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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended June 30, 2001

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 Number 1-2189

ABBOTT LABORATORIES

An Illinois Corporation

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

100 Abbott Park Road
Abbott Park, Illinois 60064-6400

Telephone: (847) 937-6100

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 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 /x/ No / /

As of July 31, 2001, the Corporation had 1,551,427,071 common shares without par value outstanding.

PART I. FINANCIAL INFORMATION

Abbott Laboratories and Subsidiaries

Condensed Consolidated Financial Statements

(Unaudited)

Abbott Laboratories and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited)

(dollars and shares in thousands except per share data)

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Net Sales	$ 4,099,119	$ 3,370,153	$ 7,658,999	$ 6,723,331
Cost of products sold	1,983,064	1,530,254	3,626,382	3,026,701
Research and development	397,341	361,592	715,621	682,959
Acquired in-process research and development	172,000	—	1,187,000	—
Selling, general and administrative	948,202	728,943	1,695,215	1,459,247

Gain on sale of business	—	(92,203)	—	(138,507)
Total Operating Cost and Expenses	3,500,607	2,528,586	7,224,218	5,030,400
Operating Earnings	598,512	841,567	434,781	1,692,931
Net interest expense	68,471	11,090	95,192	23,124
(Income) loss from TAP Pharmaceutical Products Inc. joint venture	(159,658)	(117,571)	34,285	(236,485)
Net foreign exchange (gain) loss	9,651	1,439	18,721	2,280
Other (income) expense, net	17,133	7,976	12,352	16,123
Earnings Before Taxes	662,915	938,633	274,231	1,887,889
Taxes on earnings	133,867	253,431	(31,204)	509,730
Net Earnings	$ 529,048	$ 685,202	$ 305,435	$ 1,378,159
Basic Earnings Per Common Share	$ 0.34	$ 0.44	$ 0.20	$ 0.89
Diluted Earnings Per Common Share	$ 0.34	$ 0.44	$ 0.20	$ 0.88
Cash Dividends Declared Per Common Share	$ 0.21	$ 0.19	$ 0.42	$ 0.38
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,549,547	1,549,864	1,548,317	1,548,941
Dilutive Common Stock Options	19,594	16,509	9,797	13,999
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options	1,569,141	1,566,373	1,558,114	1,562,940
Outstanding Common Stock Options Having No Dilutive Effect	3,028	19,575	3,028	19,575

The accompanying notes to 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	
	2001	**2000**
Cash Flow From (Used in) Operating Activities:		
Net earnings	$ 305,435	$ 1,378,159
Adjustments to reconcile net earnings to net cash from operating activities -		
Depreciation and amortization	541,253	435,773
Acquired in-process research and development	1,187,000	—
Trade receivables	40,097	(49,696)
Inventories	(189,325)	(252,334)
Gain on sale of business	—	(138,507)
Other, net	(389,380)	274,159
Net Cash From Operating Activities	1,495,080	1,647,554
Cash Flow From (Used in) Investing Activities:		
Proceeds from sale of business	—	116,000
Acquisition of the pharmaceutical business of BASF	(6,826,102)	—
Acquisitions of property, equipment and businesses	(391,390)	(530,845)
Investment securities transactions	2,214	32,450
Other	16,914	36,034
Net Cash Used in Investing Activities	(7,198,364)	(346,361)

Cash Flow From (Used in) Financing Activities:		
Proceeds from (repayments of) commercial paper, net	5,995,000	(548,000)
Other borrowing transactions, net	58,566	(590)
Common share transactions	90,080	49,986
Dividends paid	(619,010)	(557,462)
Net Cash From (Used in) Financing Activities	5,524,636	(1,056,066)
Effect of exchange rate changes on cash and cash equivalents	(70,823)	(13,075)
Net (Decrease) Increase in Cash and Cash Equivalents	(249,471)	232,052
Cash and Cash Equivalents, Beginning of Year	914,218	608,097
Cash and Cash Equivalents, End of Period	$ 664,747	$ 840,149

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

Abbott Laboratories and Subsidiaries

Condensed Consolidated Balance Sheet

(dollars in thousands)

	June 30 2001	December 31 2000
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 664,747	$ 914,218
Investment securities	220,076	242,500
Trade receivables, less allowances of $193,038 in 2001 and $190,167 in 2000	2,490,833	2,179,451
Inventories:		
Finished products	1,195,654	903,973
Work in process	472,953	370,407
Materials	523,639	466,951
Total inventories	2,192,246	1,741,331
Prepaid expenses, income taxes, and other receivables	2,395,670	2,298,741
Total Current Assets	7,963,572	7,376,241
Investment Securities Maturing after One Year	662,133	637,979
Property and Equipment, at Cost	11,270,373	10,127,898
Less: accumulated depreciation and amortization	5,959,842	5,310,987
Net Property and Equipment	5,310,531	4,816,911
Deferred Charges, Investment in joint ventures and Other Assets	2,981,699	2,452,123
Intangible assets of the pharmaceutical business of BASF	5,204,647	—
	$ 22,122,582	$ 15,283,254
Liabilities and Shareholders' Investment		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	$ 3,242,091	$ 479,454
Trade accounts payable	1,517,695	1,355,985
Salaries, income taxes, dividends payable, and other accruals	2,541,051	2,462,101
Amounts payable for the acquisition of the pharmaceutical business of BASF	107,558	—
Total Current Liabilities	7,408,395	4,297,540
Long-Term Debt	4,310,744	1,076,368
Other Liabilities and Deferrals	1,845,041	1,338,440

Shareholders' Investment:		
Preferred shares, one dollar par value Authorized — 1,000,000 shares, none issued	—	—
Common shares, without par value Authorized — 2,400,000,000 shares Issued at stated capital amount — Shares: 2001: 1,568,356,136; 2000: 1,563,436,372	2,454,375	2,218,234
Common shares held in treasury, at cost — Shares: 2001: 17,449,520; 2000: 17,502,239	(254,816)	(255,586)
Unearned compensation — restricted stock awards	(14,672)	(18,116)
Earnings employed in the business	7,110,546	7,229,586
Accumulated other comprehensive loss	(737,031)	(603,212)
Total Shareholders' Investment	8,558,402	8,570,906
	$ 22,122,582	$ 15,283,254

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

Abbott Laboratories and Subsidiaries
Notes to Condensed Consolidated Financial Statements
June 30, 2001

(Unaudited)

Note 1—Basis of Presentation

The accompanying unaudited, condensed consolidated financial statements have been prepared pursuant to rules and regulations of the Securities and Exchange Commission and, therefore, do not include all information and footnote disclosures normally included in audited financial statements. However, in the opinion of management, all adjustments (which include only normal adjustments) necessary to present fairly the results of operations, financial position and cash flows have been made. It is suggested that these statements be read in conjunction with the financial statements included in Abbott's Annual Report on Form 10-K for the year ended December 31, 2000.

Note 2—Supplemental Financial Information

	Three Months Ended June 30		Six Months Ended June 30	
(dollars in thousands)	2001	2000	2001	2000
Net interest expense:				
Interest expense	$ 90,175	$ 33,018	$ 141,221	$ 65,233
Interest income	(21,704)	(21,928)	(46,029)	(42,109)
Total	$ 68,471	$ 11,090	$ 95,192	$ 23,124

Note 3—Taxes on Earnings

A summary of the effective tax rates on earnings for the six months and second quarter 2001 is as follows:

	Six Months Ended June 30, 2001	Three Months Ended June 30, 2001
Effective tax rates on earnings excluding the effect of acquired in-process research and development and the increase in the litigation reserve relating to TAP as discussed in Note 5	24.7%	23.9%
Effect on tax rates of acquired in-process research and development	(40.1)	(3.7)
Effect on tax rate of one-time increase in the litigation reserve relating to TAP	4.0	—
Effective tax rates	(11.4%)	20.2%

The ongoing effective tax rates are lower than the U.S. statutory tax rate due to tax incentive grants related to subsidiaries operating in Puerto Rico, the Dominican Republic, Ireland, the Netherlands and Costa Rica; and for the second quarter 2001 due to lower taxes on the income for the TAP Pharmaceutical Products Inc. joint venture. The acquired in-process research and development charge was tax effected using a rate of 38 percent, which is equal to the U.S. federal income tax rate plus state income taxes, net of the federal tax effect.

Note 4—Litigation and Environmental Matters

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

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

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

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

The matters above are discussed more fully in Note 14 to the financial statements included in Abbott's Annual Report on Form 10-K, which is available upon request.

Note 5—TAP Pharmaceutical Products Inc.

The U.S. Department of Justice is investigating the marketing and sales practices of TAP Pharmaceutical Products Inc. (TAP) for LUPRON during the 1990s. Prior to 2001, Abbott had recorded a minimum liability, in accordance with Statement of Financial Accounting Standards (SFAS) No. 5, for losses related to the U.S. Department of Justice investigation of TAP. In April 2001, Abbott determined that a best estimate, in accordance with SFAS No. 5, could be determined. Accordingly, in the first quarter 2001, Abbott recorded a $344 million increase in the litigation reserve for Abbott's portion of TAP's after-tax increase in the reserve related to the U.S. Department of Justice investigation.

Abbott and TAP have been named as defendants in several lawsuits alleging violations of various state or federal laws in connection with TAP's marketing and pricing of Lupron. Abbott intends to file a response to each of the suits and complaints denying all substantive allegations.

Within the next year, legal proceedings may occur that may result in a change in the estimated reserves recorded by Abbott. While it is not feasible to predict the outcome of these matters with

certainty, management is of the opinion that their ultimate disposition should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations.

Note 6—U.S. Food and Drug Administration Consent Decree

In November 1999, Abbott reached agreement with the U.S. government to have a consent decree entered to settle issues involving Abbott's diagnostics manufacturing operations in Lake County, Ill. The decree, which was amended in December 2000, requires Abbott to ensure its diagnostics manufacturing processes in Lake County conform with the U.S. Food and Drug Administration's (FDA) Quality System Regulation (QSR). The decree allows for the continued manufacture and distribution of medically necessary diagnostic products made in Lake County. However, Abbott is prohibited from manufacturing or distributing certain diagnostic products until Abbott ensures the processes in its Lake County diagnostics manufacturing operations conform with the QSR. The decree allows Abbott to export diagnostic products and components for sale and distribution outside the United States if they meet the export requirements of the Federal Food, Drug and Cosmetic Act. Under the terms of the amended consent decree, Abbott must ensure its diagnostics manufacturing operations are in conformance with the QSR by various dates through January 15, 2001. The FDA will determine Abbott's conformance with the QSR after an inspection of Abbott's facilities. If the FDA concludes that the operations are not in conformance with the QSR as of the date required, Abbott may be subject to additional costs.

Note 7—Comprehensive Income

	Three Months Ended June 30		Six Months Ended June 30	
(dollars in thousands)	**2001**	**2000**	**2001**	**2000**
Foreign currency translation losses	$ (169,545)	$ (55,158)	$ (123,053)	$ (86,220)
Tax (expense) benefit related to foreign currency translation losses	(712)	157	(957)	(261)
Unrealized gains (losses) on marketable equity securities	28,617	1,189	(2,661)	20,172
Tax (expense) benefit related to unrealized gains or losses on marketable equity securities	(13,292)	(476)	6,539	(8,069)
Reclassification adjustment for gains included in net income	4,612	(22,981)	(13,687)	(12,651)
Other comprehensive loss, net of tax	(150,320)	(77,269)	(133,819)	(87,029)
Net Earnings	529,048	685,202	305,435	1,378,159

Comprehensive Income	$ 378,728	$ 607,933	$ 171,616	$ 1,291,130

Supplemental Comprehensive Income Information:

	June 30	
	2001	2000
Cumulative foreign currency translation loss adjustments, net of tax	$ 754,903	$ 518,423
Cumulative unrealized (gains) on marketable equity securities, net of tax	(17,872)	(26,093)

Note 8—Segment Information

Revenue Segments—Abbott's principal business is the discovery, development, manufacture and sale of a broad line of health care products and services. Abbott's products are generally sold directly to retailers, wholesalers, hospitals, health care facilities, laboratories, physicians' offices and government agencies throughout the world. Abbott's reportable segments are as follows:

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

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

Hospital Products—U.S. sales of 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.

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

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

Abbott's underlying accounting records are maintained on a legal entity basis for government and public reporting requirements. Segment disclosures are on a performance basis consistent with internal management reporting. Intersegment transfers of inventory are recorded at standard cost and are not a measure of segment operating earnings. The cost of some corporate functions and the cost of certain employee benefits are sold to segments at predetermined rates which approximate cost. Remaining costs, if any, are not allocated to revenue segments. The following segment information has been

prepared in accordance with the internal accounting policies of Abbott, as described above, and may not be presented in accordance with generally accepted accounting principles.

	Net Sales to External Customers				Operating Earnings			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
(dollars in millions)	2001	2000	2001	2000	2001	2000	2001	2000
Pharmaceutical	$ 895	$ 563	$ 1,610	$ 1,170	$ 310	$ 164	$ 535	$ 398
Diagnostics	722	754	1,426	1,458	96	109	181	178
Hospital	686	659	1,321	1,229	190	180	357	321
Ross	511	503	1,101	1,057	188	173	443	394
International	1,187	807	2,030	1,659	248	203	463	432
Total Reportable Segments	4,001	3,286	7,488	6,573	1,032	829	1,979	1,723
Other	98	84	171	150				
Net Sales	$ 4,099	$ 3,370	$ 7,659	$ 6,723				
Corporate functions(A)					59	37	107	78
Benefit plans costs					21	15	41	37
Non-reportable segments					(5)	(14)	(3)	(13)
Gain on sale of business					—	(93)	—	(139)
Net interest expense					68	11	95	23
Acquired in-process research and development					172	—	1,187	—
(Income) loss from TAP Pharmaceutical Products Inc.					(160)	(117)	34	(236)
Net foreign exchange loss					10	1	19	2
Other expense (income), net(B)					204	50	225	83
Consolidated Earnings Before Taxes					$ 663	$ 939	$ 274	$ 1,888

(A)

Includes certain one-time charges related to the acquisition of the pharmaceutical business of BASF in 2001.

(B)

2001 includes amortization relating to the acquisition of the pharmaceutical business of BASF and restructuring charges.

Note 9—Acquisition of Knoll

On March 2, 2001, Abbott acquired, for cash, the pharmaceutical business of BASF, which includes the global operations of Knoll Pharmaceuticals for approximately $7.0 billion (subject to adjustments for the change in net assets of the business as of the closing date compared to net assets as of September 30, 2000). This acquisition was financed primarily with short-term borrowings, $3.250 billion of which was subsequently refinanced with long-term debt. The acquisition is accounted for under the

purchase method of accounting. The allocation of the acquisition cost is as follows (in billions of dollars):

Allocation of Acquisition Cost—

Acquired intangible assets, primarily product rights for currently marketed products	$ 3.530
Goodwill	1.778
Acquired in-process research and development	1.187
Acquired net tangible assets	.551
Total allocation of acquisition cost	$ 7.046

The acquisition cost has been allocated to intangible assets, goodwill, acquired in-process research and development and net tangible assets based on an independent appraisal of fair values at the date of acquisition. Product rights for currently marketed products will be amortized on a straight-line basis over 10 to 16 years (average approximately 13 years) and goodwill will be amortized in 2001 on a straight-line basis over 20 years. Acquired in-process research and development of $1.187 billion was charged to income in the first half 2001. The net tangible assets acquired consist primarily of property and equipment of approximately $606 million, trade accounts receivable of approximately $402 million and inventories of approximately $323 million, net of assumed liabilities, primarily trade accounts payable and other liabilities.

Prior to the date of acquisition, Abbott began to plan for the integration and restructuring of the business. In the second quarter 2001, Abbott formally approved several restructuring plans and is continuing to assess and formulate further restructuring plans for specific business activities. The costs of implementing formally approved plans have been included in the reported amount of goodwill above. See Note 10 for restructuring charges recorded in the second quarter 2001. Abbott expects that additional restructuring plans will be finalized and formally approved throughout the 12 months following the date of acquisition which will increase the amount of reported goodwill above.

Pro Forma Financial Information

The following unaudited pro forma financial information reflects the consolidated results of operations of Abbott as if the acquisition of the pharmaceutical business of BASF had taken place on January 1, 2000. The pro forma information includes primarily adjustments for acquired in-process research and development, amortization of product rights for currently marketed products, interest expense for estimated acquisition debt and amortization of goodwill. The pro forma financial information is not necessarily indicative of the results of operations as they would have been had the transaction been effected on the assumed date.

	Three months ended June 30		Six months ended June 30	
In millions, except per share amounts	**2001 Pro Forma**	**2000 Pro Forma**	**2001 Pro Forma**	**2000 Pro Forma**
Sales	$ 4,099.1	$ 3,892.5	$ 8,116.1	$ 7,736.2
Net income	664.4	578.8	1,018.0	1,160.8
Diluted earnings per share	0.43	0.37	0.66	0.74

Note 10—Restructuring Charges

In the second quarter 2001 Abbott began implementing restructuring plans related to the operations of the acquired pharmaceutical business of BASF. In addition, Abbott announced in the second quarter 2001 that it was closing one of its manufacturing operations and relocating production to other Abbott facilities. The following summarizes the initial restructuring charges and subsequent activity:

(dollars in millions)	**Employee Related**	**Asset Impairments**	**Total**
Restructuring charges	$ 77.0	$ 11.5	$ 88.5
Second quarter activity	(20.3)	(11.5)	(31.8)
Accrued balance at June 30, 2001	$ 56.7	$ —	$ 56.7

Of the $88.5 total restructuring charges, $42.3 has been recorded as goodwill associated with the acquisition of the pharmaceutical business of BASF. Of the amount expensed, approximately $35.8 is classified as cost of products sold, $8.0 as selling, general and administrative and $2.4 as research and development. Employee related costs are primarily severance pay, relocation of former BASF employees and outplacement services.

Note 11—Sale of Agricultural Products Business

On January 20, 2000, Abbott sold its agricultural products business to Sumitomo Chemical Co., Ltd., resulting in a $46 million gain recorded in the first quarter 2000. In the second quarter 2000, upon Sumitomo achieving a sales milestone, Abbott recorded an additional $92 million gain. Under the transaction, Sumitomo acquired research and development, sales, marketing, and support operations for Abbott's entire line of naturally occurring biopesticides, plant growth regulators and other products for agriculture, public health and forestry. Bulk active ingredient manufacturing rights were retained by Abbott.

Note 12—Financial Instruments and Derivatives

On January 1, 2001, Abbott adopted the provisions of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities." On January 1, 2001, all derivative instruments were recognized as either assets or liabilities at fair value, resulting in a transition credit to income of approximately $2 million, which is included in net foreign exchange loss (gain) in the Condensed Consolidated Statement of Earnings.

In the first quarter 2001, Abbott entered into a $250 million interest rate hedge contract to manage its exposure to changes in interest rates for long-term fixed-rate debt expected to be issued in a future period. This contract was designated as a cash flow hedge of the variability of the cash flows due to changes in the long-term benchmark interest rates. At March 31, 2001, Abbott recorded the contract at fair value, resulting in a $1.4 million credit to accumulated other comprehensive loss. No hedge ineffectiveness was recorded in income during the first quarter 2001. In the second quarter 2001, the hedge designation was removed from this contract. Therefore, the $1.4 million credit to accumulated other comprehensive loss in the first quarter 2001 was reclassified into income in the second quarter 2001.

Abbott has designated a Japanese yen denominated liability as a hedge of the foreign currency exposure on Abbott's net investment in certain Japanese operations whose functional currency is the Japanese yen. Accordingly, changes in this liability due to fluctuations in foreign exchange rates are

charged or credited to accumulated other comprehensive loss. During the first six months 2001, a gain of $8.2 million was credited to accumulated other comprehensive loss.

Abbott enters into foreign currency forward exchange contracts to manage currency exposures for intercompany loans and trade accounts payable where the receivable or payable is denominated in a currency other than the functional currency of the entity. Such contracts are also used for foreign currency denominated third-party trade payables and receivables. For intercompany loans, the contracts require Abbott to sell foreign currencies, primarily European currencies and Japanese yen, in exchange for primarily U.S. dollars and other European currencies. For intercompany and trade payables and receivables, the currency exposures are primarily the U.S. dollar, European currencies and Japanese yen. These contracts are recorded at fair value with the resulting gains or losses reflected in income.

Note 13—Subsequent Event—Issuance of Long-term Debt

On July 5, 2001, Abbott issued $3.250 billion of long-term debt securities. Proceeds from this issuance were used to reduce short-term commercial paper borrowings outstanding as of June 30, 2001. Accordingly, $3.250 billion of commercial paper borrowings have been classified as long-term liabilities in the accompanying Condensed Consolidated Balance Sheet.

FINANCIAL REVIEW

Results of Operations—Second Quarter and First Six Months 2001 Compared with Same Periods in 2000

The following table details sales by reportable segment for the second quarter and first six months 2001:

(dollars in millions)

	Net Sales to External Customers		Percentage Change(a)	Net Sales to External Customers		Percentage Change(a)
	Three Months Ended June 30			Six Months Ended June 30		
	2001	2000		2001	2000	
Pharmaceutical	$ 895	$ 563	58.7	$ 1,610	$ 1,170	37.5
Diagnostics	722	754	(4.3)	1,426	1,458	(2.2)
Hospital	686	659	4.2	1,321	1,229	7.5
Ross	511	503	1.5	1,101	1,057	4.1
International	1,187	807	47.1	2,030	1,659	22.3
Total Reportable Segments	4,001	3,286	21.7	7,488	6,573	13.9
Other	98	84		171	150	
Net Sales	$ 4,099	$ 3,370	21.6	$ 7,659	$ 6,723	13.9
Total U.S.	$ 2,451	$ 2,076	18.1	$ 4,744	$ 4,137	14.7

Total International	$ 1,648	$ 1,294	27.3	$ 2,915	$ 2,586	12.7

(a) Percentage changes are based on unrounded numbers.

Worldwide sales for the second quarter and first six months reflect primarily unit growth. Excluding the negative effect of the relatively stronger U.S. dollar, sales increased 24.4 percent for the second quarter and 16.7 percent for the first six months, respectively, over the comparable 2000 periods. Pharmaceutical and International segment sales were favorably impacted by the acquisition of the pharmaceutical business of BASF on March 2, 2001. Diluted earnings per common share for the quarter were 34 cents, compared to diluted earnings per share of 44 cents a year ago.

Gross profit margin (sales less cost of products sold, including freight and distribution expenses) was 51.6 percent for the second quarter 2001, compared to 54.6 percent for the second quarter 2000. First six months 2001 gross profit margin was 52.7 percent, compared to 55.0 percent for the first six months 2000. These decreases were due primarily to increased goodwill and intangibles amortization as a result of the acquisition of the pharmaceutical business of BASF in 2001, the negative effect of the relatively stronger U.S. dollar and one-time restructuring charges; partially offset by favorable sales mix.

Research and development expenses for the second quarter 2001 and first six months 2001, excluding acquired in-process research and development of $172 million and $1.187 billion respectively, increased 9.9 percent and 4.8 percent, respectively, over the comparable 2000 periods. 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 2001 and first six months 2001 increased 30.1 percent and 16.2 percent, respectively, over the comparable 2000 periods, due primarily

to increased spending as a result of the acquisition of the pharmaceutical business of BASF and increased selling and marketing support for new and existing products.

As a result of the consent decree entered into with the U.S. government in 1999, as discussed in Note 6, Abbott is prohibited from manufacturing or distributing certain diagnostic products until Abbott ensures the processes in its Lake County, Ill., diagnostics manufacturing operations conform with the U.S. Food and Drug Administration's (FDA) Quality System Regulation (QSR). Abbott estimates that full year 2000 sales were negatively impacted by approximately $250 million, and earnings per share were negatively impacted by approximately 10 cents per share. Under the terms of the amended consent decree, Abbott must ensure its diagnostics manufacturing operations are in conformance with the QSR by various dates through January 15, 2001. The FDA will determine Abbott's conformance with the QSR after an inspection of Abbott's facilities. If the FDA concludes that the operations are not in conformance with the QSR as of the date required, Abbott may be subject to additional costs.

The FDA announced in 1997 that every manufacturer of levothyroxine drug products (SYNTHROID), most of which had been on the market for many years, would be required as part of the agency's regulatory process to file either an New Drug Application (NDA), or a citizen petition showing that their products are not new drugs and therefore do not require an NDA. SYNTHROID's manufacturer at the time, Knoll Pharmaceutical Company, which Abbott acquired in March 2001, exercised the citizen petition option because of SYNTHROID's long history and excellent track record. On April 26, 2001, the FDA denied Knoll's petition. Abbott promptly responded to the FDA that Abbott would submit an NDA for SYNTHROID, which Abbott submitted on August 1, 2001. On July 11, 2001 the FDA issued guidance on the distribution of levothyroxine sodium products during the NDA review process. The guidance assures that SYNTHROID will remain on the market while the agency reviews the NDA Abbott has submitted for SYNTHROID. However, the guidance also requires that levothyroxine sodium products without approved NDAs will be subject to a phased reduction in distribution as measured against levels previously distributed. By August 14, 2003, all levothyroxine sodium products without approved NDAs would be required to cease distribution. Upon NDA approval, the limits on distribution will be removed. Abbott expects that the NDA review process will take approximately ten to twelve months, during which time the distribution of SYNTHROID would be reduced to 60% of the level distributed during the six months preceding August 1, 2001. During the three months ended June 30, 2001, Abbott recorded U.S. net sales of SYNTHROID of $161 million.

Acquisition of Knoll

On March 2, 2001, Abbott acquired, for cash, the pharmaceutical business of BASF, which includes the global operations of Knoll Pharmaceuticals for approximately $7.0 billion (subject to adjustments for the change in net assets of the business as of the closing date compared to net assets as of September 30, 2000). This acquisition was financed primarily with short-term borrowings, $3.250 billion of which was subsequently refinanced with long-term debt. The acquisition is accounted for under the

purchase method of accounting. The allocation of the acquisition cost is as follows (in billions of dollars):

Allocation of Acquisition Cost—

Acquired intangible assets, primarily product rights for currently marketed products	$ 3.530
Goodwill	1.778
Acquired in-process research and development	1.187
Acquired net tangible assets	.551
Total allocation of acquisition cost	$ 7.046

The acquisition cost has been allocated to intangible assets, goodwill, acquired in-process research and development and net tangible assets based on an independent appraisal of fair values at the date of acquisition. Product rights for currently marketed products will be amortized on a straight-line basis over 10 to

16 years (average approximately 13 years) and goodwill will be amortized in 2001 on a straight-line basis over 20 years. Acquired in-process research and development of $1.187 billion was charged to income in the first half 2001. The net tangible assets acquired consist primarily of property and equipment of approximately $606 million, trade accounts receivable of approximately $402 million and inventories of approximately $323 million, net of assumed liabilities, primarily trade accounts payable and other liabilities.

Prior to the date of acquisition, Abbott began to plan for the integration and restructuring of the business. In the second quarter 2001, Abbott formally approved several restructuring plans and is continuing to assess and formulate further restructuring plans for specific business activities. The costs of implementing formally approved plans have been included in the reported amount of goodwill above. Abbott expects that additional restructuring plans will be finalized and formally approved throughout the 12 months following the date of acquisition which will increase the amount of reported goodwill above. In addition, integration of the acquired operations will result in charges which will be recorded against earnings in the periods in which the integration plans are finalized, consistent with previous forecasts.

Pro Forma Financial Information

The following unaudited pro forma financial information reflects the consolidated results of operations of Abbott as if the acquisition of the pharmaceutical business of BASF had taken place on January 1, 2000. The pro forma information includes primarily adjustments for acquired in-process research and development, amortization of product rights for currently marketed products, interest expense for estimated acquisition debt and amortization of goodwill. The pro forma financial

information is not necessarily indicative of the results of operations as they would have been had the transaction been effected on the assumed date.

	Three months ended June 30		Six months ended June 30	
In millions, except per share amounts	2001 Pro Forma	2000 Pro Forma	2001 Pro Forma	2000 Pro Forma
Sales	$ 4,099.1	$ 3,892.5	$ 8,116.1	$ 7,736.2
Net income	664.4	578.8	1,018.0	1,160.8
Diluted earnings per share	0.43	0.37	0.66	0.74

Restructuring Charges
(dollars in millions)

In the second quarter 2001 Abbott began implementing restructuring plans related to the operations of the acquired pharmaceutical business of BASF. In addition, Abbott announced in the second quarter 2001 that it was closing one of its manufacturing operations and relocating production to other Abbott facilities. The following summarizes the initial restructuring charges and subsequent activity:

(dollars in millions)	Employee Related	Asset Impairments	Total
Restructuring charges	$ 77.0	$ 11.5	$ 88.5
Second quarter activity	(20.3)	(11.5)	(31.8)
Accrued balance at June 30, 2001	$ 56.7	$ —	$ 56.7

Of the $88.5 total restructuring charges, $42.3 has been recorded as goodwill associated with the acquisition of the pharmaceutical business of BASF. Of the amount expensed, approximately $35.8 is classified as cost of products sold, $8.0 as selling, general and administrative and $2.4 as research and development. Employee related costs are primarily severance pay, relocation of former BASF employees and outplacement services.

Sale of Agricultural Products Business

On January 20, 2000, Abbott sold its agricultural products business to Sumitomo Chemical Co., Ltd., resulting in a $46 million gain recorded in the first quarter 2000. In the second quarter 2000, upon Sumitomo achieving a sales milestone, Abbott recorded an additional $92 million gain. Under the transaction, Sumitomo acquired research and development, sales, marketing, and support operations for Abbott's entire line of naturally occurring biopesticides, plant growth regulators and other products for agriculture, public health and forestry. Bulk active ingredient manufacturing rights were retained by Abbott.

Interest (Income) Expense, Net

Net interest expense increased in both the second quarter and first six months 2001 due primarily to a higher level of borrowings as a result of the acquisition of the pharmaceutical business of BASF.

Loss (Income) from TAP Pharmaceutical Products Inc. Joint Venture

Abbott's income from TAP Pharmaceutical Products Inc. (TAP) joint venture was adversely affected, for the six months ended June 30, 2001, as a result of an increase in a litigation reserve

related to the U.S. Department of Justice investigation of TAP's marketing and sales practices relating to LUPRON as discussed in Note 5 to the condensed consolidated financial statements.

Taxes on Earnings

The effective tax rates on earnings for the six months and second quarter 2001, excluding the charge for acquired in-process research and development, were approximately 29 percent and 24 percent, respectively. The estimated annual effective tax rate on income, excluding the charge for acquired in-process research and development is approximately 26 percent. In addition, the tax rate used to benefit the charge for acquired in-process research and development was 38 percent, which is comprised of the U.S. federal income tax rate plus state income taxes, net of the federal tax effect. The combination of these items resulted in tax rates of (11.4) percent for the six months ended 2001 and 20.2 percent for the second quarter 2001. The effective income tax rate was 27 percent in 2000.

Liquidity and Capital Resources at June 30, 2001 Compared with December 31, 2000

Net cash from operating activities for the first six months 2001 totaled $1.5 billion. Abbott expects annual cash flow from operating activities to continue to approximate or exceed Abbott's capital expenditures and cash dividends.

At June 30, 2001, Abbott had working capital of $555 million compared to working capital of approximately $3.1 billion at December 31, 2000. The decrease in working capital in 2001 was primarily due to increased short-term commercial paper borrowings as a result of the acquisition of the pharmaceutical business of BASF.

At June 30, 2001, Abbott's bond ratings were AA by Standard & Poor's Corporation and Aa3 by Moody's Investors Service. Abbott has readily available financial resources, including unused domestic lines of credit of $3.0 billion, which support domestic commercial paper borrowing arrangements. As a result of the acquisition of the pharmaceutical business of BASF, Abbott's credit ratings were adjusted to reflect the increased borrowings that financed the acquisition.

Under a registration statement filed with the Securities and Exchange Commission in February 2001, Abbott issued $3.250 billion of long-term debt securities on July 5, 2001. Proceeds from this issuance were used to reduce short-term commercial paper borrowings outstanding as of June 30, 2001. Accordingly, $3.250 billion of commercial paper borrowings have been classified as long-term liabilities in the accompanying Condensed Consolidated Balance. Under the registration statement, Abbott may issue up to $250 million of securities in the future in the form of debt securities or common shares without par value.

Legislative Issues

Abbott's primary markets are highly competitive and subject to substantial government regulation. Abbott expects debate to continue at both the federal and the state levels over the availability, method of delivery, and payment for health care products and services. Abbott believes that if legislation is enacted, it could have the effect of reducing 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 Abbott or the health care industry in general might be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item 1, Business, in the Annual Report on Form 10-K, which is available upon request.

Recently Issued Accounting Standards

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 the fair value of derivatives as either assets or liabilities. Adoption of the provisions of this statement on January 1, 2001, resulted in a transition credit to income of approximately $2 million in 2001.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that all business combinations initiated after June 30, 2001, be accounted for using the purchase method of accounting. With the adoption of SFAS No. 142 on January 1, 2002, goodwill will no longer be subject to amortization over its estimated useful life. Goodwill will be subject to at least an annual assessment of impairment by applying a fair-value-based test, beginning on the date of adoption of the new standard. Abbott is assessing the potential impact, if any, which may be caused by the assessment of impairment requirements of SFAS No. 142. Abbott estimates that annual goodwill amortization subject to the new rule is approximately $80 million to $100 million on an after tax basis.

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Abbott is involved in various claims and legal proceedings, including those described below.

In its Form 10-Q for the quarterly period ended March 31, 2001, Abbott reported that five derivative lawsuits were pending related to Abbott's alleged noncompliance with the Food and Drug Administration's Quality System Regulation at Abbott's Diagnostics Division facilities in Lake County, Illinois. As previously reported, the four consolidated shareholder derivative lawsuits that were pending in the United States District Court for the Northern District of Illinois known as *In Re: Abbott Laboratories Derivative Shareholder Litigation* have been dismissed and are now on appeal by the plaintiffs. In June 2001, the shareholder derivative suit pending in Lake County, Illinois filed by Craig Heneghan and Marjory Motiaytis was also dismissed. The plaintiffs did not appeal that dismissal.

As reported in the 2000 Form 10-K, the United States Department of Justice is investigating the marketing and pricing practices of TAP Pharmaceutical Products Inc. ("TAP") for leuprolide acetate depot suspension (a drug TAP markets as Lupron Depot®). Abbott owns fifty percent of TAP. As of July 31, 2001, Abbott was aware of seven pending cases related to these marketing practices: four cases in federal court and three cases in state court. Three of the four federal cases are pending in the United States District Court for the District of Massachusetts: *Beacon Health Plans, Inc. v. TAP Pharmaceutical Products, Inc., Abbott Laboratories and Takeda Chemical Industries, Ltd.* (filed on May 24, 2001); *William Porter v. TAP Pharmaceutical Products, Inc., Abbott Laboratories and Takeda Chemical Industries, Ltd.* (filed on May 18, 2001); and *Joseph Maczak v. TAP Pharmaceutical Products, Inc., Abbott Laboratories and Takeda Chemical Industries, Ltd.* (filed on June 19, 2001). The fourth case, *Larry Townsend v. TAP Pharmaceutical Products, Inc., Abbott Laboratories and Takeda Chemical Industries, Ltd.* was filed on June 12, 2001, in the United States District Court for the Northern District of Illinois. Each of the federal cases alleges civil violations of the Racketeer Influenced and Corrupt Organizations Act in connection with the marketing of Lupron; purports to be a class action on behalf of all entities and individuals who paid the twenty percent co-payment cost of Lupron; and seeks treble damages and other relief. Abbott has filed or intends to file a response in each case denying all substantive allegations.

Three cases are pending in state court. On June 27, 2001, *Brenda Campbell-Hubbard v. Abbott Laboratories,Inc., Takeda Chemical Industries, and TAP Pharmaceuticals, Inc.*, was filed in Superior Court in San Francisco, California. This complaint alleges unfair business practices in violation of the California Business and Professional Code in connection with the marketing of Lupron and was filed on behalf of a purported class of consumers who use Lupron. On June 15, 2001, *Kenneth David Lee Jarman v. TAP Pharmaceutical Products, Inc. and TAP Pharmaceuticals, Inc.*, was filed in Madison County, Illinois. This complaint alleges violations of the Illinois Consumer Fraud and Deceptive Business Practices Act in connection with the marketing of Lupron and was filed on behalf of a purported class of consumers who use Lupron. On July 20, 2001, *Acie Clark v. TAP Pharmaceuticals, Inc., Abbott Laboratories, Inc. and Takeda Pharmaceuticals*, was filed in the Circuit Court of the First Judicial Circuit in Williamson County, Illinois. The complaint alleges violations of the Illinois Consumer Fraud and Deceptive Business Practices Act and unjust enrichment in connection with the marketing of Lupron and was filed on behalf of a purported class of consumers who use Lupron and third party payors. Each of the state court cases seeks damages (including punitive damages) and other relief. Abbott has filed or intends to file a response in each case denying all substantive allegations.

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

Item 6.

Exhibits and Reports on Form 8-K

a)

Exhibits

4.1
Form of 5.125% Note issued pursuant to Indenture filed as Exhibit 4.1 to Registration Statement 333-55446—attached hereto.

4.2
Form of 5.625% Note issued pursuant to Indenture filed as Exhibit 4.1 to Registration Statement 333-55446—attached hereto.

4.3
Actions of Authorized Officers with Respect to Abbott's 5.125% Notes and its 5.625% Notes—attached hereto.

4.4
Officers' Certificate and Company Order with respect to Abbott's 5.125% Notes and its 5.625% Notes—attached hereto.

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

b)

Reports on Form 8-K

On May 14, 2001, Abbott Laboratories filed the financial statements and pro forma financial information required in connection with Abbott's acquisition of BASF's pharmaceutical business.

On April 20, 2001, Abbott Laboratories announced an adjustment in litigation reserves to reflect recent developments related to the U.S. Department of Justice investigation into the marketing and sales practices of TAP Pharmaceutical Products Inc. for Lupron®. This one time adjustment in the litigation reserves caused an adjustment to the first quarter results which were previously announced on April 12, 2001.

SIGNATURE

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

ABBOTT LABORATORIES

/s/ THOMAS C. FREYMAN

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

EXHIBIT INDEX

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SIGNATURE
EXHIBIT INDEX

Exhibit 4.1

ABBOTT LABORATORIES

5.125% NOTE DUE JULY 1, 2004

NO. 1001 $400,000,000
CUSIP NO. 002824 AL 4

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 Depository or a nominee of the Depository. This global Security is exchangeable for Securities registered in the name of a Person other than the Depository 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 Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in such limited circumstances.

Unless this Security is presented by an authorized representative of The Depository 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 Depository 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 Four Hundred Million Dollars ($400,000,000) on July 1, 2004 and to pay interest thereon from July 5, 2001 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on January 1 and July 1 in each year, commencing January 1, 2002, at the rate of 5.125% 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 December 15 or June 15 (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 February 9, 2001 (herein called the "Indenture"), between the Company and Bank One Trust Company, N.A., 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 $1,650,000,000.

The Securities of this series may be redeemed at any time at the Company's option, in whole or from time to time in part, at a redemption price equal to the sum of (1) the principal amount of any Securities of this series being redeemed plus accrued interest to the redemption date and (2) the Make-Whole Amount (as defined below), if any.

If the Company has given notice as provided in the Indenture and funds for the redemption of any Securities of this series called for redemption have been made available on the redemption date, such Securities will cease to bear interest on the date fixed for redemption. Thereafter, the only right of the Holders of such Securities will be to receive payment of the redemption price.

The Company will give notice of any optional redemption to Holders at their addresses, as shown in the Security Register for such Securities, not more than 60 nor less than 30 days prior to the date fixed for redemption. The notice of redemption will specify, among other items, the redemption price and the principal amount of the Securities of this series held by such Holder to be redeemed.

The Company will notify the Trustee at least 45 days prior to giving notice of redemption (or such shorter period as is satisfactory to the Trustee) of the aggregate principal amount of the Securities of this series to be redeemed and their redemption date. If less than all of the Securities of this series are to be redeemed, the Trustee shall select which Securities are to be redeemed in a manner it deems to be fair and appropriate.

"Make-Whole Amount" means the excess of (1) the aggregate present value, on the redemption date, of the principal being redeemed or paid and the amount of interest (exclusive of interest accrued to the date of redemption or accelerated payment) that would have been payable if such redemption or accelerated payment had not been made, over (2) the aggregate principal amount of the Securities of this series being redeemed or paid. Net present value shall be determined by discounting, on a semi-annual basis, such principal and interest at the Reinvestment Rate (as defined below and as determined on the third business day preceding the date such notice of redemption is given or declaration of acceleration is made) from the respective dates on which such principal and interest would have been payable if such redemption or accelerated payment had not been made.

"Reinvestment Rate" means 0.10% plus the arithmetic mean of the yields under the respective heading "Week Ending" published in the most recent Statistical Release (as defined below) under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the remaining life to maturity, as of the payment date of the principal being redeemed or paid. If no maturity exactly corresponds to such maturity, yields for the two published maturities most closely corresponding to such maturity shall be calculated pursuant to

the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purpose of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Amount shall be used.

"Statistical Release" means the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded United States government securities adjusted to constant maturities, or, if such statistical release is not published at the time of any determination under the Indenture, then such other reasonably comparable index which shall be designated

by the Company.

The Securities of this series 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: July 5, 2001

ABBOTT LABORATORIES

By: /s/ Greg W. Linder

Name: Greg W. Linder
Title: Vice President and Treasurer

Attest:

/s/ Jose M. de Lasa
- ---

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

BANK ONE TRUST COMPANY, N.A.,
as Trustee, certifies that this is one of the
Securities referred to in the within-mentioned
Indenture.

By /s/ Benita A. Pointer

Authorized Signature

Exhibit 4.2

ABBOTT LABORATORIES

5.625% NOTE DUE JULY 1, 2006

NO. 1001 $400,000,000
CUSIP NO. 002824 AM 2

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 Depository or a nominee of the Depository. This global Security is exchangeable for Securities registered in the name of a Person other than the Depository 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 Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository) may be registered except in such limited circumstances.

Unless this Security is presented by an authorized representative of The Depository 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 Depository 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 Four Hundred Million Dollars ($400,000,000) on July 1, 2006 and to pay interest thereon from July 5, 2001 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on January 1 and July 1 in each year, commencing January 1, 2002, at the rate of 5.625% 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 December 15 or June 15 (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 February 9, 2001 (herein called the "Indenture"), between the Company and Bank One Trust Company, N.A., 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 $1,600,000,000.

The Securities of this series may be redeemed at any time at the Company's option, in whole or from time to time in part, at a redemption price equal to the sum of (1) the principal amount of any Securities of this series being redeemed plus accrued interest to the redemption date and (2) the Make-Whole Amount (as defined below), if any.

If the Company has given notice as provided in the Indenture and funds for the redemption of any Securities of this series called for redemption have been made available on the redemption date, such Securities will cease to bear interest on the date fixed for redemption. Thereafter, the only right of the Holders of such Securities will be to receive payment of the redemption price.

The Company will give notice of any optional redemption to Holders at their addresses, as shown in the Security Register for such Securities, not more than 60 nor less than 30 days prior to the date fixed for redemption. The notice of redemption will specify, among other items, the redemption price and the principal amount of the Securities of this series held by such Holder to be redeemed.

The Company will notify the Trustee at least 45 days prior to giving notice of redemption (or such shorter period as is satisfactory to the Trustee) of the aggregate principal amount of the Securities of this series to be redeemed and their redemption date. If less than all of the Securities of this series are to be redeemed, the Trustee shall select which Securities are to be redeemed in a manner it deems to be fair and appropriate.

"Make-Whole Amount" means the excess of (1) the aggregate present value, on the redemption date, of the principal being redeemed or paid and the amount of interest (exclusive of interest accrued to the date of redemption or accelerated payment) that would have been payable if such redemption or accelerated payment had not been made, over (2) the aggregate principal amount of the Securities of this series being redeemed or paid. Net present value shall be determined by discounting, on a semi-annual basis, such principal and interest at the Reinvestment Rate (as defined below and as determined on the third business day preceding the date such notice of redemption is given or declaration of acceleration is made) from the respective dates on which such principal and interest would have been payable if such redemption or accelerated payment had not been made.

"Reinvestment Rate" means 0.125% plus the arithmetic mean of the yields under the respective heading "Week Ending" published in the most recent Statistical Release (as defined below) under the caption "Treasury Constant Maturities" for the maturity (rounded to the nearest month) corresponding to the remaining life to maturity, as of the payment date of the principal being redeemed or paid. If no maturity exactly corresponds to such maturity, yields for the two published maturities most closely corresponding to such maturity shall be calculated pursuant to

the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purpose of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Amount shall be used.

"Statistical Release" means the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded United States government securities adjusted to constant maturities, or, if such statistical release is not published at the time of any determination under the Indenture, then such other reasonably comparable index which shall be designated by the Company.

The Securities of this series 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: July 5, 2001

ABBOTT LABORATORIES

By: /s/ Greg W. Linder

Name: Greg W. Linder
Title: Vice President and Treasurer

Attest:

/s/ Jose M. de Lasa
- ---

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

BANK ONE TRUST COMPANY, N.A.,
as Trustee, certifies that this is one of the
Securities referred to in the within-mentioned
Indenture.

By /s/ Benita A. Pointer

Authorized Signature

Exhibit 4.3

ABBOTT LABORATORIES

ACTIONS OF THE AUTHORIZED OFFICERS

Pursuant to the authority granted by the Board of Directors of Abbott Laboratories ("Corporation") in its February 9, 2001 resolutions, the undersigned agree as follows:

1. The Corporation shall issue $1,650,000,000 aggregate principal amount of the Corporation's 5.125% Notes due July 1, 2004 ("Notes due 2004"), and $1,600,000,000 aggregate principal amount of the Corporation's 5.625% Notes due July 1, 2006 ("Notes due 2006," and, together with the Notes due 2004, the "Notes").

2. The Corporation shall issue and sell the Notes due 2004 and the Notes due 2006 to Banc of America Securities LLC, Goldman, Sachs & Co., Salomon Smith Barney Inc., Banc One Capital Markets, Inc., Morgan Stanley & Co. Incorporated, ABN AMRO Incorporated, BMO Nesbitt Burns Corp., First Union Securities, Inc., ING Barings LLC, SG Cowen Securities Corporation, Wachovia Securities, Inc., and The Williams Capital Group, L.P. (collectively, "Underwriters") pursuant to an Underwriting Agreement dated June 28, 2001, and a Pricing Agreement dated June 28, 2001 ("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 February 9, 2001, between the Corporation and the Bank One Trust Company, N.A., as Trustee ("Trustee"), relating to the Notes due 2004 and the Notes due 2006 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 forms of Notes referred to below, the Notes shall contain the following terms:

(a) The Notes due 2004 shall be entitled "5.125% Notes due July 1, 2004", and the Notes due 2006 shall be entitled "5.625% Notes due July 1, 2006";

(b) The Notes due 2004 shall be limited in aggregate principal amount to $1,650,000,000 and the Notes due 2006 shall be limited in aggregate principal amount to $1,600,000,000, subject to any increase in the aggregate principal amount of the Notes due 2004 and the Notes due 2006 which the Corporation may in its discretion effectuate in the future.

(c) Interest shall be payable to the persons in whose names the Notes due 2004 and the Notes due 2006 are registered at the close of business on the applicable Regular Record Date (as defined below);

(d) The principal of the Notes due 2004 is payable on July 1, 2004, and the principal of the Notes due 2006 is payable on July 1, 2006;

(e) The Notes due 2004 shall bear interest at the rate of 5.125% per annum beginning July 5, 2001. The Notes due 2006 shall bear interest at the rate of 5.625% per annum beginning July 5, 2001. Interest on the Notes due 2004 and the Notes due 2006 will be payable semi-annually on the first day of January and July of each year (each an "Interest Payment Date"), commencing on January 1, 2002. Interest shall be paid to persons in whose names the Notes due 2004 and the Notes due 2006 are registered on the December 15 or June 15 preceding the Interest Payment Date (each a "Regular Record Date");

(f) Payment of the principal of, and any premium and interest on, the Notes due 2004 and the Notes due 2006 will be made at the office or agency of the Corporation maintained for that purpose in Chicago, Illinois;

(g) The Notes due 2004 and the Notes due 2006 may be redeemed at any time at Abbott's option, in whole or from time to time in part, at a redemption price equal to the sum of (1) the principal amount of the Notes due 2004 and the Notes due 2006 being redeemed plus accrued interest to the redemption date and (2) the Make-Whole Amount, as such term is defined in the Prospectus Supplement, if any;

(h) The Notes due 2004 and the Notes due 2006 shall not provide for

any sinking fund;

(i) The Notes due 2004 and the Notes due 2006 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 due 2004 and the Notes due 2006 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 due 2004 and the Notes due 2006 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 due 2004 and the Notes due 2006 shall be payable;

(m) Both Section 13.2 and 13.3 of the Indenture shall apply to the Notes due 2004 and the Notes due 2006;

(n) The Notes due 2004 and the Notes due 2006 shall be in the form of Book-Entry Securities as set forth in the Indenture;

(o) The principal amount of the Notes due 2004 and the Notes due 2006 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 due 2004 and the Notes due 2006 shall be substantially as set forth in the Indenture and in the Prospectus and the Prospectus Supplement relating to the Notes due 2004 and the Notes due 2006.

4. The forms of the Notes due 2004 and the Notes due 2006 shall be substantially as attached hereto as EXHIBIT A.

5. The price at which the Notes due 2004 shall be sold by the Corporation to the Underwriters pursuant to the Pricing Agreement shall be 99.381% of the principal amount thereof, plus accrued interest, if any, from July 5, 2001 to the time of delivery of the Notes due 2004.

6. The price at which the Notes due 2006 shall be sold by the Corporation to the Underwriters pursuant to the Pricing Agreement shall be 99.071% of the principal amount thereof, plus accrued interest, if any, from July 5, 2001 to the time of delivery of the Notes due 2006.

7. The Notes due 2004 initially will be offered to the public by the Underwriters at 99.831% of the principal amount thereof, plus accrued interest, if any, from July 5, 2001 to the time of delivery of the Notes due 2004.

8. The Notes due 2006 initially will be offered to the public by the Underwriters at 99.671% of the principal amount thereof, plus accrued interest, if any, from July 5, 2001 to the time of delivery of the Notes due 2006.

9. The execution and delivery of the Pricing Agreement, dated June 28, 2001, and substantially in the form attached hereto as EXHIBIT B, is hereby approved.

10. Any officer of this Corporation is hereby authorized and empowered to execute the Notes due 2004 and the Notes due 2006 of this Corporation in the forms 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.

11. Bank One Trust Company, N.A. is hereby designated and appointed as Paying Agent and Securities Registrar with respect to the Notes due 2004 and the Notes due 2006.

Dated: June 28, 2001

AUTHORIZED OFFICERS OF
ABBOTT LABORATORIES

By /s/ Greg W. Linder

Name: Greg W. Linder
Title: Vice President and Treasurer

By /s/ T.C. Freyman

Name: T.C. Freyman
Title: Senior Vice President, Finance and Chief Financial Officer

Exhibit 4.4

ABBOTT LABORATORIES

OFFICERS' CERTIFICATE

AND

COMPANY ORDER

With respect to the issuance by Abbott Laboratories (the "Company") of $1,650,000,000 in aggregate principal amount of 5.125% Notes due July 1, 2004 (the "Notes due 2004") and of $1,600,000,000 in aggregate principal amount of 5.625% Notes due July 1, 2006 (the "Notes due 2006" and, together with the Notes due 2004, the "Notes"), Jose M. de Lasa and Greg W. Linder, officers of the Company, certify pursuant to Sections 3.1 and 3.3 of the Indenture, dated as of February 9, 2001 (the "Indenture"), between the Company and Bank One Trust Company, N.A., 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 February 9, 2001 (attached as Exhibit B to the Secretary's Certificate of even date herewith), the Actions of the Authorized Officers of June 28, 2001 (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 due 2004 and Notes due 2006, 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 due 2004 and Notes due 2006 are set forth in the Actions of the Authorized Officers, dated June 28, 2001 (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 due 2004 and the Notes due 2006 and to deliver such Notes to or at the direction of Banc of America Securities LLC, Goldman, Sachs & Co., and Salomon Smith Barney Inc. as representatives of the several underwriters.

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 5th day of July, 2001.

ABBOTT LABORATORIES

By: /s/ Jose M. de Lasa

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

By: /s/ Greg W. Linder

Name: Greg W. Linder,
Title: Vice President and Treasurer

Exhibit 12

Abbott Laboratories

Computation of Ratio of Earnings to Fixed Charges

(Unaudited)

(dollars in millions except ratios)

Six Months Ended June 30, 2001	
Net Earnings	$305
Add (deduct): Taxes on earnings	(31)
Minority interest	7
Net Earnings as adjusted	$281
Fixed Charges: Interest on long-term and short-term debt	141
Capitalized interest cost	9
Rental expense representative of an interest factor	25
Total Fixed Charges	175
Total adjusted earnings available for payment of fixed charges	$456
Ratio of earnings to fixed charges	2.6

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) Abbott considers one-third of rental expense to be the amount representing return on capital, and (iii) fixed charges comprise total interest expense, including capitalized interest and such portion of rentals.