as attorney-in-fact for Abbott and each of its Affiliates that beneficially owns Shares received pursuant to Sections 6.01 and 6.05, for so long as Abbott and such Affiliates beneficially own such Shares, with respect to any matter to be voted on by stockholders of Boston Scientific. All such Shares shall be voted proportionately with the vote cast by all other stockholders of Boston Scientific entitled to vote and voting on such matter. Upon the sale, transfer, assignment or other disposition of such Shares by Abbott or any Affiliate to an unaffiliated third party, the proxy granted pursuant to this Section 6.06 with respect to such Shares so transferred, assigned or disposed shall be automatically revoked, and the appointment pursuant to this Section 6.06 as attorney-in-fact with respect to such Shares shall be automatically terminated."

(j) The following new Section 6.07 is hereby added to the Agreement:

"SECTION 6.07. Full Sale and Divestiture of Shares. Subject to Section 6.02(a), Abbott agrees to sell, transfer or otherwise dispose of all Shares received pursuant to Sections 6.01 and 6.05 hereof to an unaffiliated third party no later than thirty (30)

months following the Closing."

(k) Clause (c) of Section 12.06 of the Agreement is hereby amended and restated to read as follows:

"(c) Abbott may, without the consent of Boston Scientific, assign its rights and obligations, in whole or in part, under this Agreement to any designee of Abbott (in the event Abbott divests any of the Assets that would otherwise be acquired by Abbott pursuant hereto due to applicable antitrust laws

and regulations) or to any acquiror of all or substantially all of Abbott's vascular intervention business."

SECTION 2. Public Announcement. The provisions contained in Section 12.03 of the Agreement are incorporated by reference in this Amendment 3 as though they were expressly set forth herein.

SECTION 3. Representations and Warranties. (a) Boston Scientific represents and warrants to Abbott as follows: Boston Scientific is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware and has all necessary corporate power and authority to enter into, execute and deliver this Amendment 3, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Amendment 3 by Boston Scientific, the performance by Boston Scientific of its obligations hereunder and the consummation by Boston Scientific of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Boston Scientific. This Amendment 3 has been duly executed and delivered by Boston Scientific, and, assuming due authorization, execution and delivery by Abbott, this Amendment 3 is a legal, valid and binding obligation of Boston Scientific, enforceable against it in accordance with its terms.

(b) Abbott represents and warrants to Boston Scientific as follows: Abbott is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Illinois and has all necessary corporate power and authority to enter into, execute and deliver this Amendment 3, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Amendment 3 by Abbott, the performance by Abbott of its obligations hereunder and the consummation by Abbott of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Abbott. This Amendment 3 has been duly executed and delivered by Abbott, and, assuming due authorization, execution and delivery by Boston Scientific, this Amendment 3 is a legal, valid and binding obligation of Abbott enforceable against it in accordance with its terms.

SECTION 4. Ratification of Agreement. Except as expressly provided in this Amendment 3, all of the terms, covenants, and other provisions of the Agreement are hereby ratified and confirmed and shall continue to be in full force and effect in accordance with their respective terms. From and after the date hereof, all references to the Agreement shall refer to the Agreement as amended by this Amendment 3. Capitalized terms used but not defined in this Amendment 3 shall have the meanings assigned to them in the Agreement.

SECTION 5. Governing Law. This Amendment 3 shall be governed by, and construed in

accordance with, the laws of the State of New York. All Actions arising out of or relating to this Amendment 3 shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of The City of New York.

SECTION 6. Counterparts. This Amendment 3 may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

* * * *

IN WITNESS WHEREOF, Boston Scientific and Abbott have caused this Amendment 3 to be executed as of the date first written above by their respective officers thereunto duly authorized.

BOSTON SCIENTIFIC CORPORATION

By: /s/ Lawrence C. Best
Name: Lawrence C. Best
Title: Executive Vice President, Chief Financial Officer

ABBOTT LABORATORIES

By: _____
Name: Richard A. Gonzalez
Title: President and Chief Operating Officer, Medical Products Group

IN WITNESS WHEREOF, Boston Scientific and Abbott have caused this Amendment 3 to be executed as of the date first written above by their respective officers thereunto duly authorized.

BOSTON SCIENTIFIC CORPORATION

By: _____
Name: Lawrence C. Best
Title: Executive Vice President, Chief Financial Officer

ABBOTT LABORATORIES

By: /s/ Richard A. Gonzalez
Name: Richard A. Gonzalez
Title: President and Chief Operating Officer, Medical Products Group

AMENDMENT NO. 4
TO
TRANSACTION AGREEMENT

THIS AMENDMENT NO. 4 TO TRANSACTION AGREEMENT (this "Amendment 4"), dated as of April 5, 2006, between BOSTON SCIENTIFIC CORPORATION, a Delaware corporation ("Boston Scientific"), and ABBOTT LABORATORIES, an Illinois corporation ("Abbott").

WHEREAS, Boston Scientific and Abbott are parties to that certain Transaction Agreement dated as of January 8, 2006 and amended by Amendment Nos. 1 and 2 thereto dated as of January 16, 2006, and by Amendment No. 3 thereto dated as of February 22, 2006, pursuant to which Abbott agreed to acquire certain assets and businesses and assume certain liabilities of Guidant contingent upon Boston Scientific's acquisition of Guidant (the "Agreement"); and

WHEREAS, Boston Scientific and Abbott desire to further amend the Agreement as provided in this Amendment 4 in accordance with Section 12.07 of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and the promises and mutual agreements contained in this Amendment 4, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

SECTION 1. Amendments to the Agreement. (a) The definition of "Definitive Agreements" in Section 1.01 of the Agreement is hereby amended and restated to read as follows:

> ""Definitive Agreements" means the Purchase Agreement, the Transition Services Agreement, the Note, the Subscription and Stockholder Agreement, the release and/or settlement agreement in respect of Actions between Boston Scientific and/or its Affiliates and Guidant and/or its Affiliates relating to the Business to the extent contemplated herein and such other agreements as may be mutually agreed between the parties."

(b) The reference in Section 2.01(b)(ii) of the Agreement to Section 5.08(h) is hereby amended and restated to be a reference to Section 5.08(i).

(c) Section 5.07(a) of the Agreement is hereby amended and restated to read as follows:

> "(a) Following the Closing, Abbott will supply Boston Scientific, on a private label basis, at the pricing and on the terms provided in this Section 5.07 and on other terms and conditions customary for similar supply arrangements, with DES Stents in the following territories: United States, Japan, the European Economic Area and Rest of

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World (each, a "Territory"). "

(d) Section 5.07(c) of the Agreement is hereby amended and restated to read as follows:

> "(c) (i) Abbott's obligation to supply DES Stents to Boston Scientific in the United States and Japan shall terminate on the later of (A) December 31, 2010, or (B) the date that is one year following the last date on which Boston Scientific has received all requisite approvals from applicable Governmental Authorities to sell an everolimus eluting stent on a Boston Scientific stent platform in the applicable Territory; provided, however, that such obligation shall terminate on a date that is not later than June 30, 2012.
>
> (ii) Abbott's obligation to supply DES Stents to Boston Scientific in the European Economic Area shall terminate on the earliest of:
>
> (A) 90 days after issuance of the European Commision design examination certificate (pursuant to which the CE mark may be affixed) with respect to an Everolimus (as defined below) eluting stent on a Boston Scientific platform;
>
> (B) three years following the date on which Boston Scientific receives from Abbott its first commercial shipment of DES Stents for marketing and sale by Boston Scientific in the European Economic Area, unless prior to the end of such three years either (1) the European Commission has determined that Boston Scientific has submitted a design dossier, pursuant to Council Directive 93/42/EC of June 14, 1993, Annex II, point 4.1, in relation to an Everolimus eluting stent on a Boston Scientific platform that is deemed satisfactory by a body designated in accordance with the requirements of Council Directive 93/42/EC of June 14, 1993, Annex XI with responsibility for carrying out conformity assessments of medical devices in accordance with that Directive in support of CE marking, and Boston Scientific has not yet received the European Commission design examination certificate, or (2) the European Commission shall have approved an extension of such three-year term on the ground that such extension is compatible with European Commission competition rules; and
>
> (C) June 30, 2012.
>
> (iii) Abbott's obligation to supply DES Stents to Boston Scientific in the Rest of World shall terminate on December 31, 2010.
>
> (iv) For purposes of this Agreement, "Everolimus" means the agent having the chemical name 40-O-(2-hydroxyethyl)-rapamycin, an example of which is set forth in the attached Schedule. For avoidance of doubt, Everolimus does not mean (A) any unknown prodrugs or metabolites of Everolimus as of the date that Abbott grants a license, sublicense, covenant not to sue or other rights with respect to the DES Intellectual Property, (B) any derivatives or analogues of Everolimus, (C) any

intermediates in the manufacturing process of Everolimus, (D) the agents known as Zotarolimus, Biolimus, Sirolimus, Tacrolimus and Pimecrolimus, or (E) any of (A), (B), (C) or (D) that contain residual or impurity levels of Everolimus. For purposes of this Section 5.08(c)(iv), "unknown" means that for the period of time up to and including the earlier of the last to expire, be held invalid or otherwise become unenforceable U.S. patent that is the subject of the Novartis Agreement or December 31, 2013, the agent is not generally known within the industry at the time of Abbott granting rights in the DES Intellectual Property to a third party through (1) written peer publications, (2) written industry presentations, (3) written prior public admissions of Abbott, or (4) prior public (other than to Abbott) admissions of the third party recipient of the rights to the DES Intellectual Property as a prodrug or metabolite of Everolimus."

(e) Section 5.08(a) of the Agreement is hereby deleted and replaced with the following:

"(a) (i) Abbott, on behalf of itself and its Affiliates, grants to Boston Scientific, effective as of the Closing, to the fullest extent permitted by Law and subject to the agreements included in the Assets, a perpetual (except as set forth in Section 5.10(a) of this Agreement), worldwide, royalty-free (other than as set forth in Section 5.08(a)(iii) of this Agreement) right and license, without the right to grant sublicenses (except the right to "have made" solely on behalf of Boston Scientific and its Affiliates) and without the right to grant covenants not to sue, to use the DES Intellectual Property (except for trademarks and related rights, other than as set forth in Section 5.07 of this Agreement or as otherwise agreed by the parties). The foregoing license is non-exclusive, which means that Abbott and its Affiliates, as of the Closing, have the right to grant licenses, sublicenses or covenants not to sue or other rights with respect to the DES Intellectual Property, except that the license granted to Boston Scientific to DES Intellectual Property is co-exclusive as to Everolimus eluting stent systems, which means that any rights to DES Intellectual Property granted by Abbott to a third party shall not extend to such third party's drug eluting stent system if the drug used in such drug eluting stent system is Everolimus. Notwithstanding the preceding sentence, Abbott and its Affiliates, as of the Closing, have the right to grant licenses, sublicenses or covenants not to sue or other rights with respect to the DES Intellectual Property in the countries of the European Economic Area within the field of use for medical devices designed for the minimally invasive treatment of peripheral vascular (or endovascular) diseases.

(ii) The license granted pursuant to this Section 5.08(a) is assignable by Boston Scientific to Guidant or any controlled Affiliate of Guidant or Boston Scientific, and is not otherwise assignable by Guidant, Boston Scientific or any Affiliate of Guidant or Boston Scientific except in connection with a merger, change of control, or sale of all or substantially all of Guidant's and its Affiliates' vascular intervention business.

(iii) Boston Scientific shall be responsible for all royalties payable by it and its Affiliates with respect to products sold by Boston Scientific and its Affiliates

using the DES Intellectual Property licensed to Boston Scientific and its Affiliates pursuant to this Section 5.08.

(iv) Subject to the other provisions of this Section 5.08, the parties hereby acknowledge that the spirit of this Section 5.08 is that Boston Scientific and its Affiliates will have access to the DES Intellectual Property as if they were co-owners thereof, including with respect to Boston Scientific's ability to supplement Abbott's PMA for DES Stents."

(f) Section 5.08(d) of the Agreement is hereby amended to add the following to the end of such section:

"Abbott has the sole right, but not the obligation, in its sole discretion to commence and prosecute any Action against a third party involving the Intellectual Property included in the Assets (including the DES Intellectual Property) and, also in its sole discretion, to settle or otherwise resolve such Action by seeking and/or obtaining injunctive relief and past damages, and/or granting licenses, sublicenses or covenants not to sue under any terms, including, but not limited to, in exchange for future royalties, licenses or sublicenses, payments, covenants not to sue or any other consideration; provided that, with respect to the DES Intellectual Property, Abbott may not grant a license, sublicense or covenant not to sue to a third party that could not otherwise be granted pursuant to the second sentence of Section 5.08(a)(i) of this Agreement."

(g) Section 5.08(i) of the Agreement is hereby amended and restated as follows:

"(i) Boston Scientific, on behalf of itself and its Affiliates, grants to Abbott and its Affiliates, effective as of the Closing, a perpetual, non-exclusive, royalty-free, worldwide right and license in and to all Intellectual Property (except for trademarks and related rights unless otherwise agreed by the parties) owned or, to the extent permitted by the applicable agreement, licensed to (with the right to sublicense) or otherwise controlled by, Guidant or any of its Affiliates immediately prior to the consummation of the Merger that is used in the Business but is not included in the Assets. The license granted pursuant to this Section 5.08(i) is not assignable by Abbott or any of its Affiliates except in connection with a merger, change of control, or sale of all or substantially all of Abbott's vascular intervention business and is sublicensable by Abbott and its Affiliates to all suppliers, licensees, distributors and customers of Abbott and its Affiliates that are not Restricted Persons; provided, however, that Abbott and its Affiliates have the exclusive (subject to the second proviso of this sentence) right to sublicense the Intellectual Property licensed under this Section 5.08(i) to any Person for any and all purposes in the vascular intervention or endovascular solutions fields; and provided, further, that neither Boston Scientific nor any of its Affiliates has the right to license or sublicense (except the right to "have made" solely on behalf of Boston Scientific and its Affiliates) the Intellectual Property licensed under this Section 5.08(i) to any Person (other than Abbott and its Affiliates) for any purpose in the vascular intervention or endovascular solutions fields.

(h) The following new Section 5.16 is hereby added to the Agreement:

"SECTION 5.16. Abbott and Boston Scientific hereby agree and acknowledge that, (a) notwithstanding the second sentence of Section 5.07(a) of the Agreement, the second sentence of Section 5.08(a) of the Agreement or any other provision in the Agreement or any other Definitive Agreement to the contrary, on the Closing Abbott and Boston Scientific shall not be entering into the Supply Agreements or the License and

Technology Transfer Agreement and consequently all references in this Agreement to the Supply Agreements or the License and Technology and Transfer Agreement are hereby deleted, and such references are deemed replaced with references to Section 5.07 or 5.08, as applicable, and (b) following the Closing, the parties may, but subject to Section 5.13 shall not have any obligation to, enter into agreements covering certain matters related to the supply of DES Stents by Abbott to Boston Scientific and/or the licenses granted herein."

(i) Section 12.11 of the Agreement is hereby amended to add the following as the first two sentences of such section:

"As between the parties, the terms of this Agreement and the Definitive Agreements shall govern without regard to the provisions of the Federal Trade Commission's Decision and Order In the Matter of Boston Scientific Corporation and Guidant Corporation. Each party agrees not to use the provisions of the Decision and Order In the Matter of Boston Scientific Corporation and Guidant Corporation to construe or interpret the provisions of this Agreement or any Definitive Agreement."

SECTION 2. Public Announcement. The provisions contained in Section 12.03 of the Agreement are incorporated by reference in this Amendment 4 as though they were expressly set forth herein.

SECTION 3. Representations and Warranties. (a) Boston Scientific represents and warrants to Abbott as follows: Boston Scientific is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware and has all necessary corporate power and authority to enter into, execute and deliver this Amendment 4, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Amendment 4 by Boston Scientific, the performance by Boston Scientific of its obligations hereunder and the consummation by Boston Scientific of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Boston Scientific. This Amendment 4 has been duly executed and delivered by Boston Scientific, and, assuming due authorization, execution and delivery by Abbott, this Amendment 4 is a legal, valid and binding obligation of Boston Scientific, enforceable against it in accordance with its terms.

(b) Abbott represents and warrants to Boston Scientific as follows: Abbott is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Illinois and has all necessary corporate power and authority to enter into, execute and deliver this Amendment 4, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Amendment 4 by Abbott, the

performance by Abbott of its obligations hereunder and the consummation by Abbott of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Abbott. This Amendment 4 has been duly executed and delivered by Abbott, and, assuming due authorization, execution and delivery by Boston Scientific, this Amendment 4 is a legal, valid and binding obligation of Abbott enforceable against it in accordance with its terms.

SECTION 4. Ratification of Agreement. Except as expressly provided in this Amendment 4, all of the terms, covenants, and other provisions of the Agreement are hereby ratified and confirmed and shall continue to be in full force and effect in accordance with their respective terms. From and after the date hereof, all references to the Agreement shall refer to the Agreement as amended by this Amendment 4. Capitalized terms used but not defined in this Amendment 4 shall have the meanings assigned to them in the Agreement.

SECTION 5. Governing Law. This Amendment 4 shall be governed by, and construed in accordance with, the laws of the State of New York. All Actions arising out of or relating to this Amendment 4 shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of The City of New York.

SECTION 6. Counterparts. This Amendment 4 may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, Boston Scientific and Abbott have caused this Amendment 4 to be executed as of the date first written above by their respective officers thereunto duly authorized.

BOSTON SCIENTIFIC CORPORATION

By: /s/ Lawrence J. Knopf
Name: Lawrence J. Knopf
Title: Vice President and Assistant General Counsel

ABBOTT LABORATORIES

By: _____
Name: Richard A. Gonzalez
Title: President and Chief Operating Officer

IN WITNESS WHEREOF, Boston Scientific and Abbott have caused this Amendment 4 to be executed as of the date first written above by their respective officers thereunto duly authorized.

BOSTON SCIENTIFIC CORPORATION

By: _____
Name:
Title:

ABBOTT LABORATORIES

By: /s/ Richard A. Gonzalez
Name: Richard A. Gonzalez
Title: President and Chief Operating Officer

EVEROLIMUS SCHEDULE

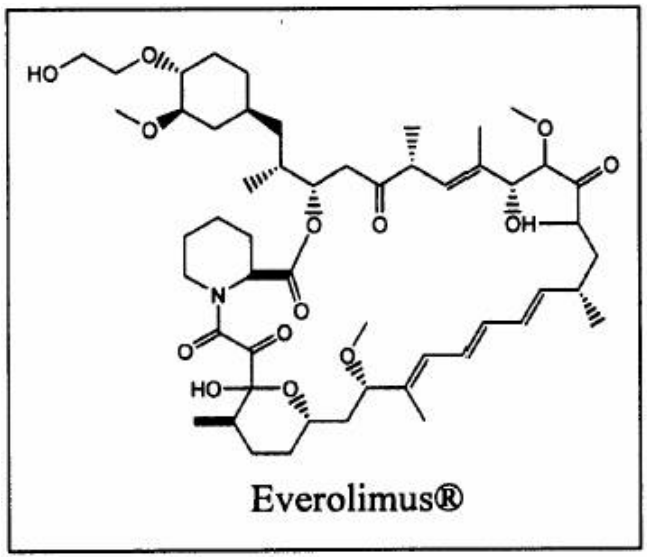

Exhibit 10.3

Abbott Laboratories

Description of Base Salary of President and Chief Operating Officer

Effective March 27, 2006, Richard A. Gonzalez was elected President and Chief Operating Officer of Abbott Laboratories. In recognition of Mr. Gonzalez's promotion, his base salary was increased to $990,000, effective March 27, 2006.

Exhibit 12

Abbott Laboratories

Computation of Ratio of Earnings to Fixed Charges

(Unaudited)

(dollars in millions except ratio)

	Three Months Ended March 31, 2006
Net Earnings	$ 865
Add (deduct):	
Taxes on earnings	270
Capitalized interest cost, net of amortization	(2)
Minority interest	2
Net Earnings as adjusted	1,135
Fixed Charges:	
Interest on long-term and short-term debt	73
Capitalized interest cost	6
Rental expense representative of an interest factor	16
Total Fixed Charges	95
Total adjusted earnings available for payment of fixed charges	$ 1,230
Ratio of earnings to fixed charges	12.9

NOTE: For the purpose of calculating this ratio, (i) earnings have been calculated by adjusting earnings for taxes on earnings; 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.

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 as of, and for, the periods presented in this report;

4. Abbott's 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Abbott 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, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of Abbott's 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

   d) Disclosed in this report any change in Abbott's internal control over financial reporting that occurred during Abbott's most recent fiscal quarter that has materially

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affected, or is reasonably likely to materially affect, Abbott's internal control over financial reporting; and

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

Date: May 4, 2006

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

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 as of, and for, the periods presented in this report;

4. Abbott's 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Abbott 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, 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of Abbott's 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

   d) Disclosed in this report any change in Abbott's internal control over financial reporting that occurred during Abbott's most recent fiscal quarter that has materially

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affected, or is reasonably likely to materially affect, Abbott's internal control over financial reporting; and

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

Date: May 4, 2006

/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 March 31, 2006 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.

/s/ Miles D. White

Miles D. White
Chairman of the Board and
Chief Executive Officer
May 4, 2006

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 March 31, 2006 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.

/s/ Thomas C. Freyman

Thomas C. Freyman
Executive Vice President, Finance
and Chief Financial Officer
May 4, 2006

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.