

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended June 30, 1998

OR

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 60064-3500

Telephone: (847) 937-6100

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (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.
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As of July 31, 1998, the Corporation has 1,539,854,873 common shares without
par value outstanding.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As reported in the Company's 10-K for the fiscal year ended December 31, 1997, the Company is involved in numerous antitrust suits and two investigations regarding the Company's pricing of pharmaceutical products. As of June 30, 1998, 120 cases are pending in the United States District court for the Northern District of Illinois as "In re: Brand Name Prescription Drug Antitrust Litigation, MDL 997." A portion of the MDL 997 litigation has been certified as a class action on behalf of certain retail pharmacies. As of July 14, 1998, the Company entered into an agreement to settle the class action portion of the MDL litigation for \$57 million. The agreement does not become final until it is approved by the United States District Court for the Northern District of Illinois. A final approval hearing is scheduled for September 9, 1998.

As of June 30, 1998, there were 25 pharmaceutical pricing cases pending in various state courts and one case pending in a District of Columbia court. The Company has entered into settlement agreements to settle 12 consumer lawsuits pending in the following 11 jurisdictions: Arizona, Florida, Kansas, Maine, Michigan, Minnesota (2), New York, North Carolina, Tennessee, Washington, D.C., and Wisconsin. Under these settlement agreements, the Company agreed to pay a total of \$1.65 million. The court in each jurisdiction must approve the agreement before it becomes final.

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

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

- 4.1 Resolution of the Company's Board of Directors relating to the 6.0% Note filed as Exhibit 4.12 to the 1996 Abbott Laboratories Annual Report on Form 10-K*.
- 4.2 Form of \$200,000,000 6.0% Note issued pursuant to Indenture - attached hereto.
- 4.3 Actions of Authorized Officers with respect to the Company's 6.0% Note - attached hereto.
- 4.4 Officers' Certificate and Company Order with respect to the Company's 6.0% Note - attached hereto.
- 10.1 Abbott Laboratories Supplemental Pension Plan** - attached hereto.

12. Statement re: computation of ratio of earnings to fixed charges - attached hereto.

27. Financial Data Schedule - attached hereto.

* Incorporated herein by reference

** Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

b) Reports on Form 8-K

None

SIGNATURE

Pursuant to the requirements of the Securities and 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

/s/ Theodore A. Olson

Theodore A. Olson, Vice President
and Controller (Principal Accounting Officer)

Date: August 13, 1998

PART 1 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 JUNE 30		SIX MONTHS ENDED JUNE 30	
	1998	1997	1998	1997
Net Sales.....	\$3,066,753	\$2,900,408	\$6,111,666	\$5,900,222
Cost of products sold.....	1,297,770	1,217,043	2,577,743	2,544,374
Research and development.....	307,132	320,148	587,008	600,222
Selling, general and administrative...	682,162	651,005	1,364,337	1,307,601
Total Operating Cost and Expenses...	2,287,064	2,188,196	4,529,088	4,452,197
Operating Earnings.....	779,689	712,212	1,582,578	1,448,025
Interest expense.....	40,401	31,388	78,361	64,142
Interest income.....	(13,474)	(11,668)	(26,388)	(23,391)
Other (income) expense, net.....	(60,523)	(47,266)	(101,559)	(91,102)
Earnings Before Taxes.....	813,285	739,758	1,632,164	1,498,376
Taxes on Earnings.....	227,720	218,229	457,006	442,021
Net Earnings.....	\$ 585,565	\$ 521,529	\$1,175,158	\$1,056,355
Basic Earnings Per Common Share.....	\$.38	\$.34	\$.77	\$.68
Diluted Earnings Per Common Share.....	\$.38	\$.33	\$.76	\$.67
Cash Dividends Declared Per Common Share.....	\$.15	\$.135	\$.30	\$.27
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share.....	1,524,789	1,544,458	1,526,354	1,546,210
Dilutive Common Stock Options.....	21,310	23,205	21,197	22,242
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options.....	1,546,099	1,567,663	1,547,551	1,568,452
Outstanding Employee Common Stock Options Having No Dilutive Effect...	36	223	36	223

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

ABBOTT LABORATORIES AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(Dollars in Thousands)

	JUNE 30 1998	DECEMBER 31 1997
	----- (unaudited)	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 251,768	\$ 230,024
Investment securities	71,241	28,986
Trade Receivables, less allowances of \$197,141 in 1998 and \$167,406 in 1997.	1,759,497	1,782,326
Inventories:		
Finished products	730,474	667,355
Work in process	329,978	287,653
Materials	368,668	324,892
	-----	-----
Total Inventories	1,429,120	1,279,900
Prepaid expenses, income taxes, and other receivables	1,663,572	1,716,972
	-----	-----
Total Current Assets.	5,175,198	5,038,208
	-----	-----
Investment Securities Maturing after One Year	728,521	630,967
	-----	-----
Property and Equipment, at Cost.	9,119,481	8,790,157
Less: accumulated depreciation and amortization	4,452,846	4,220,466
	-----	-----
Net Property and Equipment.	4,666,635	4,569,691
Deferred Charges, Intangible and Other Assets.	2,114,186	1,822,202
	-----	-----
	\$12,684,540	\$12,061,068
	-----	-----
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt . . .	\$ 1,575,454	\$ 1,781,352
Trade accounts payable.	932,490	1,001,058
Salaries, income taxes, dividends payable, and other accruals . .	2,492,176	2,252,058
	-----	-----
Total Current Liabilities	5,000,120	5,034,468
	-----	-----
Long-Term Debt	1,141,258	937,983
	-----	-----
Other Liabilities and Deferrals.	1,233,193	1,089,940
	-----	-----
Shareholders' Investment:		
Preferred shares, \$1 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: 1998: 1,540,307,096; 1997: 1,546,468,504.	1,053,943	907,106
Earnings employed in the business.	4,614,804	4,395,582
Accumulated other comprehensive income	(275,232)	(230,241)
	-----	-----
	5,393,515	5,072,447
Less:		
Common shares held in treasury, at cost -		
Shares: 1998: 17,728,098; 1997: 18,280,398	46,781	48,238
Unearned compensation - restricted stock awards.	36,765	25,532
	-----	-----
Total Shareholders' Investment.	5,309,969	4,998,677
	-----	-----
	\$12,684,540	\$12,061,068
	-----	-----

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)

	SIX MONTHS ENDED JUNE 30	
	1998	1997
Cash Flow From (Used in) Operating Activities:		
Net earnings.....	\$1,175,158	\$1,056,355
Adjustments to reconcile net earnings to net cash from operating activities -		
Depreciation and amortization.....	393,301	348,436
Trade receivables.....	21,679	(95,310)
Inventories.....	(150,153)	(43,568)
Other, net.....	257,658	97,993
	1,697,643	1,363,906
Cash Flow From (Used in) Investing Activities:		
Acquisitions of businesses, net of cash acquired...	(239,777)	(200,394)
Acquisitions of property and equipment.....	(500,616)	(436,325)
Investment securities transactions.....	(139,928)	19,380
Other.....	8,206	11,363
	(872,115)	(605,976)
Cash Flow From (Used in) Financing Activities:		
Proceeds from (repayment of) commercial paper, net.	(156,000)	36,000
Proceeds from issuance of long-term debt.....	200,000	...
Other borrowing transactions, net.....	(42,901)	48,886
Common share transactions.....	(365,743)	(421,409)
Dividends paid.....	(435,379)	(394,671)
	(800,023)	(731,194)
Effect of exchange rate changes on cash and cash equivalents.....	(3,761)	(10,424)
Net Increase in Cash and Cash Equivalents.....	21,744	16,312
Cash and Cash Equivalents, Beginning of Year.....	230,024	110,209
Cash and Cash Equivalents, End of Period.....	\$ 251,768	\$ 126,521

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

ABBOTT LABORATORIES AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1998

(UNAUDITED)

NOTE 1 - BASIS OF PREPARATION:

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 (which include only normal adjustments) necessary to present fairly the financial position, cash flows, and results of operations have been made. It is suggested that these statements be read in conjunction with the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

NOTE 2 - TAXES ON EARNINGS:

Taxes on earnings reflect the estimated annual effective tax rates. The effective tax rates are less than the statutory U. S. Federal income tax rate principally due to tax incentive grants related to subsidiaries operating in Puerto Rico, the Dominican Republic, Italy, Ireland, and the Netherlands.

NOTE 3 - LITIGATION AND ENVIRONMENTAL MATTERS:

The Company is involved in various claims and legal proceedings including numerous antitrust suits and investigations in connection with the pricing of prescription pharmaceuticals. On July 14, 1998, subject to final court approval, the Company entered into an agreement to settle the independent retail pharmacy federal class action lawsuit for \$57 million.

In addition, the Company has been identified as a potentially responsible party for investigation and cleanup costs at a number of locations in the United States and Puerto Rico under Federal and state remediation laws and is investigating potential contamination at a number of Company-owned locations.

The matters above are discussed more fully in Note 10 to the financial statements included in the Company's Annual Report on Form 10-K, which is available upon request, and in Part II, Item 1, Legal Proceedings, in this Form.

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 1998
 (Unaudited), Continued

NOTE 4 - ACQUISITIONS:

On April 17, 1998, the Company acquired the common stock of International Murex Technologies Corporation for approximately \$234 million in cash. A substantial portion of the purchase price was allocated to intangible assets, including goodwill, which is being amortized over up to 40 years. Had this acquisition taken place on January 1, 1997, consolidated sales and net income would not have been significantly different from reported amounts.

NOTE 5 - COMPREHENSIVE INCOME:

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	1998	1997	1998	1997
Net Earnings	\$585,565	\$521,529	\$1,175,158	\$1,056,355
Other comprehensive income:				
Foreign currency translation adjustments	9,841	(8,517)	(35,754)	(108,096)
Unrealized (losses) gains on marketable equity securities	(15,052)	9,401	(15,395)	4,697
Tax benefit (expense) related to items of other comprehensive income	6,021	(3,760)	6,158	(1,878)
Other comprehensive income, net of tax	810	(2,876)	(44,991)	(105,277)
Comprehensive income	\$586,375	\$518,653	\$1,130,167	\$ 951,078

As of June 30, 1998, the cumulative net of tax balances for foreign currency translation loss adjustments and the unrealized (gains) on marketable equity securities were \$298 million, and (\$23) million, respectively.

NOTE 6 - STOCK SPLIT:

On February 13, 1998, the Company announced a two-for-one stock split. Shareholders of record on May 1, 1998 were issued an additional share of the Company's common stock on May 29, 1998 for each share owned on the record date. All shares and per share data in the condensed consolidated financial statements and notes have been adjusted to reflect the stock split.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1998
(Unaudited), Continued

NOTE 7 - RECENTLY ISSUED ACCOUNTING STANDARD:

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires the recognition of derivatives as either assets or liabilities in the statement of financial position at fair value. The statement is effective for fiscal years beginning after June 15, 1999. The Company is assessing the impact that this statement will have on its financial statements.

FINANCIAL REVIEW

RESULTS OF OPERATIONS - SECOND QUARTER AND FIRST SIX MONTHS 1998 COMPARED WITH SAME PERIODS IN 1997

Worldwide sales for the second quarter and first six months increased 5.7 percent and 3.6 percent, respectively, over the comparable 1997 periods. Excluding the negative effect of the relatively stronger U.S. dollar, sales increased 8.7 percent and 6.9 percent, respectively, over the comparable 1997 periods. Net earnings increased 12.3 percent and 11.2 percent, respectively, in the second quarter and first six months 1998. Basic earnings per common share increased 11.8 percent and 13.2 percent, respectively, over the prior year periods. Diluted earnings per common share increased 15.2 percent and 13.4 percent, respectively, over the prior year periods.

Gross profit margin (sales less cost of products sold, including freight and distribution expenses) was 57.7 percent for the 1998 second quarter, compared to 58.0 percent for the 1997 second quarter. First six months gross profit margin was 57.8 percent, compared to 56.9 percent a year earlier, and was negatively affected by unfavorable sales mix. The relatively stronger U.S. dollar had a negative effect on gross profit margins for both periods.

Research and development expenses were \$307.2 million for the second quarter 1998 and \$587.0 million for the first six months 1998. Research and development represented 10.0 percent and 9.6 percent of net sales in the second quarter and first six months 1998, compared to 11.0 percent and 10.2 percent in 1997. The majority of research and development expenditures continues to be concentrated on pharmaceutical and diagnostic products.

Selling, general and administrative expenses for the second quarter and first six months 1998 increased 4.8 percent and 4.3 percent, respectively, over the comparable prior year periods, net of the favorable effect of the relatively stronger U.S. dollar of 3.1 percent and 3.5 percent, respectively. The net increases reflect inflation, additional selling and marketing support for new and existing products, primarily for pharmaceutical products, and litigation charges.

Other (income) expense, net, includes net foreign exchange losses of \$7.6 million for the second quarter and \$15.0 million for the first six months 1998, compared to a net foreign exchange loss of \$4.0 million and a net foreign exchange gain of \$6.8 million, respectively, for the corresponding prior year periods. Other (income) expense, net, also includes the Company's share of the net income from joint ventures, primarily TAP Holdings, Inc., of \$70.3 million for the second quarter and \$120.6 million for the first six months 1998, compared to \$53.7 million and \$90.8 million for the respective prior year periods.

On July 27, 1998, the Company announced that it was experiencing manufacturing difficulties with the capsule formulation of its protease inhibitor Norvir. The manufacturing difficulties with Norvir will result in shortages and interruption of the supply of capsules. The Company plans to supply Norvir liquid formulation to provide continued Norvir therapy for patients. During the first six months of 1998, the Company recorded sales of Norvir of \$125.5 million. The Company is unable to quantify the effect that the production problems will have on sales in future periods.

INDUSTRY SEGMENTS

Industry segment sales for the second quarter and first six months 1998 and the related change from the comparable 1997 periods are shown in the table below. The Pharmaceutical and Nutritional Products segment includes a broad line of adult and pediatric pharmaceuticals and nutritional products, which are sold primarily on the prescription or recommendation of physicians or other health care professionals; consumer products; agricultural and chemical products; and bulk pharmaceuticals. The Hospital and Laboratory Products segment includes diagnostic systems for consumers, blood banks, hospitals, commercial laboratories and alternate-care testing sites; intravenous and irrigation fluids and related administration equipment; drugs and drug delivery systems; anesthetics; critical care products; and other medical specialty products for hospitals and alternate-care sites.

Domestic and international sales for the second quarter and first six months 1998 primarily reflect unit growth. Total sales were unfavorably affected 3.0 percent and international sales were unfavorably affected 7.7 percent by the relatively stronger U.S. dollar in the second quarter. On a year-to-date basis, total sales were unfavorably affected 3.3 percent and international sales were unfavorably affected 8.6 percent by the relatively stronger U.S. dollar.

SEGMENT SALES (in millions of dollars)	Second Quarter		Six Months	
	1998 Sales	Percent Change	1998 Sales	Percent Change
Pharmaceutical and Nutritional Products:				
Domestic	\$1,124.0	3.2	\$2,324.1	1.6
International	609.5	3.9	1,216.4	0.2
	1,733.5	3.5	3,540.5	1.1
Hospital and Laboratory Products:				
Domestic	755.8	11.0	1,492.2	12.0
International	577.5	6.1	1,079.0	1.2
	1,333.3	8.8	2,571.2	7.2
Total All Segments:				
Domestic	1,879.8	6.2	3,816.3	5.4
International	1,187.0	5.0	2,295.4	0.7
	\$3,066.8	5.7	\$6,111.7	3.6

FINANCIAL REVIEW
(Continued)

LIQUIDITY AND CAPITAL RESOURCES AT JUNE 30, 1998
COMPARED WITH DECEMBER 31, 1997

Net cash from operating activities for the first six months 1998 totaled \$1.698 billion. The Company expects annual cash flow from operating activities to continue to approximate or exceed the Company's capital expenditures and cash dividends. The Company funded the acquisition of Murex through commercial paper borrowings.

The Company has maintained its favorable bond ratings (AAA by Standard & Poor's Corporation and Aa1 by Moody's Investors Service) and continues to have readily available financial resources, including unused domestic lines of credit of \$1.5 billion at June 30, 1998. These lines of credit support domestic commercial paper borrowing arrangements.

In the first quarter 1998, the Company issued \$200 million of debt securities under a registration statement filed with the Securities and Exchange Commission in June 1996. The Company may issue up to an additional \$200 million under this registration statement.

During the first six months 1998, the Company continued its program to purchase its common shares. The Company purchased and retired 11,424,000 shares during this period at a cost of \$426 million. As of June 30, 1998, an additional 15,976,000 shares may be purchased in future periods under authorization granted by the Board of Directors in December 1997.

LEGISLATIVE ISSUES

The Company's primary markets are highly competitive and subject to substantial government regulation. The Company 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. The Company believes that if legislation is enacted, it could have the effect of reducing prices, or reducing the rate of price increases for medical products and services. International operations are also subject to a significant degree of government regulation. It is not possible to predict the extent to which the Company or the health care industry in general might be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item 1, Business, in the Annual Report on Form 10-K, which is available upon request.

RECENTLY ISSUED ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires the recognition of derivatives as either assets or liabilities in the statement of financial position at fair value. The statement is effective for fiscal years beginning after June 15, 1999. The Company is assessing the impact that this statement will have on its financial statements.

YEAR 2000

The Year 2000 ("Y2K") issue results from the inability of some computer programs to identify the Year 2000 properly, potentially leading to errors or system failure.

The Company has organized its efforts to resolve the Y2K issue as follows: internal information systems; landlord and embedded systems; electronic products currently marketed or in the field; and suppliers providing products and services to the Company. Progress goals have been established in each area.

Internal information systems were inventoried and assessed, and remediation started in 1992. Virtually all remediation is scheduled to be completed by the end of 1998, and testing completed by mid-1999. Current progress is slightly better than plan.

Landlord and embedded systems were inventoried and Y2K assessment completed by May 1998. The Company's goal is to resolve 75 percent of critical systems by year-end 1998, and 100 percent of critical systems by July 1999. Current progress is according to plan.

The Company has assessed the ability of its medical electronic and software products to cope with the Y2K issue. Customers may access the Company's assessment on the Company's internet web page. Most of the Company's products are not affected by the Y2K issue. For those products requiring remediation, the Company's goal is to provide solutions by June 1999. Current progress is according to plan.

Beginning in March 1998 key suppliers were requested to certify that they were Y2K compliant or, if not, to provide their plans to become compliant. Domestically, 41 percent of suppliers responded; 52 percent of those responding certified compliance currently and 12 percent forwarded action plans. International results are not yet known. Follow-up is being conducted.

Each of the above areas will begin developing contingency plans by the end of 1998, and will continue to develop and update those plans throughout 1999.

The Company's policy is to expense Y2K remediation costs as incurred. Future expenditures to remediate the Company's systems for the Y2K issue are not material to the Company's cash flow, results of operations or financial position.

ABBOTT LABORATORIES

FORM OF 6.00% NOTE DUE MARCH 15, 2008

NO. 1001
CUSIP NO. 002824 AJ9

\$200,000,000

This Security is a Security in a global form within the meaning of the Indenture hereinafter referred to and is registered in the name of the Depositary or a nominee of a Depositary. This global Security is exchangeable for Securities registered in the name of a Person other than the Depositary or its nominee only in the limited circumstances described in the Indenture, and no transfer of this Security (other than a transfer of this Security as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary) may be registered except in such limited circumstances.

Unless this Security is presented by an authorized representative of The Depositary Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any Security issued upon registration of transfer of, or in exchange for, or in lieu of, this Security is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depositary Trust Company and any payment hereon is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

ABBOTT LABORATORIES

ABBOTT LABORATORIES, a corporation duly organized and existing under the laws of Illinois (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., as nominee for The Depository Trust Company, or registered assigns, the principal sum of Two Hundred Million Dollars (\$200,000,000) on March 15, 2008 and to pay interest thereon from March 24, 1998 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on March 15 and September 15 in each year, commencing September 15, 1998, at the rate of 6.00% per annum, until the principal hereof is paid or made available for payment. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the March 1 or September 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made at the office or agency of the Company maintained for that purpose in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; PROVIDED, HOWEVER, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Unless the certificate of authentication hereon has been executed by the Trustee referred to herein by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of October 1, 1993 (herein called the "Indenture"), between the Company and Harris Trust and Savings Bank, as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights,

limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to \$200,000,000.

The Securities of this Series are not redeemable prior to maturity and do not provide for a sinking fund.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth therein.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registerable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like

tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

* * *

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: March 24, 1998

ABBOTT LABORATORIES

By: /s/ Thomas C. Freyman

Name: Thomas C. Freyman

Title: Vice President and Treasurer

Attest:

/s/ Jose M. de Lasa

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

HARRIS TRUST AND SAVINGS BANK,
as Trustee, certifies that this is one of the
Securities referred to in the within-mentioned
Indenture.

By /s/ J. Bartel

Authorized Signature

ABBOTT LABORATORIES

ACTIONS OF THE AUTHORIZED OFFICERS

Pursuant to the authority granted by the Board of Directors of Abbott Laboratories ("Corporation") in its June 14, 1996 resolutions, the undersigned agree as follows:

1. The Corporation shall issue \$200,000,000 aggregate principal amount of the Corporation's 6.00% Notes due March 15, 2008 ("Notes").

2. The Corporation shall issue and sell Notes to Goldman, Sachs & Co., Chase Securities Inc., Lazard Freres & Co. LLC, Morgan Stanley & Co. Incorporated and NationsBanc Montgomery Securities LLC (collectively, "Underwriters") pursuant to an Underwriting Agreement dated December 4, 1996 and a Pricing Agreement dated March 19, 1998 ("Pricing Agreement") between the Corporation and the Underwriters, upon the terms and conditions set forth therein, to be issued under and in accordance with an Indenture dated as of October 1, 1993, between the Corporation and the Harris Trust and Savings Bank, as Trustee ("Trustee"), relating to the Corporation's Notes and other obligations ("Indenture").

3. In addition to the other terms provided in the Indenture with respect to securities issued thereunder, all as more particularly described in the Pricing Agreement, the Prospectus and the Prospectus Supplement relating to the Notes and the form of Note referred to below, the Notes shall contain the following terms:

(a) The Notes shall be entitled "6.00% Notes due March 15, 2008";

(b) The Notes shall be limited in aggregate principal amount to \$200,000,000;

(c) Interest shall be payable to the persons in whose names the Notes are registered at the close of business on the applicable Regular Record Date (as defined below);

(d) The principal of the Notes is payable on March 15, 2008;

(e) The Notes shall bear interest at the rate of 6.00% per annum beginning March 24, 1998. Interest on the Notes will be payable semi-annually on the fifteenth day of March and September of each year (each an "Interest Payment Date"), commencing on September 15, 1998. Interest shall be paid to

persons in whose names the Notes are registered on the March 1 or September 1 preceding the Interest Payment Date (each a "Regular Record Date");

(f) Payment of the principal of, and any premium and interest on, the Notes will be made at the office or agency of the Corporation maintained for that purpose in Chicago, Illinois;

(g) The Notes shall not be redeemable or repayable prior to maturity;

(h) The Notes shall not provide for any sinking fund;

(i) The Notes are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof;

(j) The payment of the principal of, and any premium and interest on, the Notes shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts;

(k) The payment of principal of, and any premium and interest on, the Notes shall not be determined with reference to an index or formula;

(l) There shall be no optional currency or currency unit in which the payment of principal of, and any premium and interest on, the Notes shall be payable;

(m) Both Section 13.2 and 13.3 of the Indenture shall apply to the Notes;

(n) The Notes shall be in the form of Book-Entry Securities as set forth in the Indenture;

(o) The principal amount of the Notes shall be payable upon declaration of acceleration pursuant to Section 5.2 of the Indenture; and

(p) The other terms and conditions of the Notes shall be substantially as set forth in the Indenture and in the Prospectus and the Prospectus Supplement relating to the Notes.

4. The form of the Notes shall be substantially as attached hereto as EXHIBIT A.

5. The price at which the Notes shall be sold by the Corporation to the Underwriters pursuant to the Pricing Agreement shall be 98.970% of the principal amount thereof, plus accrued interest, if any, from March 24, 1998 to the time of Delivery;

6. The Notes initially will be offered to the public by the Underwriters at 99.620% of the principal amount thereof, plus accrued interest, if any, from March 24, 1998 to the time of Delivery;

7. The execution and delivery of the Pricing Agreement, dated March 19, 1998, and substantially in the form attached hereto as EXHIBIT B, is hereby approved.

8. Any officer of this Corporation is hereby authorized and empowered to execute the Notes of this Corporation in the form he or she deems appropriate, and to deliver such Notes to the Trustee with a written order directing the Trustee to have the Notes authenticated and delivered to such persons as such officer designates.

9. The Harris Trust and Savings Bank is hereby designated and appointed as Paying Agent and Securities Registrar with respect to the Notes.

Dated: March 19, 1998

AUTHORIZED OFFICERS OF
ABBOTT LABORATORIES

By/s/ Thomas C. Freyman

Name: Thomas C. Freyman
Title: Vice President and
Treasurer

By/s/ Gary P. Coughlan

Name: Gary P. Coughlan
Title: Senior Vice President,
Finance and Chief
Financial Officer

ABBOTT LABORATORIES
OFFICERS' CERTIFICATE
AND
COMPANY ORDER

With respect to the issuance by Abbott Laboratories (the "Company") of \$200,000,000 in aggregate principal amount of 6.00% Notes due March 15, 2008 (the "Notes"), Jose M. de Lasa and Thomas C. Freyman, officers of the Company, certify pursuant to Sections 3.1 and 3.3 of the Indenture, dated as of October 1, 1993 (the "Indenture"), between the Company and Harris Trust and Savings Bank, as Trustee (the "Trustee"), as follows:

1. We have read Sections 2.1, 3.1 and 3.3 of the Indenture and the definitions therein relating hereto, reviewed the resolutions of the Board of Directors of the Company adopted on June 14, 1996 (attached as Exhibit B to the Secretary's Certificate of even date herewith), the Action of Authorized Officers of March 19, 1998 (attached as Exhibit C to the Secretary's Certificate of even date herewith), conferred with executive officers of the Company and, in our opinion, made such other examinations and investigations as are necessary to enable us to express an informed opinion as to whether Sections 2.1, 3.1 and 3.3 of the Indenture have been complied with.
2. Based on the above-described examinations and investigations, in our opinion, all conditions precedent relating to the authentication and delivery of the Notes, including those conditions under Sections 2.1, 3.1 and 3.3 of the Indenture, have been complied with.
3. The terms of the Notes are set forth in the Action of Authorized Officers, dated March 19, 1998 (attached as Exhibit C to the Secretary's Certificate of even date herewith).
4. In accordance with the provisions of Section 3.3 of the Indenture, the Trustee is hereby authorized and requested to authenticate the Notes and to deliver the Notes to or at the direction of Goldman, Sachs & Co., Chase Securities Inc., Lazard Freres & Co. LLC, Morgan Stanley & Co. Incorporated and NationsBanc Montgomery Securities LLC.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the Indenture.

IN WITNESS WHEREOF, the undersigned have executed this Officers' Certificate as of this 24th day of March, 1998.

ABBOTT LABORATORIES

By:/s/ Jose M. de Lasa

Jose M. de Lasa, Senior Vice
President, Secretary and
General Counsel

By:/s/ Thomas C. Freyman

Thomas C. Freyman, Vice
President and Treasurer

ABBOTT LABORATORIES SUPPLEMENTAL PENSION PLAN

(As amended thru the 14th Amendment
effective May 20, 1998)

ABBOTT LABORATORIES SUPPLEMENTAL PENSION PLAN

SECTION 1
INTRODUCTION

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

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

1-2. The Supplemental Plan shall apply to employees of Abbott and its subsidiaries and affiliates existing as of the date of adoption of the Supplemental Plan or thereafter created or acquired. (Abbott and each of such subsidiaries and affiliates are hereinafter referred to as an "employer" and collectively as the "employers").

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

1-4. The Supplemental Plan shall be administered by the Abbott Laboratories Employee Benefit Board of Review appointed and acting under the Annuity Plan ("Board of Review"). Except as stated below, the Board of Review shall perform all powers and duties with

respect to the Supplemental Plan, including the power to direct payment of benefits, allocate costs among employers, adopt amendments and determine questions of interpretation. The Board of Directors of Abbott shall have the sole authority to terminate the Supplemental Plan.

SECTION 2
ERISA ANNUITY PLAN SUPPLEMENTAL BENEFIT

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

2-2. Each Annuity Plan participant whose retirement or vested pension under that plan would otherwise be limited by Section 415, Internal Revenue Code, shall receive a supplemental pension under this Supplemental Plan in an amount, which, when added to his or her Annuity Plan pension, will equal the amount the participant would be entitled to under the Annuity Plan as in effect from time to time, based on the particular option selected by the participant, without regard to the limitations imposed by Section 415, Internal Revenue Code.

SECTION 3
1986 TAX REFORM ACT SUPPLEMENTAL BENEFIT

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

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

- (a) The supplemental pension shall be the difference, if any, between:
 - (i) The monthly benefit payable under the Annuity Plan plus any supplement provided by Section 2; and

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

SECTION 4
DEFERRED MIP ANNUITY PLAN SUPPLEMENTAL BENEFIT

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

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

- (a) The supplemental pension shall be the difference, if any, between:
 - (i) The monthly benefit payable under the Annuity Plan plus any supplement provided by Section 2 and Section 3; and
 - (ii) the monthly benefit which would have been payable under the Annuity Plan (without regard to the limits imposed by Section 415, Internal Revenue Code) if the participant's "final earnings", as defined in the Annuity Plan, were one-sixtieth of the sum of:
 - (A) the participant's total "basic earnings" (excluding any payments under the Management Incentive Plan or any Division Incentive Plan) received in the sixty consecutive calendar months for which his basic earnings (excluding any payments under the Management Incentive Plan or any Division Incentive Plan) were highest within the last one hundred twenty consecutive calendar months immediately preceding his retirement or termination of employment; and

- (B) the amount of the participant's total awards under the Management Incentive Plan and any Division Incentive Plan (whether paid immediately or deferred) made for the five consecutive calendar years during the ten consecutive calendar years ending with the year of retirement or termination for which such amount is the greatest and (for participants granted Management Incentive Plan awards for less than five consecutive calendar years during such ten year period) which include all Management Incentive Plan awards granted for consecutive calendar years within such ten year period.
- (b) That portion of any Management Incentive Plan award which the Compensation Committee has determined shall be excluded from the participant's "basic earnings" shall be excluded from the calculation of "final earnings" for purposes of this subsection 4-2. "Final earnings" for purposes of this subsection 4-2 shall include any compensation in excess of the limits imposed by Section 401(a)(17), Internal Revenue Code.
- (c) In the event the period described in subsection 4-2(a)(ii)(B) is the final five calendar years of employment and a Management Incentive Plan award is made to the participant subsequent to retirement for the participant's final calendar year of employment, the supplemental pension shall be adjusted by adding such new award and subtracting a portion of the earliest Management Incentive Plan award included in the calculation, from the amount determined under subsection 4-2(a)(ii)(B). The portion subtracted shall be equal to that portion of the participant's final calendar year of employment during which the participant was employed by Abbott. If such adjustment results in a greater supplemental pension, the greater pension shall be paid beginning the first month following the date of such new award.

SECTION 5
RESTRICTED STOCK AWARD SUPPLEMENTAL BENEFIT

5-1. The benefits described in this Section 5 shall apply to all participants in the Annuity Plan who retire or terminate with a vested pension, under that plan, after September 1, 1995.

5-2. For purposes of this Supplemental Plan, the phrase "Eligible Restricted Stock Award" shall mean a restricted stock award granted under the Abbott Laboratories 1991 Incentive Stock Program, or any successor plan or program, (the "Incentive Stock Program"),

which is designated by the Compensation Committee of the Board of Directors of Abbott, at any time prior to retirement or termination of the participant, as includable in "final earnings" for purposes of this Supplemental Plan.

5-3. Each Annuity Plan participant shall receive a supplemental pension under this Supplemental Plan in an amount determined as follows:

- (a) The supplemental pension shall be the difference, if any, between:
 - (i) The monthly benefit payable under the Annuity Plan plus any supplement provided by Sections 2, 3 and 4; and
 - (ii) The monthly benefit which would have been payable under the Annuity Plan (without regard to the limits imposed by Section 415, Internal Revenue Code) if the participant's "final earnings", as defined in the Annuity Plan, were one-sixtieth of the sum of:
 - (A) the participant's earnings described in subsection 4-2(a)(ii)(A);
 - (B) the participant's awards described in subsection 4-2(a)(ii)(B) (adjusted as provided in subsections 4-2(b) and (c)); and
 - (C) the total value of Eligible Restricted Stock Awards granted the participant which become non-forfeitable during the sixty consecutive calendar months for which his basic earnings (as defined in subsection 4-2(a)(ii)(A)) are highest within the last one hundred twenty consecutive calendar months immediately preceding his retirement or termination of employment.
- (b) For purposes of this subsection 5-3:
 - (i) The value of an Eligible Restricted Stock Award shall be the fair market value of such award (as determined under the Incentive Stock Program) on the date the award is granted; and
 - (ii) "Final earnings" shall include compensation in excess of the limits imposed by Section 401(a)(17), Internal Revenue Code.

SECTION 6

CORPORATE OFFICER ANNUITY PLAN SUPPLEMENTAL BENEFIT

6-1. The benefits described in this Section 6 shall apply to all participants in the Annuity Plan who are corporate officers of Abbott as of September 30, 1993 or who become corporate officers thereafter, and who retire, or terminate with a vested pension under that plan on or after September 30, 1993. The term "corporate officer" for purposes of this Supplemental Plan shall mean an individual elected an officer of Abbott by its Board of Directors (or designated as such for purposes of this Section 6 by the Compensation Committee of the Board of Directors of Abbott), but shall not include assistant officers.

6-2. Subject to the limitations and adjustments described below, each participant described in subsection 6-1 shall receive a monthly supplemental pension under this Supplemental Plan commencing on the participant's normal retirement date under the Annuity Plan and payable as a life annuity, equal to 6/10 of 1 percent (.006) of the participant's final earnings (as that phrase is used in subsection 5-3(a)(ii), adjusted as provided in subsection 5-3(b)(ii)) for each of the first twenty years of the participant's benefit service (as defined in the Annuity Plan) occurring after the participant's attainment of age 35.

6-3. In no event shall the sum of (a) the participant's aggregate percentage of final earnings calculated under subsection 6-2 and (b) the participant's aggregate percentage of final earnings calculated under subsection 5-1(b)(i) of the Annuity Plan, exceed the maximum aggregate percentage of final earnings allowed under subsection 5-1(b)(i) of the Annuity Plan (without regard to any limits imposed by the Internal Revenue Code), as in effect on the date of the participant's retirement or termination. In the event the limitation described in this subsection 6-3 would be exceeded for any participant, the participant's aggregate percentage calculated under subsection 6-2 shall be reduced until the limit is not exceeded.

6-4. Benefit service occurring between the date a participant ceases to be a corporate officer of Abbott and the date the participant again becomes a corporate officer of Abbott shall be disregarded in calculating the participant's aggregate percentage under subsection 6-2.

6-5. Any supplemental pension otherwise due a participant under this Section 6 shall be reduced by the amount (if any) by which:

- (a) the sum of (i) the benefits due such participant under the Annuity Plan and this Supplemental Plan, plus (ii) the actuarially equivalent value of the employer-paid portion of all benefits due such participant under the primary retirement plans of all non-Abbott employers of such participant; exceeds
- (b) the maximum benefit that would be due under the Annuity Plan (without regard to the limits imposed by Section 415, Internal Revenue Code) based on the participant's final earnings (as that phrase is used in subsection 5-3(a)(ii), adjusted as provided in subsection 5-3(b)(ii)), if the participant had accrued the maximum benefit service recognized by the Annuity Plan.

The term "primary retirement plan" shall mean any pension benefit plan as defined in ERISA, whether or not qualified under the Internal Revenue Code, which is determined by the Board of Review to be the primary pension plan of its sponsoring employer. The term "non-Abbott employer" shall mean any employer other than Abbott or a subsidiary or affiliate of Abbott. A retirement plan maintained by an employer prior to such employer's acquisition by Abbott shall be deemed a retirement plan maintained by a non-Abbott employer for purposes of this subsection 6-5.

6-6. Any supplemental pension due a participant under this Section 6 shall be actuarially adjusted as provided in the Annuity Plan to reflect the pension form selected by the participant and the participant's age at commencement of the pension, and shall be paid as provided in subsection 7-2.

SECTION 7
CORPORATE OFFICER ANNUITY PLAN
SUPPLEMENTAL EARLY RETIREMENT BENEFIT

7-1. The benefits described in this Section 7 shall apply to all persons described in subsection 6-1.

7-2. The supplemental pension due under Sections 2, 3, 4, 5 and 6 to each participant described in subsection 7-1 shall be reduced as provided in subsections 5-3 and 5-6 of the Annuity Plan for each month by which its commencement date precedes the last day of the month in which the participant will attain age 60. No reduction will be made for the period between the last day of the months the participant will attain age 60 and age 62.

7-3. Each participant described in subsection 7-1 shall receive a monthly supplemental pension under this Supplemental Plan equal to any reduction made in such participant's Annuity Plan pension under subsections 5-3 or 5-6 of the Annuity Plan for the period between the last day of the months the participant will attain age 60 and age 62.

SECTION 8
MISCELLANEOUS

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

8-2. The supplemental pension described in Sections 2, 3, 4, 5, 6 and 7 shall be paid to the participant or his or her beneficiary based on the particular pension option elected by the participant, in the same manner, at the same time, for the same period and on the same terms and conditions as the pension payable to the participant or his beneficiary under the Annuity Plan. In the event a participant is paid his or her pension under the Annuity Plan in a lump sum, any

supplemental pension due under Sections 2, 3, 4, 5, 6 or 7 shall likewise be paid in a lump sum. Notwithstanding the foregoing provision of this subsection 8-2: (a) if the present value of the vested supplemental pensions described in Sections 2, 3, 4, 5, 6 and 7 of a participant who is actively employed by Abbott as a corporate officer exceeds \$100,000, then payment of such pensions shall be made to the participant under Section 9 below; and (b) if the monthly vested supplemental pensions, expressed as a straight life annuity, due a participant or his or her beneficiary under Sections 2, 3, 4, 5, 6 and 7 do not exceed an aggregate of One Hundred Fifty Dollars (\$150.00) as of the commencement date of the pension payable such participant or his or her beneficiary under the Annuity Plan, and payment of such supplemental pension has not previously been made under Section 9, the present value of such supplemental pensions shall be paid such participant or beneficiary in a lump-sum.

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

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

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

payment by using an interest rate equal to the Pension Benefit Guaranty Corporation interest rate applicable to an immediate annuity, as in effect on the date of payment.

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

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

8-5. The provisions of subsections 8-3, 8-4 and this subsection 8-5 may not be amended or deleted, nor superseded by any other provision of this Supplemental Plan, during the period beginning on the date of a Change in Control and ending on the date five years following such Change in Control.

8-6. All benefits due under this Supplemental Plan shall be paid by Abbott and Abbott shall be reimbursed for such payments by the employee's employer. In the event the employee is employed by more than one employer, each employer shall reimburse Abbott in proportion to the

period of time the employee was employed by such employer, as determined by the Board of Review in its sole discretion.

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

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

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

SECTION 9
ALTERNATE PAYMENT OF SUPPLEMENTAL PENSIONS

9-1. If, as of December 31, 1995 or any subsequent December 31, the present value of the supplemental pension described in Sections 2, 3, 4, 5, 6 and 7 of a participant, who is actively employed by Abbott as a corporate officer, exceeds \$100,000, then payment of such present value shall be made, at the direction of the participant, by either of the following methods: (a) current payment in cash directly to the participant, or (b) current payment of a portion of such present value (determined as of that December 31) in cash for the participant directly to a Grantor Trust established by the participant, and current payment of the balance of such present value in cash directly to the participant, provided that the payment made directly to the participant shall approximate the aggregate federal, state and local individual income taxes attributable to the amount paid pursuant to this subparagraph 9-1(b) (as determined pursuant to the tax rates set forth in subsection 9-14).

9-2. If the present value of a participant's supplemental pension has been paid to the participant (including amounts paid to the participant's Grantor Trust) pursuant to subsection 9-1 (either as in effect prior to June 1, 1996 that applied to any participant with a supplemental pension with a present value in excess of \$100,000 or as currently in effect that requires the participant to have a supplemental pension with a present value in excess of \$100,000 and to be a corporate officer), then as of each subsequent December 31, such participant shall be entitled to a payment in an amount equal to: (i) the present value (as of that December 31) of the participant's supplemental pension described in Sections 2, 3, 4, 5, 6 and 7, less (ii) the current value (as of that December 31) of the payments previously made to the participant under subsections 9-1 and 9-2. Payments under this subsection 9-2 shall be made, at the direction of the participant, by either of the following methods: (a) current payment in cash directly to the participant, or (b) current payment of a portion of such amount in cash for the participant directly to the Grantor Trust established by the participant; and current payment of the balance of such amount in cash directly to the participant, provided that the payment made directly to the participant shall approximate the aggregate federal, state and local individual income taxes attributable to the amount paid pursuant to this subparagraph 9-2(b) (as determined pursuant to the tax rates set forth in subsection 9-14). No payments shall be made under this subsection 9-2 as of any December 31 after the calendar year in which the participant retires or otherwise terminates employment with Abbott.

9-3. Present values for the purposes of subsections 9-1, 9-2, 9-4 and 9-5 shall be determined using reasonable actuarial assumptions specified for this purpose by Abbott and consistently applied. The "current value" of the payments previously made to a participant under subsections 9-1 and 9-2 means the aggregate amount of such payments, with interest thereon (at

the rate specified for this purpose by Abbott). For purposes of subsections 9-4 and 9-5, "Projected Taxes" with respect to any payment of supplemental pension benefits under subsections 9-1 or 9-2, shall mean the taxes which Abbott projects will be incurred by the participant on the income earned (i) on the payment (net of taxes) that is made pursuant to subsections 9-1 or 9-2, (ii) on the corresponding payment(s) for Projected Taxes that are made pursuant to subsection 9-4 and, if applicable, 9-5 and (iii) on the accumulated income earned on any of the payments covered by parts (i) and (ii) hereof, during the life of such participant's Grantor Trust (or during the period that such Grantor Trust would have been in existence if the participant had elected to receive all of the payments under subsections 9-1 and 9-2 in cash). In calculating such Projected Taxes, Abbott shall use the aggregate of the current federal, state and local tax rates specified by subsection 9-14.

9-4. Effective as of December 31, 1995, or any subsequent December 31, as a result of any payment made to a Qualified Participant for any calendar year pursuant to subsection 9-1 or 9-2, Abbott shall also make a corresponding payment to such Qualified Participant in the amount of the present value of the Projected Taxes. A "Qualified Participant" is either (i) a participant who as of December 31, 1995 was actively employed by Abbott and who had previously received, or as of such date was qualified to receive, a payment under subsection 9-1; or (ii) a participant who as of any subsequent December 31 qualifies to receive a payment pursuant to subsection 9-1. The payment for Projected Taxes under this subsection 9-4 shall be made to the Qualified Participant in the identical manner that the payment under subsection 9-1 or 9-2 was made. For example, (a) if the Qualified Participant elected to receive the payment under subsection 9-1 directly in cash, then Abbott shall also pay the present value of the Projected Taxes on such payment in cash directly to the Qualified Participant, and (b) if the Qualified

Participant elected to receive the payment under subsection 9-1 into a Grantor Trust established by the Qualified Participant, then Abbott shall pay the present value of the Projected Taxes on such payment as follows: current payment of a portion of such present value (determined as of that December 31) in cash for such Qualified Participant directly to a Grantor Trust established by such participant, and current payment of the balance of such present value in cash directly to such Qualified Participant, provided that the payment made directly to such participant shall approximate the aggregate federal, state and local individual income taxes attributable to the amount paid pursuant to this subparagraph 9-4(b) (as determined pursuant to the tax rates set forth in subsection 9-14). No payments shall be made under this subsection 9-4 as of any December 31 after the calendar year in which the participant retires or otherwise terminates employment with Abbott.

9-5. In the event that Abbott has made any payment for Projected Taxes under subsection 9-4 in cash directly to the Qualified Participant and there is a subsequent increase in the tax rates for such Qualified Participant, Abbott shall make a further cash payment to such Qualified Participant in the amount of (a) the present value of the Projected Taxes on the payments that were made under subsections 9-1 and 9-2 in cash directly to such Qualified Participant using the actual tax rates for previous years and the new tax rates (determined in accordance with subsection 9-14) for the current and subsequent years, less (b) the amount that would have been in the Qualified Participant's Tax Payment Account with respect to the payments made under subsections 9-1 and 9-2 in cash directly to the Participant, if such payments had instead been made to the Qualified Participant's Grantor Trust. Such amount shall be paid by Abbott directly to the Qualified Participant in cash. In the event that Abbott has made any payment for Projected Taxes under subsection 9-4 to the Qualified Participant's Grantor

Trust, then Abbott shall as of December 31 of each year, make a further payment to the Qualified Participant in the amount of (a) the present value (as of that December 31) of the Projected Taxes on the payments that were made under subsections 9-1 and 9-2 into the Qualified Participant's Grantor Trust less (b) the balance of such Qualified Participant's Tax Payment Account (as described in subsection 9-8). Such payment shall be paid by Abbott as follows: the current payment of a portion of such amount in cash directly to the Qualified Participant's Grantor Trust and the current payment of the balance of such amount in cash directly to such Qualified Participant; provided, that the payments made directly to such Qualified Participant shall approximate the aggregate federal, state and local individual income taxes attributable to the amount paid pursuant to this subsection 9-5. No payments shall be made under this subsection 9-5 for any year following the participant's death. In the event that the calculation required by this subsection 9-5 for a Grantor Trust demonstrates that there has been an overpayment of projected taxes, such overpayment shall be held within the Grantor Trust in an Excess Tax Account and may be used by Abbott as a credit against any payments due hereunder or as specified in subsection 9-12.

9-6. For each Qualified Participant whose Grantor Trust has received a payment pursuant to subsection 9-4, Abbott, as the administrator of such Grantor Trust, shall direct the trustee to distribute to the participant from the income of such Grantor Trust, a sum of money sufficient to pay the taxes on trust earnings for such year. The taxes shall be calculated by multiplying the income of the Grantor Trust by the aggregate of the federal, state, and local tax rates (determined in accordance with subsection 9-14).

9-7. A participant shall be deemed to have irrevocably waived and shall be foreclosed from any right to receive any supplemental pension benefits on that portion of the supplemental pension that the participant elects to be paid in cash under subsection 9-1 or 9-2. A participant, who has elected to receive a payment under subsection 9-1 or 9-2 to a Grantor Trust, must establish such trust in a form which Abbott determines to be substantially similar to the trust attached to this Supplemental Plan as Exhibit A. If a participant fails to make an election under subsection 9-1 or 9-2, or if a participant makes an election under subsection 9-1 or 9-2 to receive payment in a Grantor Trust but fails to establish a Grantor Trust, then payment shall be made in cash directly to the participant. Each payment required under subsections 9-1, 9-2, 9-4 and 9-5 shall be made as soon as practicable after the amount thereof can be ascertained by Abbott, but in no event later than the last day of the calendar year following the December 31 as of which such payment becomes due.

9-8. Abbott will establish and maintain a separate Supplemental Pension Account in the name of each participant, a separate After-Tax Supplemental Pension Account in the name of each participant, and a separate Tax Payment Account in the name of each participant. The Supplemental Pension Account shall reflect any amounts: (i) paid to a participant (including amounts paid to a participant's Grantor Trust) pursuant to subsections 9-1, and 9-2; (ii) credited to such Account pursuant to subsection 9-9; and (iii) disbursed to a participant for supplemental pension benefits (or which would have been disbursed to a participant if the participant had not elected to receive a cash disbursement pursuant to subsections 9-1 and 9-2). The After-Tax Supplemental Pension Account shall also reflect such amounts but shall be maintained on an after-tax basis. The Tax Payment Account shall reflect any amounts (i) paid to a Qualified Participant (net of taxes) pursuant to subsections 9-4 and 9-5 and (ii) disbursed to a participant

for the payment of taxes pursuant to subsection 9-6. The accounts established pursuant to this subsection 9-8 are for the convenience of the administration of the Plan and no trust relationship with respect to such accounts is intended or should be implied.

9-9. As of the end of each calendar year, a participant's Supplemental Pension Account shall be credited with interest calculated at a reasonable rate of interest specified for this purpose by Abbott and consistently applied. Any amount so credited shall be referred to as a participant's "Interest Accrual". The calculation of the Interest Accrual shall be based on the balance of the payments made pursuant to subsections 9-1 and 9-2 and any Interest Accrual thereon from previous years. As of the end of each calendar year a participant's After-Tax Supplemental Pension Account shall be credited with interest which shall be referred to as the After-Tax Interest Accrual. The "After-Tax Interest Accrual" shall be an amount equal to (a) the Interest Accrual credit to the participant's Supplemental Pension Account for such year less (b) the product of (i) the amount of such Interest Accrual multiplied by (ii) the aggregate of the federal, state and local income tax rates (determined in accordance with subsection 9-14). The Excess Interest Account shall be the cumulative amount, if any, by which the net income earned by the Grantor Trust on the payments made pursuant to Sections 9-1, 9-2, 9-4, 9-5 and 9-10 (and interest earned thereon) for all years that the Grantor Trust has been in existence exceeds the After-Tax Interest Accrual for such years.

9-10. In addition to any payment made to a participant for any calendar year pursuant to subsections 9-1, 9-2, 9-4 and 9-5, Abbott shall also make a payment to a participant's Grantor Trust (a "Guaranteed Rate Payment"), for any year in which the net income of such trust does not equal or exceed the participant's After-Tax Interest Accrual for that year. The Guaranteed Rate Payment shall equal the difference between the participant's After-Tax Interest Accrual and such

net income of the participant's Grantor Trust for the year, and shall be paid within 180 days of the end of that year. Any funds in a participant's Excess Interest Account may be used by Abbott as a credit against any Guaranteed Rate Payment due to the participant under this subsection 9-10 or as specified in subsection 9-12. No payments shall be made under this subsection 9-10 for any year following the year of the participant's death.

9-11. If at any time after a participant's retirement or other termination of employment with Abbott, there is no longer a balance in his or her Grantor Trust, then such participant (or his or her surviving spouse if such spouse is entitled to periodic payments from the Grantor Trust) shall be entitled to a "Continuation Payment" under this subsection 9-11. The amount of the Continuation Payment shall be equal to the amount of the supplemental pension that would have been payable to the participant (or surviving spouse) had no payments been made to or for the participant's Grantor Trust under subsections 9-1 and 9-2. Continuation Payments shall be made monthly, beginning with the month in which there is no longer a sufficient balance in the participant's Grantor Trust and ending with the month of the participant's (or surviving spouse's) death. Payments under this subsection 9-11 shall be made by the employers (in such proportions as Abbott shall designate) directly from their general corporate assets. Appropriate adjustments to the Continuation Payments shall be made in the event distributions have been made from a participant's Grantor Trust for reasons other than benefit payments to the participant or surviving spouse.

9-12. To the extent that Abbott is obligated to make a payment to a participant under subsections 9-1, 9-2, 9-4, 9-5 or 9-10, Abbott shall have the right to offset such payment with any funds in the participant's Excess Interest Account or Excess Tax Account. In addition, any

funds in a participant's Excess Tax Account may be used by Abbott as a credit against any future Guaranteed Rate Payment due to the participant under subsection 9-10.

9-13. For participants who are not Qualified Participants that received any payment pursuant to subsection 9-4, in addition to the payments provided under subsections 9-1 and 9-2, each participant shall also be entitled to a Tax Gross Up payment for each year there is a balance in his or her Supplemental Pension Account. The "Tax Gross Up" shall approximate: (a) the product of (i) the participant's After-Tax Interest Accrual for the year (calculated using the greater of the rate of return of the Grantor Trusts or the rate specified in subsection 9-9), multiplied by (ii) the aggregate of the federal, state and local tax rates (determined in accordance with subsection 9-14) plus (b) an amount equal to the product of (i) any payment made pursuant to this subsection 9-13, multiplied by (ii) the aggregate tax rate determined under subparagraph 9-13(a)(ii) above, such that the participant is fully compensated for taxes on payments made hereunder. Payment of the Tax Gross Up shall be made by the employers (in such proportions as Abbott shall designate) directly from their general corporate assets. The Tax Gross Up for a year shall be paid to the participant as soon as practicable after the amount of the Tax Gross Up can be ascertained by Abbott, but in no event later than the last day of the calendar year following the calendar year to which the Tax Gross Up relates. No payments shall be made under this subsection 9-13 for any year following the year of the participant's death.

9-14. For purposes of this Supplemental Plan, a participant's federal income tax rate shall be deemed to be the highest marginal rate of federal individual income tax in effect in the calendar year in which a calculation under this Supplemental Plan is to be made, and state and

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

SUPPLEMENTAL BENEFIT
GRANTOR TRUST

THIS AGREEMENT, made this day of , 19 , by
and between , (the "grantor"), and The
Northern Trust Company, located at Chicago, Illinois, as trustee (the
"trustee"),

WITNESSETH THAT:

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

NOW, THEREFORE, IT IS AGREED as follows:

ARTICLE I
INTRODUCTION

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

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

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

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

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

ARTICLE II
DISTRIBUTION OF THE TRUST FUND

II-1. SUPPLEMENTAL PENSION ACCOUNT. The administrator shall maintain a "supplemental pension account" under the trust. As of the end of each calendar year, the administrator shall charge the account with all distributions made from the account during that year; and credit the account with its share of trust income and realized gains and charge the account with its share of trust expenses and realized losses for the year.

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

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

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

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

ARTICLE III
MANAGEMENT OF THE TRUST FUND

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

- (a) Subject to the limitations of subparagraph (b) next below, to sell, contract to sell, purchase, grant or exercise options to purchase, and otherwise deal with all assets of the trust fund, in such way, for such considerations, and on such terms and conditions as the trustee decides.
- (b) To invest and reinvest the trust fund, without distinction between principal and income, in obligations of the United States Government and its agencies or which are backed by the full faith and credit of the United States Government and in any mutual funds, common trust funds or collective investment funds which invest solely in such obligations, provided that to the extent practicable no more than Ten Thousand Dollars (\$10,000) shall be invested in such mutual funds, common trust funds or collective investment funds at any time; and any such investment made or retained by the trustee in good faith shall be proper despite any resulting risk or lack of diversification or marketability.
- (c) To deposit cash in any depository (including the banking department of the bank acting as trustee) without liability for interest, in amounts not in excess of those reasonably necessary to make distributions from the trust.
- (d) To borrow from anyone, with the administrator's approval, such sum or sums from time to time as the trustee considers desirable to carry out this trust, and to mortgage or pledge all or part of the trust fund as security.
- (e) To retain any funds or property subject to any dispute without liability for interest and to decline to make payment or delivery thereof until final adjudication by a court of competent jurisdiction or until an appropriate release is obtained.
- (f) To begin, maintain or defend any litigation necessary in connection with the administration of this trust, except that the trustee shall not be obliged or required to do so unless indemnified to the trustee's satisfaction.
- (g) To compromise, contest, settle or abandon claims or demands.

- (h) To give proxies to vote stocks and other voting securities, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, liquidations, or other changes in the financial structure of any corporation, and to exercise or sell stock subscription or conversion rights.
- (i) To hold securities or other property in the name of a nominee, in a depository, or in any other way, with or without disclosing the trust relationship.
- (j) To divide or distribute the trust fund in undivided interests or wholly or partly in kind.
- (k) To pay any tax imposed on or with respect to the trust; to defer making payment of any such tax if it is indemnified to its satisfaction in the premises; and to require before making any payment such release or other document from any lawful taxing authority and such indemnity from the intended payee as the trustee considers necessary for its protection.
- (l) To deal without restriction with the legal representative of the grantor's estate or the trustee or other legal representative of any trust created by the grantor or a trust or estate in which a beneficiary has an interest, even though the trustee, individually, shall be acting in such other capacity, without liability for any loss that may result.
- (m) Upon the prior written consent of the administrator, to appoint or remove by written instrument any bank or corporation qualified to act as successor trustee, wherever located, as special trustee as to part or all of the trust fund, including property as to which the trustee does not act, and such special trustee, except as specifically limited or provided by this or the appointing instrument, shall have all of the rights, titles, powers, duties, discretions and immunities of the trustee, without liability for any action taken or omitted to be taken under this or the appointing instrument.
- (n) To appoint or remove by written instrument any bank, wherever located, as custodian of part or all of the trust fund, and each such custodian shall have such rights, powers, duties and discretions as are delegated to it by the trustee.
- (o) To employ agents, attorneys, accountants or other persons, and to delegate to them such powers as the trustee considers desirable, and the trustee shall be protected in acting or refraining from acting on the advice of persons so employed without court action.
- (p) To perform any and all other acts which in the trustee's judgment are appropriate for the proper management, investment and distribution of the trust fund.

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

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

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

ARTICLE IV GENERAL PROVISIONS

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

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

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

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

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

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

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

ARTICLE V
CHANGES IN TRUSTEE

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

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

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

ARTICLE VI
AMENDMENT AND TERMINATION

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

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

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

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

* * *

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

Grantor

The Northern Trust Company, as Trustee

By -----

Its -----

EXHIBIT 12

ABBOTT LABORATORIES

CALCULATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Unaudited)

(Millions of Dollars)

	SIX MONTHS ENDED JUNE 30, 1998 -----
Net Earnings	\$1,175
Add (deduct):	
Income taxes	457
Minority interest	3

Net earnings as adjusted	\$1,635

Fixed Charges:	
Interest on long-term and short-term debt	\$ 78
Capitalized interest cost	7
Rental expense representative of an interest factor	19

Total Fixed Charges	104

Total adjusted earnings available for payment of fixed charges	\$1,739

Ratio of earnings to fixed charges	16.7

NOTE: For the purpose of calculating this ratio, (i) earnings have been calculated by adjusting net 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) the Company 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.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ABBOTT LABORATORIES' 1998 SECOND QUARTER FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q FILING.

1,000

6-MOS	
	DEC-31-1998
	JAN-01-1998
	JUN-30-1998
	251,768
	71,241
	1,956,638
	197,141
	1,429,120
	5,175,198
	9,119,481
	4,452,846
	12,684,540
5,000,120	
	1,141,258
0	
	0
	1,053,943
	4,256,026
12,684,540	
	6,111,666
	6,111,666
	2,577,743
	2,577,743
	587,008
	31,767
	78,361
	1,632,164
	457,006
1,175,158	
	0
	0
	0
	1,175,158
	.77
	.76

Other expenses consist of research and development expenses.
 The EPS information in this exhibit has been prepared in accordance with SFAS No. 128, and Basic and Diluted EPS have been entered in place of Primary and Fully Diluted EPS, respectively.