

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

FORM 10-K

(MARK ONE)
☒

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

OR

☐

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

For the fiscal year ended December 31, 2008

Commission file number 1-2189

Abbott Laboratories

An Illinois Corporation
100 Abbott Park Road
Abbott Park, Illinois 60064-6400

36-0698440
(I.R.S. employer identification number)
(847)937-6100
(telephone number)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, Without Par Value	New York Stock Exchange Chicago Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes ☐ No ☒

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 ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐ Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The aggregate market value of the 1,487,087,336 shares of voting stock held by nonaffiliates of the registrant, computed by reference to the closing price as reported on the New York Stock Exchange, as of the last business day of Abbott Laboratories' most recently completed second fiscal quarter (June 30, 2008), was \$78,771,016,188. Abbott has no non-voting common equity.

Number of common shares outstanding as of January 31, 2009: 1,545,382,675

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

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

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

Incorporated herein by reference is Note 7 entitled "Segment and Geographic Area Information" of the Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data" and the sales information related to Humira® included in "Financial Review."

NARRATIVE DESCRIPTION OF BUSINESS

Abbott has four reportable revenue segments: Pharmaceutical Products, Nutritional Products, Diagnostic Products, and Vascular Products.

In January 2009, Abbott announced an agreement to acquire Advanced Medical Optics, Inc. (AMO), a marketer of ophthalmic surgical technology and devices, as well as eye care solutions, for approximately \$2.8 billion, in cash and debt, to take advantage of increasing demand for vision care technologies due to population growth and demographic shifts. The transaction is expected to close in the first quarter of 2009. AMO's sales are more than \$1 billion per year.

On April 30, 2008, Abbott and Takeda Pharmaceutical Company concluded their TAP Pharmaceutical Products Inc. ("TAP") joint venture. Abbott exchanged its equity interest in TAP for the assets, liabilities, and employees related to TAP's Lupron business.

* As used throughout the text of this report on Form 10-K, the term "Abbott" refers to Abbott Laboratories, an Illinois corporation, or Abbott Laboratories and its consolidated subsidiaries, as the context requires.

Pharmaceutical Products

These products include a broad line of adult and pediatric pharmaceuticals manufactured, marketed and sold worldwide, which are available primarily on the prescription, or recommendation, of physicians. In 2008, Abbott and Takeda Pharmaceutical Company Limited concluded their TAP Pharmaceutical Products Inc. joint venture and Lupron's U.S. results are now included in the Pharmaceutical Products segment.

The principal products included in the Pharmaceutical Products segment are:

- Humira®, for the treatment of rheumatoid arthritis, psoriatic arthritis, ankylosing spondylitis, psoriasis, and Crohn's disease;
- TriCor®, TriLipix®, Simcor®, and Niaspan®, for the treatment of dyslipidemia;
- Kaletra®, Aluvia™, and Norvir®, protease inhibitors for the treatment of HIV infection;
- Synthroid®, for the treatment of hypothyroidism;
- Lupron®, also marketed as Lucrin®, and Lupron Depot®, used for the palliative treatment of advanced prostate cancer, treatment of endometriosis and central precocious puberty, and for the preoperative treatment of patients with anemia caused by uterine fibroids;
- Meridia® and Reductil®, for the treatment of obesity;
- Depakote®, an agent for the treatment of epilepsy and bipolar disorder and the prevention of migraines;
- the anesthesia products sevoflurane (sold in the United States under the trademark Ultane® and outside of the United States primarily under the trademark Sevoflurane® and in a few other markets as Ultane®), isoflurane, and enflurane;
- the anti-infectives clarithromycin (sold under the trademarks Biaxin®, Klacid®, and Klaricid®), and various forms of the antibiotic erythromycin, sold primarily as PCE® or polymercoated erythromycin, Erythrocin®, and E.E.S.®;
- Zemplar®, for the prevention and treatment of secondary hyperparathyroidism associated with chronic kidney disease and Stage 5 treatment; and
- Prevacid™, also marketed as Ogastron (lansoprazole), a proton pump inhibitor that is marketed outside of the United States and used principally for the short-term treatment of gastroesophageal reflux disease, duodenal ulcers, gastric ulcers, and erosive esophagitis.

The Pharmaceutical Products segment markets most of its products worldwide and generally sells its products directly to wholesalers, government agencies, health care facilities, specialty pharmacies, and independent retailers from Abbott-owned distribution centers and public warehouses. Certain products are co-marketed or co-promoted with other companies. Some of these products are marketed and distributed through distributors. This segment directs its primary marketing efforts toward securing the prescription of Abbott's brand of products by physicians. Managed care providers (for example, health maintenance organizations, and pharmacy benefit managers) and state and federal governments and agencies (for example, the United States Department of Veterans Affairs and the United States Department of Defense) are also important customers.

Competition in the Pharmaceutical Products segment is generally from other health care and pharmaceutical companies. The search for technological innovations in pharmaceutical products is a significant aspect of competition in this segment. The introduction of new products by competitors and changes in medical practices and procedures can result in product obsolescence in the Pharmaceutical

Products segment. Price can also be a factor. In addition, the substitution of generic drugs for the brand prescribed has increased competitive pressures on pharmaceutical products that are off-patent.

Diagnostic Products

These products include diagnostic systems and tests manufactured, marketed and sold worldwide to blood banks, hospitals, commercial laboratories, physicians' offices, alternate-care testing sites, and plasma protein therapeutic companies.

The principal products included in the Diagnostic Products segment are:

- immunoassay systems, including ARCHITECT®, AxSYM®, IMx®, Commander®, Abbott PRISM®, TDx®, and TDxFlx®;
- chemistry systems such as ARCHITECT® c8000® and c16000®;
- assays used for screening and/or diagnosis for drugs of abuse, cancer, therapeutic drug monitoring, fertility, physiological diseases, and infectious diseases such as hepatitis and HIV;
- the m2000™, an instrument that automates the extraction, purification, and preparation of DNA and RNA from patient samples and detects and measures infectious agents including HIV, HBV, HCV, and HPV;
- the Vysis® product line of genomic-based tests, including the PathVysion® HER-2 DNA probe kit and the UroVysion® bladder cancer recurrence kit;
- a full line of hematology systems and reagents known as the Cell-Dyn® series; and
- the i-STAT® point-of-care diagnostic systems and tests for blood analysis.

In addition, under a distribution agreement with Celera Group, the Diagnostic Products segment exclusively distributes certain Celera molecular diagnostic products, including the Viroseq™ HIV genotyping system and products used for the detection of mutations in the CFTR gene, which causes cystic fibrosis.

The Diagnostic Products segment's products are generally marketed and sold directly to hospitals, laboratories, clinics, and physicians' offices from Abbott-owned distribution centers and public warehouses. Outside the United States, sales are made either directly to customers or through distributors, depending on the market served.

The Diagnostic Products segment's products are subject to competition in technological innovation, price, convenience of use, service, instrument warranty provisions, product performance, long-term supply contracts, and product potential for overall cost-effectiveness and productivity gains. Some products in this segment can be subject to rapid product obsolescence. Although Abbott has benefited from technological advantages of certain of its current products, these advantages may be reduced or eliminated as competitors introduce new products.

Nutritional Products

These products include a broad line of pediatric and adult nutritional products manufactured, marketed, and sold worldwide. These products are generally marketed and sold to institutions, wholesalers, retailers, health care facilities, and government agencies.

Principal products in the Nutritional Products segment include:

- various forms of prepared infant formula and follow-on formula, including Similac®Advance®, Similac®Advance® with EarlyShield™, Similac®, Similac® with Iron, Similac Sensitive®, Similac

Sensitive RST[™], Similac[®] Go&Grow[®], Similac[®] NeoSure[®], Similac[®] Organic, Isomil[®] Advance[®], Isomil[®], Isomil[®] Go&Grow[™], Alimentum[®], Gain[®], and Grow[®];

- adult and other pediatric nutritional products, including Ensure[®], Ensure Plus[®], Ensure[®] High Protein, Glucerna[®], ProSure[®], PediaSure[®], PediaSure[®] NutriPals[®], EleCare[®], Juven[®], and Pedialyte[®];
- nutritional products used in enteral feeding in health care institutions, including Jevity[®], Glucerna[®] 1.2 Cal, Glucerna[®] 1.5 Cal, Osmolite[®], Oxepa[®], and Nepro[®]; and
- ZonePerfect[®] bars and the EAS family of nutritional brands, including Myoplex[®] and AdvantEdge[®].

Primary marketing efforts for nutritional products are directed toward securing the recommendation of Abbott's brand of products by physicians or other health care professionals. In addition, certain nutritional products sold as PediaSure[®], PediaSure[®] NutriPals[™], Ensure[®], ZonePerfect[®], EAS[®]/Myoplex[®], and Glucerna[®] are also promoted directly to the public by consumer marketing efforts. The Nutritional Products segment's products are generally sold directly to retailers, wholesalers, and third-party distributors from Abbott-owned distribution centers or third-party distributors. Outside the United States, sales are made either directly to customers or through distributors, depending on the market served.

Competition for nutritional products in the segment is generally from other diversified consumer and health care manufacturers. Competitive factors include consumer advertising, formulation, packaging, scientific innovation, price, and availability of product forms. A significant aspect of competition is the search for ingredient innovations. The introduction of new products by competitors, changes in medical practices and procedures, and regulatory changes can result in product obsolescence. In addition, private label and local manufacturers' products may increase competitive pressure.

Vascular Products

These products include a broad line of coronary, endovascular, and vessel closure devices manufactured, marketed and sold worldwide, which are used in the treatment of vascular disease.

The principal products included in the Vascular Products segment are:

- Xience V[™], a next-generation drug-eluting coronary stent system developed on the Multi-Link Vision[®] platform;
- Multi-Link Vision[®] and Multi-Link Mini Vision[®], coronary metallic stents;
- Voyager[™] balloon dilatation products;
- Hi-Torque Balance Middleweight[™] and Asahi coronary guidewires;
- StarClose[®] and Perclose[®] vessel closure devices; and
- Acculink[®]/Accunet[®] and Xact[®]/Emboshield[®], carotid stent systems.

The Vascular Products segment's products are generally marketed and sold directly to hospitals from Abbott-owned distribution centers and public warehouses. Outside the United States, sales are made either directly to customers or through distributors, depending on the market served.

The Vascular Products segment's products are subject to competition in technological innovation, price, convenience of use, service, product performance, long-term supply contracts, and product potential for overall cost-effectiveness and productivity gains. Some products in this segment can be subject to rapid product obsolescence. Although Abbott has benefited from technological advantages of certain of its current products, these advantages may be reduced or eliminated as competitors introduce new products.

Other Products

The principal products in Abbott's other businesses include blood glucose monitoring meters, test strips, data management software and accessories for people with diabetes, including the FreeStyle® product line. These products are mostly marketed worldwide and generally sold directly to wholesalers, government agencies, health care facilities, mail order pharmacies, and independent retailers from Abbott-owned distribution centers and public warehouses. Some of these products are marketed and distributed through distributors. Blood glucose monitoring meters are also marketed and sold over-the-counter to consumers. These products are subject to competition in technological innovation, price, convenience of use, service, and product performance, and these products can be subject to rapid product obsolescence.

INFORMATION WITH RESPECT TO ABBOTT'S BUSINESS IN GENERAL

Sources and Availability of Raw Materials

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

Patents, Trademarks, and Licenses

Abbott is aware of the desirability for patent and trademark protection for its products. Accordingly, where possible, patents and trademarks are sought and obtained for Abbott's products in the United States and all countries of major marketing interest to Abbott. Abbott owns and is licensed under a substantial number of patents and patent applications. Principal trademarks and the products they cover are discussed in the Narrative Description of Business on pages 1 through 5. These, and various patents which expire during the period 2009 to 2028, in the aggregate are believed to be of material importance in the operation of Abbott's business. Abbott believes that no single patent, license, trademark (or related group of patents, licenses, or trademarks), except for those related to adalimumab (which is sold under the trademark Humira®), are material in relation to Abbott's business as a whole. The United States composition of matter (that is, compound) patents covering adalimumab will expire in December 2016. In addition, the following patents, licenses, and trademarks are significant for Abbott's Pharmaceutical Products segment: those related to lopinavir/ritonavir (which is sold under the trademarks Kaletra® and Aluvia™), those related to fenofibrate (which is sold under the trademarks TriCor® and TriLipix®), and those related to niacin (which is sold under the trademarks Niaspan® and Simcor®). The United States composition of matter patent covering lopinavir will expire in 2016. The United States non-composition of matter patent covering lopinavir/ritonavir will expire in 2016. The principal United States non-composition of matter patents covering the fenofibrate products will expire in 2011, 2018, 2020, and 2023. The principal United States non-composition of matter patents covering the niacin products will expire in 2013, 2014, 2017, and 2018. Litigation related to the products listed above is discussed in Legal Proceedings on pages 15 through 18.

Although the expiration of a composition of matter patent may lead to increased competition, in most cases Abbott owns or has a license to other patents that expire after the composition of matter patent related to particular formulations, uses, or processes for manufacturing the pharmaceutical. These non-composition of matter patents and Abbott's other intellectual property, along with such other factors as a competitor's need to obtain regulatory approvals prior to marketing a competitive product and the nature of the market, may allow Abbott to continue to maintain exclusivity or have other commercial advantages after the expiration of the composition of matter patent.

Seasonal Aspects, Customers, Backlog, and Renegotiation

There are no significant seasonal aspects to Abbott's business. Abbott has no single customer that, if the customer were lost, would have a material adverse effect on Abbott. Orders for Abbott's products are

generally filled on a current basis, and order backlog is not material to Abbott's business. No material portion of Abbott's business is subject to renegotiation of profits or termination of contracts at the election of the government.

Research and Development

Abbott spent \$2,688,811,000 in 2008, \$2,505,649,000 in 2007, and \$2,255,271,000 in 2006 on research to discover and develop new products and processes and to improve existing products and processes. The majority of research and development expenditures is concentrated on pharmaceutical products.

Environmental Matters

Abbott believes that its operations comply in all material respects with applicable laws and regulations concerning environmental protection. Regulations under federal and state environmental laws impose stringent limitations on emissions and discharges to the environment from various manufacturing operations. Abbott's capital and operating expenditures for pollution control in 2008 were approximately \$20 million and \$55 million, respectively. Capital and operating expenditures for pollution control in 2009 are estimated to be \$14 million and \$60 million, respectively.

Abbott has been identified as one of many potentially responsible parties in investigations and/or remediations at several locations in the United States including Puerto Rico under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund. Abbott is also engaged in remediation at several other sites, some of which are owned by Abbott, in cooperation with the Environmental Protection Agency (EPA) or similar agencies. While it is not feasible to predict with certainty the final costs related to those investigations and remediation activities, Abbott believes that such costs, together with other expenditures to maintain compliance with applicable laws and regulations concerning environmental protection, should not have a material adverse effect on Abbott's financial position, cash flows, or operations.

Employees

Abbott employed approximately 69,000 persons as of December 31, 2008.

Regulation

The development, manufacture, sale, and distribution of Abbott's products are subject to comprehensive government regulation. Government regulation by various federal, state, and local agencies, both domestically and abroad, which includes detailed inspection of, and controls over, research and laboratory procedures, clinical investigations, product approvals and manufacturing, marketing and promotion, sampling, distribution, record keeping, storage, and disposal practices, and achieving compliance with these regulations, substantially increases the time, difficulty, and costs incurred in obtaining and maintaining the approval to market newly developed and existing products. Government regulatory actions can result in delay in the release of products, seizure or recall of products, suspension or revocation of the authority necessary for their production and sale, and other civil or criminal sanctions. In addition, governmental regulatory agencies require prescription drug and medical device manufacturers to pay fees, such as application, product, and establishment fees.

Abbott is a party to a consent decree entered in 1999 that requires Abbott to ensure its diagnostics manufacturing processes in Lake County, Illinois conform with the U.S. Food and Drug Administration's (FDA) Quality System Regulation and restricts the sale in the United States of certain products in the Diagnostics Product segment. In 2003, the FDA concluded that those operations were in substantial conformity with the Quality System Regulation.

International operations are also subject to a significant degree of government regulation and country-specific rules and regulations. Many countries, directly or indirectly, through reimbursement or pricing limitations, control the selling price of most health care products. Furthermore, many countries limit the importation of raw materials and finished products.

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

Access to and the cost of human health care products continues to be a subject of investigation and action by governmental agencies, legislative bodies, and private organizations in the United States and other countries. In the United States, most states have generic substitution legislation requiring or permitting a dispensing pharmacist to substitute a different manufacturer's version of a pharmaceutical product for the one prescribed. In addition, the federal government follows a diagnosis-related group (DRG) payment system for certain institutional services provided under Medicare or Medicaid and has implemented a prospective payment system (PPS) for services delivered in hospital outpatient, nursing home, and home health settings. DRG and PPS entitle a health care facility to a fixed reimbursement based on the diagnosis and/or procedure rather than actual costs incurred in patient treatment, thereby increasing the incentive for the facility to limit or control expenditures for many health care products. Medicare enters contracts with private plans to negotiate prices for medicine delivered under Part D and must develop a competitive bid system for durable medical equipment, enteral nutrition products, and supplies. Under federal law, manufacturers must pay certain statutorily-prescribed rebates to state Medicaid programs on prescription drugs reimbursed under state Medicaid plans. In addition, a majority of states are seeking additional rebates. The Veterans Health Care Act of 1992 requires manufacturers to extend additional discounts on pharmaceutical products to various federal agencies, including the Department of Veterans Affairs, Department of Defense, Public Health Service entities and institutions, as well as certain other covered entities.

In the United States, governmental cost containment efforts have extended to the federally funded Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). All states are mandated to have in place a cost containment program for infant formula. As a result, states obtain rebates from manufacturers of infant formula whose products are used in the program through competitive bidding.

Abbott expects debate to continue during 2009 at all government levels over marketing, availability, method of delivery, and payment for health care products and services. Abbott believes that if legislation is enacted, it could change access to health care products and services or reduce prices or the rate of price increases for health care products and services.

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

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

INTERNATIONAL OPERATIONS

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

INTERNET INFORMATION

Copies of Abbott's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through Abbott's investor relations website (www.abbottinvestor.com) as soon as reasonably practicable after Abbott electronically files the material with, or furnishes it to, the Securities and Exchange Commission.

Abbott's corporate governance guidelines, outline of directorship qualifications, code of business conduct and the charters of Abbott's audit committee, compensation committee, nominations and governance committee, and public policy committee are all available on Abbott's investor relations website (www.abbottinvestor.com) or by sending a request for a paper copy to: Abbott Laboratories, 100 Abbott Park Road, Dept. 362, AP6D2, Abbott Park, Illinois 60064-6048, attn. Investor Relations.

ITEM 1A. RISK FACTORS

In addition to the other information in this report, the following risk factors should be considered before deciding to invest in any of Abbott's securities. Additional risks and uncertainties not presently known to Abbott, or risks Abbott currently considers immaterial, could also affect Abbott's actual results. Abbott's business, financial condition, results of operations, or prospects could be materially adversely affected by any of these risks.

Abbott may acquire other businesses, license rights to technologies or products, form alliances, or dispose of or spin-off businesses, which could cause it to incur significant expenses and could negatively affect profitability.

Abbott may pursue acquisitions, technology licensing arrangements, and strategic alliances, or dispose of or spin-off some of its businesses, as part of its business strategy. Abbott may not complete these transactions in a timely manner, on a cost-effective basis, or at all, and may not realize the expected benefits. If Abbott is successful in making an acquisition, the products and technologies that are acquired may not be successful or may require significantly greater resources and investments than originally anticipated. Abbott may not be able to integrate acquisitions successfully into its existing business and could incur or assume significant debt and unknown or contingent liabilities. Abbott could also experience negative effects on its reported results of operations from acquisition or disposition-related charges, amortization of expenses related to intangibles and charges for impairment of long-term assets. These effects could cause a deterioration of Abbott's credit rating and result in increased borrowing costs and interest expense.

The expiration or loss of patent protection and licenses may affect Abbott's future revenues and operating income.

Many of Abbott's businesses rely on patent and trademark and other intellectual property protection. Although most of the challenges to Abbott's intellectual property have come from other businesses, governments may also challenge intellectual property protections. To the extent Abbott's intellectual property is successfully challenged, invalidated, or circumvented or to the extent it does not allow Abbott to compete effectively, Abbott's business will suffer. To the extent that countries do not enforce Abbott's intellectual property rights or to the extent that countries require compulsory licensing of its intellectual property, Abbott's future revenues and operating income will be reduced. Abbott's principal patents and trademarks are described in greater detail in the sections captioned, "Patents, Trademarks, and Licenses" and "Financial Review," and litigation regarding these patents is described in the section captioned "Legal Proceedings."

Abbott faces increasing competition from lower-cost generic products. The expiration or loss of patent protection for a product typically is followed promptly by generic substitutes, that may significantly reduce Abbott's sales for that product in a short amount of time. If Abbott fails to maintain its competitive position, because of generics or otherwise, it could have a material adverse effect on its revenues, margins, business, and results of operations.

Competitors' intellectual property may prevent Abbott from selling its products or have a material adverse effect on Abbott's future profitability and financial condition.

Competitors may claim that an Abbott product infringes upon their intellectual property. Resolving an intellectual property infringement claim can be costly and time consuming and may require Abbott to enter into license agreements. Abbott cannot guarantee that it would be able to obtain license agreements on commercially reasonable terms. A successful claim of patent or other intellectual property infringement could subject Abbott to significant damages or an injunction preventing the manufacture, sale or use of

affected Abbott products. Any of these events could have a material adverse effect on Abbott's profitability and financial condition.

Abbott is subject to cost-containment efforts that could cause a reduction in future revenues and operating income.

In the United States and other countries, Abbott's businesses have experienced downward pressure on product pricing. Cost-containment efforts by governments and private organizations are described in greater detail in the section captioned "Regulation." To the extent these cost containment efforts are not offset by greater patient access to healthcare or other factors, Abbott's future revenues and operating income will be reduced.

Abbott is subject to numerous governmental regulations and it can be costly to comply with these regulations and to develop compliant products and processes.

Abbott's products are subject to rigorous regulation by the U.S. Food and Drug Administration, and numerous international, supranational, federal, and state authorities. The process of obtaining regulatory approvals to market a drug or medical device can be costly and time-consuming, and approvals might not be granted for future products, or additional indications or uses of existing products, on a timely basis, if at all. Delays in the receipt of, or failure to obtain approvals for, future products, or new indications and uses, could result in delayed realization of product revenues, reduction in revenues, and in substantial additional costs.

In addition, no assurance can be given that Abbott will remain in compliance with applicable FDA and other regulatory requirements once clearance or approval has been obtained for a product. These requirements include, among other things, regulations regarding manufacturing practices, product labeling and advertising and postmarketing reporting, including adverse event reports and field alerts due to manufacturing quality concerns. Many of Abbott's facilities and procedures and those of Abbott's suppliers are subject to ongoing regulation, including periodic inspection by the FDA and other regulatory authorities. Abbott must incur expense and spend time and effort to ensure compliance with these complex regulations. Possible regulatory actions could include warning letters, fines, damages, injunctions, civil penalties, recalls, seizures of Abbott's products and criminal prosecution. These actions could result in, among other things, substantial modifications to Abbott's business practices and operations; refunds, recalls, or seizures of Abbott's products; a total or partial shutdown of production in one or more of Abbott's facilities while Abbott or Abbott's suppliers remedy the alleged violation; the inability to obtain future pre-market clearances or approvals; and withdrawals or suspensions of current products from the market. Any of these events could disrupt Abbott's business and have a material adverse effect on Abbott's revenues, profitability and financial condition.

Laws and regulations affecting government benefit programs could impose new obligations on Abbott, require Abbott to change its business practices, and restrict its operations in the future.

Abbott's industry is also subject to various federal, state, and international laws and regulations pertaining to government benefit program reimbursement, price reporting and regulation, and health care fraud and abuse, including anti-kickback and false claims laws, the Medicaid Rebate Statute, the Veterans Health Care Act, and individual state laws relating to pricing and sales and marketing practices. Violations of these laws may be punishable by criminal and/or civil sanctions, including, in some instances, substantial fines, imprisonment, and exclusion from participation in federal and state health care programs, including Medicare, Medicaid, and Veterans Administration health programs. These laws and regulations are broad in scope and they are subject to evolving interpretations, which could require Abbott to incur substantial costs associated with compliance or to alter one or more of its sales or marketing practices. In addition, violations of these laws, or allegations of such violations, could disrupt Abbott's business and result in a material adverse effect on Abbott's revenues, profitability, and financial condition.

Abbott's research and development efforts may not succeed in developing commercially successful products and technologies, which may cause Abbott's revenue and profitability to decline.

To remain competitive, Abbott must continue to launch new products and technologies. To accomplish this, Abbott commits substantial efforts, funds, and other resources to research and development. A high rate of failure is inherent in the research and development of new products and technologies. Abbott must make ongoing substantial expenditures without any assurance that its efforts will be commercially successful. Failure can occur at any point in the process, including after significant funds have been invested.

Promising new product candidates may fail to reach the market or may only have limited commercial success because of efficacy or safety concerns, failure to achieve positive clinical outcomes, inability to obtain necessary regulatory approvals, limited scope of approved uses, excessive costs to manufacture, the failure to establish or maintain intellectual property rights, or infringement of the intellectual property rights of others. Even if Abbott successfully develops new products or enhancements or new generations of Abbott's existing products, they may be quickly rendered obsolete by changing customer preferences, changing industry standards, or competitors' innovations. Innovations may not be accepted quickly in the marketplace because of, among other things, entrenched patterns of clinical practice or uncertainty over third-party reimbursement. Abbott cannot state with certainty when or whether any of its products under development will be launched, whether it will be able to develop, license, or otherwise acquire compounds or products, or whether any products will be commercially successful. Failure to launch successful new products or new indications for existing products may cause Abbott's products to become obsolete, causing Abbott's revenues and operating results to suffer.

New products and technological advances by Abbott's competitors may negatively affect Abbott's results of operations.

Abbott's products face intense competition from its competitors' products. Competitors' products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than Abbott's products. Abbott cannot predict with certainty the timing or impact of the introduction of competitors' products.

The manufacture of many of Abbott's products is a highly exacting and complex process, and if Abbott or one of its suppliers encounters problems manufacturing products, Abbott's business could suffer.

The manufacture of many of Abbott's products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, natural disasters, and environmental factors. In addition, single suppliers are currently used for certain products and materials. If problems arise during the production of a batch of product, that batch of product may have to be discarded. This could, among other things, lead to increased costs, lost revenue, damage to customer relations, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. To the extent Abbott or one of its suppliers experiences significant manufacturing problems, this could have a material adverse effect on Abbott's revenues and profitability.

Significant safety issues could arise for Abbott's products, which could have a material adverse effect on Abbott's revenues and financial condition.

All health care products receive regulatory approval based on data obtained in controlled clinical trials of limited duration. Following regulatory approval, these products will be used over longer periods of time in many patients. Investigators may also conduct additional, and perhaps more extensive, studies. If

new safety issues are reported, Abbott may be required to amend the conditions of use for a product. For example, Abbott may be required to provide additional warnings on a product's label or narrow its approved indication, either of which could reduce the product's market acceptance. If serious safety issues with an Abbott product arise, sales of the product could be halted by Abbott or by regulatory authorities. Safety issues affecting suppliers' or competitors' products also may reduce the market acceptance of Abbott's products.

In addition, in the ordinary course of business, Abbott is the subject of product liability claims and lawsuits alleging that its products or the products of other companies that Abbott promotes have resulted or could result in an unsafe condition for or injury to patients. Product liability claims and lawsuits and safety alerts or product recalls, regardless of their ultimate outcome, may have a material adverse effect on Abbott's business and reputation and on Abbott's ability to attract and retain customers. Product liability losses are self-insured. Product liability claims could have a material adverse effect on Abbott's profitability and financial condition.

The international nature of Abbott's business subjects it to additional business risks that may cause its revenue and profitability to decline.

Abbott's business is subject to risks associated with doing business internationally. Sales outside of the United States make up approximately 50% of Abbott's net sales. The risks associated with Abbott's operations outside the United States include:

- changes in foreign medical reimbursement policies and programs;
- multiple foreign regulatory requirements that are subject to change and that could restrict Abbott's ability to manufacture, market, and sell its products;
- differing local product preferences and product requirements;
- trade protection measures and import or export licensing requirements;
- difficulty in establishing, staffing, and managing foreign operations;
- differing labor regulations;
- potentially negative consequences from changes in or interpretations of tax laws;
- political and economic instability;
- inflation, recession and fluctuations in foreign currency exchange and interest rates; and
- compulsory licensing or diminished protection of intellectual property.

These risks may, individually or in the aggregate, have a material adverse effect on Abbott's revenues and profitability.

Other factors can have a material adverse effect on Abbott's future profitability and financial condition.

Many other factors can affect Abbott's profitability and its financial condition, including:

- Differences between the fair value measurement of assets and liabilities and their actual value, particularly for pensions, retiree health care, stock compensation, intangibles, and goodwill; and for contingent liabilities such as litigation, the absence of a recorded amount, or an amount recorded at the minimum, compared to the actual amount.
- Changes in or interpretations of laws and regulations including changes in accounting standards, taxation requirements and environmental laws in domestic or foreign jurisdictions.

- Changes in the rate of inflation (including the cost of raw materials, commodities, and supplies), interest rates, market value of Abbott's equity investments, and the performance of investments held by Abbott or Abbott's employee benefit trusts.
- Changes in the creditworthiness of counterparties that transact business with or provide services to Abbott or Abbott's employee benefit trusts.
- Changes in business, economic, and political conditions, including: war, political instability, terrorist attacks in the U.S. and other parts of the world, the threat of future terrorist activity in the U.S. and other parts of the world and related military action; natural disasters; the cost and availability of insurance due to any of the foregoing events; labor disputes, strikes, slow-downs, or other forms of labor or union activity; and pressure from third-party interest groups.
- Changes in Abbott's business units and investments and changes in the relative and absolute contribution of each to earnings and cash flow resulting from evolving business strategies, changing product mix, changes in tax rates both in the U.S. and abroad and opportunities existing now or in the future.
- Changes in the buying patterns of a major distributor, retailer, or wholesale customer resulting from buyer purchasing decisions, pricing, seasonality, or other factors, or other problems with licensors, suppliers, distributors, and business partners.
- Difficulties related to Abbott's information technology systems, any of which could adversely affect business operations, including any significant breakdown, invasion, destruction, or interruption of these systems.
- Changes in credit markets impacting Abbott's ability to obtain financing for its business operations.
- In connection with Abbott's acquisition of the vascular intervention and endovascular solutions businesses of Guidant Corporation, Abbott loaned BSC International Holding, Limited (a wholly-owned subsidiary of Boston Scientific) \$900 million on a subordinated basis. As long as the loan is outstanding, Abbott will be a creditor of Boston Scientific with respect to the \$900 million loan and, as such, is subject to credit risk.
- Legal difficulties, any of which could preclude or delay commercialization of products or adversely affect profitability, including claims asserting statutory or regulatory violations, adverse litigation decisions, and issues regarding compliance with any governmental consent decree.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements that are based on management's current expectations, estimates, and projections. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "forecasts," variations of these words, and similar expressions are intended to identify these forward-looking statements. Certain factors, including but not limited to those identified under "Item 1A. Risk Factors" of this Form 10-K, may cause actual results to differ materially from current expectations, estimates, projections, forecasts, and from past results. No assurance can be made that any expectation, estimate, or projection contained in a forward-looking statement will be achieved or will not be affected by the factors cited above or other future events. Abbott undertakes no obligation to release publicly any revisions to forward-looking statements as the result of subsequent events or developments.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Abbott's corporate offices are located at 100 Abbott Park Road, Abbott Park, Illinois 60064-6400. The locations of Abbott's principal plants, as of December 31, 2008, are listed below.

Location	Segments of Products Produced
Abbott Park, Illinois	Pharmaceutical and Diagnostic Products
Alameda, California*	Non-Reportable
Altavista, Virginia	Nutritional Products
Barceloneta, Puerto Rico	Pharmaceutical and Diagnostic Products
Brockville, Canada	Nutritional Products
Buenos Aires, Argentina	Pharmaceutical Products
Campoverde di Aprilia, Italy	Pharmaceutical Products
Casa Grande, Arizona	Nutritional Products
Clonmel, Ireland	Vascular Products
Columbus, Ohio	Nutritional Products
Cootehill, Ireland	Nutritional Products
Dartford, England*	Diagnostic Products
Des Plaines, Illinois	Diagnostic Products
Edison, New Jersey*	Pharmaceutical Products
Fairfield, California*	Nutritional Products
Granada, Spain	Nutritional Products
Irving, Texas	Diagnostic Products
Jayuya, Puerto Rico	Pharmaceutical Products
Karachi, Pakistan	Pharmaceutical Products
Katsuyama, Japan	Pharmaceutical Products
Longford, Ireland	Diagnostic Products
Ludwigshafen, Germany	Pharmaceutical Products
North Chicago, Illinois	Pharmaceutical Products
Ottawa, Ontario, Canada*	Diagnostic Products
Redwood City, California*	Vascular Products
Rio de Janeiro, Brazil	Pharmaceutical Products
Santa Clara, California	Diagnostic Products
Singapore	Nutritional Products
Sligo, Ireland	Nutritional and Diagnostic Products
South Pasadena, California	Diagnostic Products
Sturgis, Michigan	Nutritional Products
Temecula, California	Vascular Products
Wiesbaden, Delkenheim, Germany	Diagnostic Products
Witney, Oxon, England	Non-Reportable
Worcester, Massachusetts	Pharmaceutical Products
Zwolle, the Netherlands	Nutritional Products

* Leased property

In addition to the above, Abbott has manufacturing facilities in seven other locations in the United States, including Puerto Rico. Outside the United States, manufacturing facilities are located in fourteen other countries. Abbott's facilities are deemed suitable and provide adequate productive capacity.

In the United States, including Puerto Rico, Abbott owns nine distribution centers. Outside the United States, Abbott owns eight distribution centers. Abbott also has eighteen United States research and development facilities located at: Abbott Park, Illinois; Alameda, California; Columbus, Ohio (two

locations); Des Plaines, Illinois; East Windsor, New Jersey; Fairfield, California; Irving, Texas; Long Grove, Illinois; Mountain View, California; North Chicago, Illinois; Parsippany, New Jersey; Princeton, New Jersey; Redwood City, California; Santa Clara, California (two locations); Temecula, California; and Worcester, Massachusetts. Outside the United States, Abbott has research and development facilities in Canada, Germany, Ireland, Japan, the Netherlands, Singapore, South Africa, Spain, Switzerland, and the United Kingdom.

Except as noted, the corporate offices, and those principal plants in the United States listed above, are owned by Abbott or subsidiaries of Abbott. The remaining manufacturing plants and all other facilities are owned or leased by Abbott or subsidiaries of Abbott. There are no material encumbrances on the properties.

ITEM 3. LEGAL PROCEEDINGS

Abbott is involved in various claims, legal proceedings and investigations, including (as of January 31, 2009) those described below. 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 resolution should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations, except where noted below as to a specific quarter.

A case is pending against Abbott in the Eastern District of Texas, in which New York University (NYU) and Centocor, Inc. assert that Humira® infringes a patent co-owned by NYU and Centocor and exclusively licensed to Centocor. The complaint asserts that Abbott has willfully infringed the patent and seeks damages, including treble damages, but does not seek injunctive relief. In March 2008, an arbitrator ruled that Abbott has a license to the patents at issue for a portion of Humira® sales. Non-licensed sales remain at issue in the litigation. While it is not feasible to predict with certainty the outcome of this litigation, its ultimate resolution could be material to cash flows or results of operations for a quarter.

Abbott, Fournier Industrie et Sante, and Laboratories Fournier, S.A. (Fournier) reached settlements of direct purchaser class action and direct purchaser opt-out claims and claims brought by certain individual plaintiffs in the United States District Court for the District of Delaware regarding the sale of fenofibrate products. The terms of these settlements were previously disclosed in Abbott's Current Report on Form 8-K, filed on November 20, 2008. The remaining litigation, including claims brought by indirect purchasers and twenty-six State Attorneys General, *State of Florida, et al.*, (filed in March 2008), *Alberto Litter* (filed in August 2005), *Allied Services Division Welfare Fund and Hector Valdes* (filed in June 2005), *Cindy Cronin* (filed in July 2005), *Diana Kim* (filed in June 2005), *Local 28 Sheet Metal Workers* (filed in July 2005), *Painters District Council No. 30 Health and Welfare Fund* (filed in June 2005), *Pennsylvania Employees Benefit Trust Fund* (filed in June 2005), *Philadelphia Federation of Teachers Health and Welfare Fund* (filed in July 2005), *Elaine M. Pullman* (filed in June 2005), *Charles M. Shain* (filed in July 2005), *Vista Healthplan, Inc.* (filed in June 2005), and *Pacificare Health Systems, Inc.* (filed in August 2005), seeking actual damages, treble damages, and other relief, is pending. A previously reported case pending in the United States District Court for the District of Delaware, *Patrick Warren Proffitt, et. al.*, (filed in April 2008), was voluntarily dismissed in January 2009 and, one purported class action filed in the United States District Court for the Central District of California, *Paul T. Regan* (filed in July 2005), was voluntarily dismissed in 2008.

Several cases, brought as purported class actions or representative actions on behalf of individuals or entities, are pending against Abbott that allege generally that Abbott and numerous other pharmaceutical companies reported false pricing information in connection with certain drugs that are reimbursable under Medicare and Medicaid and by private payors. These cases, brought by private plaintiffs, the United States Department of Justice, state Attorneys General, and other state government entities, generally seek monetary damages and/or injunctive relief and attorneys' fees. The federal court cases have been consolidated for pre-trial purposes in the United States District Court for the District of Massachusetts

under the Multi District Litigation Rules as *In re: Pharmaceutical Industry Average Wholesale Price Litigation, MDL 1456*. MDL 1456 includes: (a) a purported class action case in which plaintiffs seek to certify nationwide classes of Medicare Part B consumers and third party payors and other consumers, filed in June 2003; (b) three state Attorneys General and a consolidated New York counties/City of New York suit, filed in June 2005; (c) a civil whistle-blower suit brought by the United States Department of Justice, filed in the United States District Court for the Southern District of Florida in May 2006; and (d) a civil whistle-blower suit brought by Ven-A-Care of the Florida Keys, Inc., unsealed against Abbott in August 2007 and in which the United States declined to intervene. MDL 1456 also includes a purported class action case in which the plaintiffs seek to certify nationwide classes of Medicare Part B consumers and third party payors and other consumers, filed in June 2003. Eighteen named defendants, including Abbott, collectively settled this case, subject to final approval of the district court. The MDL Court transferred the case brought by the Utah Attorney General to Third Judicial District in Salt Lake County, Utah, in June 2008. In December 2008, Abbott settled the case brought by the State Attorney General on behalf of California. In addition, several cases are pending against Abbott in state courts: *State of West Virginia*, filed in October 2001 in the Circuit Court of Kanawha County, West Virginia; *Swanston*, filed in March 2002 in the Superior Court for Maricopa County, Arizona; *Commonwealth of Kentucky*, filed in September 2003 in the Circuit Court of Franklin County, Kentucky; *State of Ohio*, filed in March 2004 in the Court of Common Pleas for Hamilton County, Ohio; *State of Wisconsin*, filed in June 2004 in the Circuit Court of Dane County, Wisconsin; *State of Alabama*, filed in January 2005 in the Circuit Court of Montgomery County, Alabama; *State of Illinois*, filed in February 2005 in the Circuit Court of Cook County, Illinois; *County of Erie*, filed in March 2005 in the Supreme Court of Erie County, New York; *State of Mississippi*, filed in October 2005 in the Circuit Court of Hinds County, Mississippi; *State of Hawaii*, filed in April 2006 in the First Circuit Court of Hawaii; *County of Oswego*, filed in August 2006 in the Supreme Court of Oswego County, New York; *County of Schenectady*, filed in August 2006 in the Supreme Court of Schenectady County, New York; *State of South Carolina* (on behalf of its state health plan), filed in August 2006 in the Court of Common Pleas, Fifth Judicial Circuit of Richland County, South Carolina; *State of Alaska*, filed in October 2006 in the Superior Court for the Third Judicial District in Anchorage, Alaska; *State of Idaho*, filed in January 2007 in the District Court of the Fourth Judicial District in Ada County, Idaho; *State of Utah*, filed in November 2007 in the Third Judicial District in Salt Lake County, Utah; and *State of Kansas*, filed in October 2008 in the District Court of Wyandotte County, Kansas. Certain state agencies, including the Attorney General of Florida, are also investigating these practices. While it is not feasible to predict with certainty the outcome of the proceedings and investigations related to pricing information for drugs reimbursable under Medicare and Medicaid, their ultimate resolution could be material to cash flows or results of operations for a quarter.

The Office of the Inspector General of the United States Department of Health and Human Services in conjunction with the United States Department of Justice, through the United States Attorneys for the Eastern District of Wisconsin, the Western District of Louisiana, and the Middle District of Louisiana are investigating the sales and marketing practices of Kos Pharmaceuticals, Inc. In addition, the United States Attorney for Louisiana is investigating Kos' calculation and reporting of Medicaid rebates. The government is seeking to determine whether any of these practices resulted in any violations of civil and/or criminal laws, including the Federal False Claims Act, the Anti-Kickback Statute, and the Medicaid Rebate Statute in connection with the Medicare and/or Medicaid reimbursement paid to third parties. Abbott acquired Kos in December 2006, and these investigations relate to conduct that occurred prior to Abbott's acquisition.

In addition, the United States Department of Justice, through the United States Attorney for Maryland, is investigating the sales and marketing practices of Abbott for Micardis®, a drug co-promoted for (until March 31, 2006) and manufactured by Boehringer Ingelheim. The government is seeking to determine whether any of these practices resulted in any violations of civil and/or criminal laws, including the Federal False Claims Act and the Anti-Kickback Statute, in connection with the Medicare and/or Medicaid reimbursement paid to third parties.

A class action case is pending against Abbott in the United States District Court for the Northern District of Illinois under the name *Myla Nauman, Jane Roller and Michael Loughery v. Abbott Laboratories and Hospira, Inc.* The plaintiffs are former Abbott employees who allege that their transfer to Hospira, Inc., as part of the spin-off of Hospira, adversely affected their employee benefits in violation of the Employee Retirement Income Security Act, and that in their transfer, Abbott breached a fiduciary duty to plaintiffs involving employee benefits. The plaintiffs generally seek reinstatement as Abbott employees, or reinstatement as participants in Abbott's employee benefit plans, or an award for the employee benefits they have allegedly lost. Abbott filed a response denying all substantive allegations.

Several cases are pending against Abbott in the United States District Court for the Northern District of California that allege antitrust violations in connection with the 2003 Norvir re-pricing. During the third quarter of 2008, Abbott entered into a settlement of the consolidated class action filed on behalf of individual consumers, *John Doe 1* (filed in April 2004), and the lawsuit brought by third-party payors, *Service Employees International Health and Welfare Fund* (filed in October 2004), with the amount of the settlement contingent upon the outcome of Abbott's appeal to the Ninth Circuit Court of Appeals. The remaining previously reported cases, including three purported class actions on behalf of direct purchasers and one case filed by a competitor, *Rite Aid, Inc.* (filed in December 2007), *Louisiana Wholesale Drug Company, Inc.* (filed in December 2007), *GlaxoSmithKline* (filed in November 2007), *Meijer, Inc.* (filed in November 2007), *Rochester Drug Co-Operative, Inc.* (filed in November 2007), and *Safeway, Inc.* (filed in October 2007), have been consolidated for discovery and trial. The plaintiffs seek damages, injunctive relief, and costs.

A case is pending against Abbott in the United States District Court for the Northern District of California in which Medtronic Vascular, Inc., Medtronic USA, Inc., Medtronic, Inc., and Medtronic Vascular Galway, Ltd. (collectively Medtronic) and Evysio Medical Devices ULC (Evysio) claim that Abbott's stents, including the Multi-Link Vision® and Xience V™ Coronary stent systems, infringe certain Evysio stent design patents. Medtronic and Evysio seek damages, an injunction, and other relief. Evysio also sued in France, Ireland (in which Medtronic is also a plaintiff), the United Kingdom, and Germany asserting infringement of certain of its patents. In each case, Abbott denies infringement and asserts that the patents are invalid. In January 2009, the Paris First Instance Court found that two of Evysio's three French patents are invalid and that Abbott's modified design Vision and Xience stents do not infringe the third patent. In April 2008, the United Kingdom High Court of Justice, Chancery Division, Patents Court, held that Abbott's modified design stents do not infringe any of the three Evysio patents, two of the Evysio patents are invalid, and Abbott's original design stents do not infringe the third Evysio patent. Medtronic and Evysio did not appeal. In July 2008, the German Federal Patent Court revoked the German patent Evysio was asserting.

Abbott is seeking to enforce its patent rights against Arterial Vascular Engineering, Inc. (now known as Medtronic Vascular, Inc.). In a case filed in 1998 in the United States District Court for the District of Delaware, Abbott alleges that certain models of Medtronic's stents infringe four of Abbott's "Lau" patents, and seeks injunctive relief and damages. In February 2005, a jury found that Abbott's Lau patents were valid and infringed by all the accused Medtronic stents, including its Driver® coronary stent. In September 2008, the court refused to enjoin Medtronic from making and selling the infringing stents in the U.S. Subsequently, Medtronic appealed the infringement and validity decisions. The damages phase of the litigation awaits the outcome of the appeal.

A case is pending against Abbott in the United States District Court for the District of New Jersey in which Johnson & Johnson, Inc. and Cordis Corporation, a wholly owned subsidiary of Johnson & Johnson (collectively Johnson & Johnson), assert infringement of four Johnson & Johnson patents by Abbott's Xience V stent. Johnson & Johnson seeks an injunction, an award of damages, and a determination of willful infringement. In January 2008, Cordis Corporation and Wyeth filed suit against Abbott in the United States District Court for the District of New Jersey alleging the Xience V stent infringes three

additional patents and seeking an injunction, an award of damages, and a determination of willful infringement. Abbott denies all substantive allegations.

A case is pending against Abbott in the United States District Court for the Eastern District of Texas brought in August 2008 in which certain Medtronic, Inc. companies (Medtronic) assert that Abbott's Xience V drug eluting stents infringe two Medtronic patents, which purport to cover stent coating methods. A second case is pending against Abbott in the United States District Court for the Eastern District of Texas brought in July 2008 by Wall Cardiovascular Technologies, LLC in which it asserts that Abbott's stents, including Xience V, infringe a patent purporting to cover the use of stents to treat restenosis. Medtronic and Wall each seeks an injunction, damages, and enhanced damages for alleged willful infringement. Abbott asserts that the patents are not infringed, invalid and unenforceable. In December 2008, Medinol Limited sued Abbott in Ireland, the Netherlands, and Germany claiming that Abbott's Vision and Xience V stents infringe one of its European stent design patents. In Germany, Medinol further asserts that Abbott's Multi-Link Penta™ and Multi-Link Zeta® stents infringe two German stent design patents. Medinol seeks damages and injunctions. Abbott denies all substantive allegations in each case.

Abbott is seeking to enforce its patent rights relating to fenofibrate tablets (a drug Abbott sells under the trademark Tricor®). In a case filed in the United States District Court for the Northern District of Illinois in February 2008, Abbott and the patent owner, Laboratories Fournier, S.A., allege infringement of three patents and seek injunctive relief against Teva Pharmaceuticals USA Inc. In a separate case filed in the Northern District of Illinois in November 2008, Abbott and the patent owner, Laboratories Fournier, S.A., allege infringement of three patents and seek injunctive relief against Biovail Laboratories International SRL. Each case has been transferred to the United States District Court for the District of New Jersey.

Abbott received a subpoena from the United States Department of Justice, through the United States Attorney for the District of Massachusetts, in June 2008. The government is investigating the sales and marketing activities of Abbott's and other companies' biliary stent products. The government is seeking to determine whether any of these activities violated civil and/or criminal laws, including the Federal False Claims Act, the Food and Drug Cosmetic Act, and the Anti-Kickback Statute in connection with Medicare and/or Medicaid reimbursement paid to third parties.

A case is pending against Abbott in the United States District Court for the Eastern District of Texas (filed in December 2008), in which Bayer HealthCare LLC (Bayer) asserts that Humira® infringes a patent owned by Bayer. The complaint seeks damages, including treble damages, but does not seek injunctive relief. On January 5, 2009, Abbott filed a declaratory judgment action against Bayer in the United States District Court for the District of Massachusetts seeking a declaration that Abbott does not infringe Bayer's patent and that the patent is invalid and unenforceable.

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

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Executive officers of Abbott are elected annually by the board of directors. All other officers are elected by the board or appointed by the chairman of the board. All officers are either elected at the first meeting of the board of directors held after the annual shareholder meeting or appointed by the chairman after that board meeting. Each officer holds office until a successor has been duly elected or appointed and qualified or until the officer's death, resignation, or removal. Vacancies may be filled at any time by the board. Any officer may be removed by the board of directors when, in its judgment, removal would serve the best interests of Abbott. Any officer appointed by the chairman of the board may be removed by the chairman whenever, in the chairman's judgment, removal would serve the best interests of Abbott. A vacancy in any office appointed by the chairman of the board may be filled by the chairman.

Abbott's executive officers, their ages as of February 15, 2009, and the dates of their first election as officers of Abbott are listed below. The executive officers' principal occupations and employment for the past five years and the year of appointment to the earliest reported office are also shown. Unless otherwise stated, employment was by Abbott. There are no family relationships between any corporate officers or directors.

Miles D. White, 53

1999 to present — Chairman of the Board and Chief Executive Officer, and Director.

Elected Corporate Officer — 1993.

Richard W. Ashley, 65

2004 to present — Executive Vice President, Corporate Development.

Elected Corporate Officer — 2004.

John M. Capek, 47

2007 to present — Executive Vice President, Medical Devices.

2006 to 2007 — Senior Vice President, Abbott Vascular.

2006 — Vice President and President, Cardiac Therapies.

2005 to 2006 — President, Guidant Vascular Intervention.

2003 to 2005 — Vice President and General Manager, Bioabsorbable Vascular Solutions (a subsidiary of Guidant Corporation).

Elected Corporate Officer — 2006.

Thomas C. Freyman, 54

2004 to present — Executive Vice President, Finance and Chief Financial Officer.

2001 to 2004 — Senior Vice President, Finance and Chief Financial Officer.

Elected Corporate Officer — 1991.

Holger A. Liepmann, 57

2008 to present — Executive Vice President, Nutritional Products.

2006 to 2008 — Executive Vice President, Global Nutrition.

2006 — Executive Vice President, Pharmaceutical Products Group.

2004 to 2006 — Senior Vice President, International Operations.

2001 to 2004 — Vice President, Japan Operations, Abbott International Division.

Elected Corporate Officer — 2001.

Edward L. Michael, 52

2008 to present — Executive Vice President, Diagnostic Products.

2007 to 2008 — Executive Vice President, Diagnostics.

2007 — Senior Vice President, Medical Products.

2003 to 2007 — Vice President and President, Molecular Diagnostics.

Elected Corporate Officer — 1997.

Laura J. Schumacher, 45

2007 to present — Executive Vice President, General Counsel and Secretary.

2005 to 2007 — Senior Vice President, Secretary and General Counsel.

2003 to 2005 — Vice President, Secretary and Deputy General Counsel.

Elected Corporate Officer — 2003.

James L. Tyree, 55

2008 to present — Executive Vice President, Pharmaceutical Products.

2007 to 2008 — Executive Vice President, Pharmaceutical Products Group.

2006 to 2007 — Senior Vice President, Pharmaceutical Operations.

2006 — Senior Vice President, Global Nutrition.

2005 to 2006 — Senior Vice President, Nutrition International Operations.

2001 to 2005 — Vice President, Global Licensing/New Business Development.

Elected Corporate Officer — 2001.

Olivier Bohuon, 50

2008 to present — Senior Vice President, International Pharmaceuticals.

2006 to 2008 — Senior Vice President, International Operations.

2003 to 2006 — Vice President, European Operations.

Elected Corporate Officer — 2003.

Thomas F. Chen, 59

2008 to present — Senior Vice President, International Nutrition.

2006 to 2008 — Senior Vice President, Nutrition International Operations.

2005 to 2006 — Vice President, Nutrition International, Asia and Latin America.

2005 — Vice President, Nutrition International, Asia, Canada, Latin America.

1998 to 2005 — Vice President, Abbott International, Pacific/Asia/Africa Operations.

Elected Corporate Officer — 1998.

Stephen R. Fussell, 51

2005 to present — Senior Vice President, Human Resources.

1999 to 2005 — Vice President, Compensation and Development.

Elected Corporate Officer — 1999.

Robert B. Hance, 49

2008 to present — Senior Vice President, Vascular.

2006 to 2008 — Senior Vice President, Diabetes Care Operations.

2006 — Vice President and President, Vascular Solutions.

2003 to 2006 — Vice President and President, Abbott Vascular Devices.

Elected Corporate Officer — 1999.

John C. Landgraf, 56

2008 to present — Senior Vice President, Pharmaceuticals, Manufacturing and Supply.

2004 to 2008 — Senior Vice President, Global Pharmaceutical Manufacturing and Supply.

2003 — Vice President, Quality Assurance and Compliance, Medical Products Group.

Elected Corporate Officer — 2000.

Heather L. Mason, 48

2008 to present — Senior Vice President, Diabetes Care.

2007 to 2008 — Vice President, Latin America Pharmaceuticals.

2005 to 2007 — Vice President, International Marketing.

2001 to 2005 — Vice President, Specialty Operations.

Elected Corporate Officer — 2001.

Donald V. Patton Jr., 56

2007 to present — Senior Vice President, U.S. Nutrition.

2007 — Senior Vice President, Abbott Nutrition Products Division.

2006 to 2007 — Vice President, Diagnostic Global Commercial Operations.

2005 to 2006 — Vice President, Commercial Operations.

2004 to 2005 — Vice President, International Marketing.

Elected Corporate Officer — 2004.

Mary T. Szela, 45

2008 to present — Senior Vice President, U.S. Pharmaceuticals.

2007 to 2008 — Senior Vice President, Pharmaceutical Operations.

2006 — Vice President, Commercial Pharmaceutical Operations.

2001 to 2006 — Vice President, Pharmaceutical Products, Primary Care Operations.

Elected Corporate Officer — 2001.

Michael J. Warmuth, 46

2008 to present — Senior Vice President, Diagnostics.

2008 — Vice President, Hematology Diagnostics.

2007 to 2008 — Vice President, Global Engineering Services.

2006 to 2007 — Divisional Vice President, Global Engineering Services.

2004 to 2006 — Divisional Vice President of Quality, Global Pharmaceutical Operations.

Elected Corporate Officer — 2007.

Greg W. Linder, 52

2001 to present — Vice President and Controller.

Elected Corporate Officer — 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Principal Market

The principal market for Abbott's common shares is the New York Stock Exchange. Shares are also listed on the Chicago Stock Exchange and traded on various regional and electronic exchanges. Outside the United States, Abbott's shares are listed on the London Stock Exchange and the Swiss Stock Exchange.

	Market Price Per Share			
	2008		2007	
	high	low	high	low
First Quarter	\$61.09	\$50.09	\$57.26	\$48.75
Second Quarter	57.04	50.09	59.50	52.80
Third Quarter	60.78	52.63	56.91	49.58
Fourth Quarter	59.93	45.75	59.48	50.51

Shareholders

There were 69,733 shareholders of record of Abbott common shares as of December 31, 2008.

Dividends

Quarterly dividends of \$.36 and \$.325 per share were declared on common shares in 2008 and 2007, respectively.

Abbott Laboratories is an Illinois High Impact Business (HIB) and is located in a federal Foreign Trade Sub-Zone (Sub-Zone 22F). Dividends may be eligible for a subtraction from base income for Illinois income tax purposes. If you have questions, please contact your tax advisor.

Issuer Purchases of Equity Securities

<u>Period</u>	<u>(a) Total Number of Shares (or Units) Purchased</u>	<u>(b) Average Price Paid per Share (or Unit)</u>	<u>(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plan or Programs</u>	<u>(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs</u>
October 1, 2008 — October 31, 2008	228,583 ¹	\$ 54.237	146,400	\$ 4,992,201,828 ²
November 1, 2008 — November 30, 2008	94,711 ¹	\$ 55.033	0	\$ 4,992,201,828
December 1, 2008 — December 31, 2008	91,700 ¹	\$ 52.584	0	\$ 4,992,201,828
Total	414,994 ¹	\$ 54.054	146,400	\$ 4,992,201,828

1. These shares represent:

- (i) the shares deemed surrendered to Abbott to pay the exercise price in connection with the exercise of employee stock options — 68,183 in October; 80,711 in November; and 87,700 in December; and
- (ii) the shares purchased on the open market for the benefit of participants in the Abbott Laboratories, Limited Employee Stock Purchase Plan — 14,000 in October; 14,000 in November; and 4,000 in December.

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

2. On October 13, 2008, Abbott announced that its board of directors approved the purchase of up to \$5 billion of its common shares, from time to time.

On December 2, 2008, Abbott Laboratories exchanged 14,870,195 of its common shares for 15,176,500 common shares of Abbott Laboratories owned by Sorenson Development, Incorporated, a Utah corporation. No underwriters were involved and no commission or other remuneration was paid or given directly or indirectly for soliciting the exchange. The exchange was exempt from registration under Section 3(a)(9) of the Securities Act of 1933.

ITEM 6. SELECTED FINANCIAL DATA

	Year ended December 31				
	2008	2007	2006	2005	2004
	(dollars in millions, except per share data)				
Net sales	\$29,527.6	\$25,914.2	\$22,476.3	\$22,337.8	\$19,680.0
Earnings from continuing operations	4,734.2	3,606.3	1,716.81	3,372.1	3,175.8
Net earnings	4,880.7	3,606.3	1,716.81	3,372.1	3,235.9
Basic earnings per common share from continuing operations	3.06	2.34	1.121	2.17	2.03
Basic earnings per common share	3.16	2.34	1.121	2.17	2.07
Diluted earnings per common share from continuing operations	3.03	2.31	1.121	2.16	2.02
Diluted earnings per common share	3.12	2.31	1.121	2.16	2.06
Total assets	42,419.2	39,713.9	36,178.2	29,141.2	28,767.5
Long-term debt	8,713.3	9,487.8	7,009.7	4,571.5	4,787.9
Cash dividends declared per common share	1.44	1.30	1.18	1.10	1.04

- In 2006, Abbott recorded pre-tax charges of \$2,014 for acquired in-process and collaborations research and development primarily related to the acquisition of Guidant's vascular intervention and endovascular solutions businesses and Kos Pharmaceuticals Inc.

Financial Review

Abbott's revenues are derived primarily from the sale of a broad line of health care products under short-term receivable arrangements. Patent protection and licenses, technological and performance features, and inclusion of Abbott's products under a contract or by a pharmacy benefit manager most impact which products are sold; price controls, competition and rebates most impact the net selling prices of products; and foreign currency translation impacts the measurement of net sales and costs. Abbott's primary products are prescription pharmaceuticals, nutritional products, diagnostic testing products and vascular products. Sales in international markets are approximately 50 percent of consolidated net sales.

The worldwide launch of additional indications for *HUMIRA*, the conclusion of the TAP Pharmaceutical Products Inc. joint venture, the acquisitions of Kos Pharmaceuticals Inc., and Guidant's vascular intervention and endovascular solutions businesses, followed by the launch of the *Xience V* drug eluting stent, the amendment ending the U.S. *Synagis* co-promotion agreement, the loss of patent protection for some pharmaceutical products, and realized gains and unrealized losses on the Boston Scientific common stock have impacted Abbott's sales, costs and financial position over the last three years.

Pharmaceutical research and development is focused on therapeutic areas that include immunology, oncology, neuroscience, pain management and infectious diseases. In 2003, Abbott began the worldwide launch of *HUMIRA* for rheumatoid arthritis, followed by launches for five additional indications, which increased *HUMIRA*'s worldwide sales to \$4.5 billion in 2008 compared to \$3.0 billion in 2007, and \$2.0 billion in 2006. Abbott forecasts worldwide *HUMIRA* sales to increase more than 25 percent in 2009. Abbott is studying two additional indications for *HUMIRA*. Substantial research and development and selling support has been and continues to be dedicated to maximizing the worldwide potential of *HUMIRA*. In December 2006, Abbott acquired Kos Pharmaceuticals Inc. which complemented Abbott's existing franchise in the dyslipidemia market and strengthened the pharmaceutical pipeline for cholesterol management. Abbott's *Trilipix*, a next-generation product for management of triglycerides and the first product approved for use in combination with a statin was launched in 2008. Increased generic competition has resulted in U.S. sales of *Omnicef* declining from \$637 million in 2006 to \$25 million in 2008, and worldwide sales of clarithromycin declining from \$816 million in 2006 to \$651 million in 2008. Abbott has seen generic competition begin in the second half of 2008 for *Depakote*, which had U.S. sales of \$1.3 billion in 2008.

On December 31, 2006, the U.S. co-promotion agreement for *Synagis* terminated. Revenues for co-promotion of *Synagis* were \$373 million in 2006. In 2007, Abbott's nutritional products businesses were reorganized into a worldwide business to better leverage the opportunities available for strong nutritional brands. Significant efforts have been focused on capturing those opportunities, particularly in developing markets where growth has been strong.

In April 2006, Abbott acquired Guidant's vascular intervention and endovascular solutions businesses and began to integrate it with Abbott's vascular business. The acquisition significantly improved Abbott's competitive position in this business that is characterized by rapid innovation. In 2008, Abbott received FDA approval to market the *Xience V* drug eluting stent in the U.S. and in 2006 received European Union approval. *Xience V* became the market-leading drug eluting stent in the U.S. in the fourth quarter of 2008.

In April 2006, Abbott acquired 64.6 million shares of Boston Scientific in connection with Abbott's acquisition of the vascular intervention and endovascular solutions businesses of Guidant. In 2007, the net loss charged to expense for the investment was \$153 million. At December 31, 2007, Abbott held 26.4 million shares of Boston Scientific common stock. In 2008, all of these shares were sold resulting in a small gain. Abbott's short- and long-term debt totaled \$11.4 billion at December 31, 2008, largely incurred

to finance recent acquisitions. Operating cash flows in excess of capital expenditures and cash dividends have partially funded acquisitions over the last three years. At December 31, 2008, Abbott's long-term debt rating was AA by Standard and Poor's Corporation and A1 by Moody's Investors Service. Abbott's access to short-term financing has not been affected by the recent credit market conditions.

In April 2008, Abbott and Takeda concluded their TAP Pharmaceutical Products Inc. (TAP) joint venture, evenly splitting the value and assets of the joint venture in a tax-free exchange. Abbott received TAP's *Lupron* business in exchange for Abbott's 50 percent ownership in TAP. *Lupron*'s U.S. results are now included in the Pharmaceutical Products segment beginning in May 2008.

In 2009, Abbott will focus on several key initiatives. Abbott announced the agreement to acquire Advanced Medical Optics, Inc. (AMO), a new line of business, in January of 2009. The investment in AMO will be approximately \$2.8 billion, including debt, and will be financed with operating cash flow and debt. AMO's sales are more than \$1 billion per year. In the pharmaceutical business, Abbott will continue maximizing the market potential for *HUMIRA* and continue to leverage the product and pipeline opportunities of its lipid franchise. Pharmaceutical research and development efforts will continue to focus on the therapeutic areas noted above with a significant portion of the development expenditures allocated to new *HUMIRA* indications, *Trilipix*/Crestor fixed dose combination, ABT-874 (a biologic for psoriasis and Crohn's disease) and pain relief medication, as well as several Phase I and Phase II clinical programs in neuroscience, oncology and Hepatitis C. In the vascular business, Abbott will continue the launch of the *Xience V* drug-eluting stent in the U.S. after the FDA's approval in 2008, and will focus on development of its next generation drug eluting stent and its bioabsorbable stent. For diabetes care, Abbott will build upon the 2008 launch of the *FreeStyle Freedom Lite* monitor in the U.S. In the other business segments, Abbott will focus on developing or acquiring differentiated technologies in higher growth segments of those markets.

Critical Accounting Policies

Sales Rebates — Approximately 47 percent of Abbott's consolidated gross revenues are subject to various forms of rebates and allowances that Abbott records as reductions of revenues at the time of sale. Most of these rebates and allowances are in the Pharmaceutical Products segment and the Nutritional Products segment. Abbott provides rebates to pharmacy benefit management companies, state agencies that administer the federal Medicaid program, insurance companies that administer Medicare drug plans, state agencies that administer the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), wholesalers, group purchasing organizations, and other government agencies and private entities. Rebate amounts are usually based upon the volume of purchases using contractual or statutory prices for a product. Factors used in the rebate calculations include the identification of which products have been sold subject to a rebate, which customer or government agency price terms apply, and the estimated lag time between sale and payment of a rebate. Using historical trends, adjusted for current changes, Abbott estimates the amount of the rebate that will be paid, and records the liability as a reduction of gross sales when Abbott records its sale of the product. Settlement of the rebate generally occurs from two to 24 months after sale. Abbott regularly analyzes the historical rebate trends and makes adjustments to reserves for changes in trends and terms of rebate programs. Rebates and chargebacks charged against gross sales in 2008, 2007 and 2006 amounted to approximately \$3.8 billion, \$3.2 billion and \$2.6 billion, respectively, or 22.8 percent, 21.5 percent and 23.2 percent, respectively, based on gross sales of approximately \$16.8 billion, \$15.0 billion and \$11.0 billion, respectively, subject to rebate. A one-percentage point increase in the percentage of rebates to related gross sales would decrease net sales by approximately \$168 million in 2008. Abbott considers a one-percentage point increase to be a reasonably likely increase in the percentage of rebates to related gross sales. Other allowances charged against gross sales were approximately \$362 million, \$325 million and \$247 million for cash discounts in 2008, 2007 and 2006, respectively, and \$439 million, \$269 million and \$209 million for returns in 2008, 2007 and 2006, respectively. Cash discounts are known within 15 to 30 days of sale, and therefore can be reliably

estimated. Returns can be reliably estimated because Abbott's historical returns are low, and because sales returns terms and other sales terms have remained relatively unchanged for several periods.

Management analyzes the adequacy of ending rebate accrual balances each quarter. In the domestic nutritional business, management uses both internal and external data available to estimate the level of inventory in the distribution channel. Management has access to several large customers' inventory management data, and for other customers, utilizes data from a third party that measures time on the retail shelf. These sources allow management to make reliable estimates of inventory in the distribution channel. Except for a transition period before or after a change in the supplier for the WIC business in a state, inventory in the distribution channel does not vary substantially. Management also estimates the states' processing lag time based on claims data. In addition, internal processing time is a factor in estimating the accrual. In the WIC business, the state where the sale is made, which is the determining factor for the applicable price, is reliably determinable. Estimates are required for the amount of WIC sales within each state where Abbott has the WIC business. External data sources utilized for that estimate are participant data from the U.S. Department of Agriculture (USDA), which administers the WIC program, participant data from some of the states, and internally administered market research. The USDA has been making its data available for many years. Internal data includes historical redemption rates and pricing data. At December 31, 2008, Abbott had the exclusive WIC business in 24 states.

In the domestic pharmaceutical business, the most significant charges against gross sales are for Medicaid and Medicare Rebates, Pharmacy Benefit Manager Rebates and Wholesaler Chargebacks. In order to evaluate the adequacy of the ending accrual balances, management uses both internal and external data to estimate the level of inventory in the distribution channel and the rebate claims processing lag time. External data sources used to estimate the inventory in the distribution channel include inventory levels periodically reported by wholesalers and third party market data purchased by Abbott. Management estimates the processing lag time based on periodic sampling of claims data. To estimate the price rebate percentage, systems and calculations are used to track sales by product by customer and to estimate the contractual or statutory price. Abbott's systems and calculations have developed over time as rebates have become more significant, and Abbott believes they are reliable.

The following table is an analysis of the four largest rebate accruals, which comprise approximately 70 percent of the consolidated rebate provisions charged against revenues in 2008. Remaining rebate provisions charged against gross sales are not significant in the determination of operating earnings. (*dollars in millions*)

	Domestic Nutritionals WIC Rebates	Domestic Pharmaceutical Products		
		Medicaid and Medicare Rebates	Pharmacy Benefit Manager Rebates	Wholesaler Chargebacks
Balance at January 1, 2006	\$ 95	\$ 455	\$ 134	\$ 48
Provisions	637	528	281	533
Payments	(596)	(534)	(246)	(514)
Business combination	—	36	51	20
Balance at December 31, 2006	136	485	220	87
Provisions	754	438	412	786
Payments	(691)	(503)	(395)	(781)
Balance at December 31, 2007	199	420	237	92
Provisions	808	556	397	1,034
Payments	(845)	(681)	(406)	(980)
Balance at December 31, 2008	\$ 162	\$ 295	\$ 228	\$ 146

Historically, adjustments to prior years' rebate accruals have not been material to net income. In 2007, adjustments were made to prior years' rebate accruals. The Medicaid and Medicare rebate accrual was reduced by approximately \$69 million and the WIC rebate accrual was increased by approximately \$19 million. Abbott employs various techniques to verify the accuracy of claims submitted to it, and where possible, works with the organizations submitting claims to gain insight into changes that might affect the rebate amounts. For Medicaid, Medicare and other government agency programs, the calculation of a rebate involves interpretations of relevant regulations, which are subject to challenge or change in interpretation.

Income Taxes — Abbott operates in numerous countries where its income tax returns are subject to audits and adjustments. Because Abbott operates globally, the nature of the audit items are often very complex, and the objectives of the government auditors can result in a tax on the same income in more than one country. Abbott employs internal and external tax professionals to minimize audit adjustment amounts where possible. On January 1, 2007, Abbott adopted the provisions of FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes," which changed the measurement of tax contingencies. Under this Interpretation, in order to recognize an uncertain tax benefit, the taxpayer must be more likely than not of sustaining the position, and the measurement of the benefit is calculated as the largest amount that is more than 50 percent likely to be realized upon resolution of the benefit. Application of this Interpretation requires a significant amount of judgment. In the U.S., Abbott's federal income tax returns through 2005 are settled, and the income tax returns for years after 2005 are open. Abbott does not record deferred income taxes on earnings reinvested indefinitely in foreign subsidiaries.

Pension and Post-Employment Benefits — Abbott offers pension benefits and post-employment health care to many of its employees. Abbott engages outside actuaries to assist in the determination of the obligations and costs under these programs. Abbott must develop long-term assumptions, the most significant of which are the health care cost trend rates, discount rates and the expected return on plan assets. The discount rates used to measure liabilities were determined based on high-quality fixed income securities that match the duration of the expected retiree benefits. The health care cost trend rates represent Abbott's expected annual rates of change in the cost of health care benefits and is a forward projection of health care costs as of the measurement date. A difference between the assumed rates and the actual rates, which will not be known for decades, can be significant in relation to the obligations and the annual cost recorded for these programs. Negative asset returns due to recent poor market conditions and low interest rates have significantly increased actuarial losses for these plans. At December 31, 2008, pretax net actuarial losses and prior service costs and (credits) recognized in Accumulated other comprehensive income (loss) for Abbott's defined benefit plans and medical and dental plans were losses of \$2.6 billion and \$381 million, respectively. Actuarial losses and gains are amortized over the remaining service attribution periods of the employees under the corridor method, in accordance with the rules for accounting for post-employment benefits. Differences between the expected long-term return on plan assets and the actual annual return are amortized over a five-year period. Footnote 5 to the consolidated financial statements describes the impact of a one-percentage point change in the health care cost trend rate; however, there can be no certainty that a change would be limited to only one percentage point. On December 31, 2006, Abbott adopted the provisions of SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." The provisions of this statement require the recognition of the deferrals on the balance sheet with a corresponding charge to Accumulated other comprehensive income (loss). Adoption of this statement on December 31, 2006 resulted in a decrease in Abbott's shareholders' equity of approximately \$1.3 billion.

Valuation of Intangible Assets — Abbott has acquired and continues to acquire significant intangible assets that Abbott records at fair value. Those assets which do not yet have regulatory approval and for which there are no alternative uses are expensed as acquired in-process research and development, and those that have regulatory approval are capitalized. Adoption of SFAS No. 141(R) "Business Combinations" on January 1, 2009 will result in acquired in-process research and development assets

acquired in a business combination to be initially recorded as indefinite lived intangible assets. Transactions involving the purchase or sale of intangible assets occur with some frequency between companies in the health care field and valuations are usually based on a discounted cash flow analysis. The discounted cash flow model requires assumptions about the timing and amount of future net cash flows, risk, the cost of capital, terminal values and market participants. Each of these factors can significantly affect the value of the intangible asset. Abbott engages independent valuation experts who review Abbott's critical assumptions and calculations for acquisitions of significant intangibles. Abbott reviews intangible assets for impairment each quarter using an undiscounted net cash flows approach. If the undiscounted cash flows of an intangible asset are less than the carrying value of an intangible asset, the intangible asset is written down to its fair value, which is usually the discounted cash flow amount. Where cash flows cannot be identified for an individual asset, the review is applied at the lowest group level for which cash flows are identifiable. Goodwill is reviewed for impairment annually or when an event that could result in an impairment of goodwill occurs. At December 31, 2008, goodwill and intangibles amounted to \$10.0 billion and \$5.2 billion, respectively, and amortization expense for intangible assets amounted to \$787 million in 2008. There were no impairments of goodwill in 2008, 2007 or 2006.

Litigation — Abbott accounts for litigation losses in accordance with SFAS No. 5 "Accounting for Contingencies." Under SFAS No. 5, loss contingency provisions are recorded for probable losses at management's best estimate of a loss, or when a best estimate cannot be made, a minimum loss contingency amount is recorded. These estimates are often initially developed substantially earlier than the ultimate loss is known, and the estimates are refined each accounting period as additional information becomes known. Accordingly, Abbott is often initially unable to develop a best estimate of loss, and therefore the minimum amount, which could be zero, is recorded. As information becomes known, either the minimum loss amount is increased, resulting in additional loss provisions, or a best estimate can be made, also resulting in additional loss provisions. Occasionally, a best estimate amount is changed to a lower amount when events result in an expectation of a more favorable outcome than previously expected. Except for the cases discussed in footnote 8 for which Abbott is unable to estimate a loss, if any, Abbott estimates the range of possible loss to be from approximately \$255 million to \$495 million for its legal proceedings and environmental exposures. Reserves of approximately \$325 million have been recorded at December 31, 2008 for these proceedings and exposures. These reserves represent management's best estimate of probable loss, as defined by SFAS No. 5.

Stock Compensation — Abbott records the fair value of stock options in its results of operations. Since there is no market for trading employee stock options, management must use a fair value method. There is no certainty that the results of a fair value method would be the value at which employee stock options would be traded for cash. Fair value methods require management to make several assumptions, the most significant of which are the selection of a fair value model, stock price volatility and the average life of an option. Abbott has readily available grant-by-grant historical activity for several years in its option administration system that it uses in developing some of its assumptions. Abbott uses the Black-Scholes method to value stock options. Abbott uses both historical volatility of its stock price and the implied volatility of traded options to develop the volatility assumptions. Abbott uses the historical grant activity, combined with expectations about future exercise activity, to develop the average life assumptions. Abbott has also used the historical grant data to evaluate whether certain holders of stock options exercised their options differently than other holders and has not found any differentiating pattern among holders.

Results of Operations

Sales

The following table details the components of sales growth by reportable segment for the last three years:

	Total % Change	Components of Change %		
		Price	Volume	Exchange
Total Net Sales				
2008 vs. 2007	13.9	1.4	9.3	3.2
2007 vs. 2006	15.3	1.2	10.9	3.2
2006 vs. 2005	0.6	0.6	0.2	(0.2)
Total U.S.				
2008 vs. 2007	10.1	3.4	6.7	—
2007 vs. 2006	12.0	4.0	8.0	—
2006 vs. 2005	(7.5)	2.4	(9.9)	—
Total International				
2008 vs. 2007	17.8	(0.5)	12.0	6.3
2007 vs. 2006	18.8	(1.7)	14.0	6.5
2006 vs. 2005	10.9	(1.3)	12.7	(0.5)
Pharmaceutical Products Segment				
2008 vs. 2007	14.2	1.9	9.1	3.2
2007 vs. 2006	18.0	2.4	12.3	3.3
2006 vs. 2005	(9.5)	1.8	(11.0)	(0.3)
Nutritional Products Segment				
2008 vs. 2007	12.2	3.4	6.9	1.9
2007 vs. 2006	1.7	1.4	(1.4)	1.7
2006 vs. 2005	9.6	(0.4)	9.7	0.3
Diagnostic Products Segment				
2008 vs. 2007	13.2	1.3	6.8	5.1
2007 vs. 2006	11.1	(0.6)	7.0	4.7
2006 vs. 2005	5.7	(1.1)	7.4	(0.6)
Vascular Products Segment				
2008 vs. 2007	34.7	(4.6)	35.8	3.5
2007 vs. 2006	53.8	(4.7)	55.4	3.1
2006 vs. 2005	327.7	(4.6)	333.2	(0.9)

Worldwide 2008 sales growth compared to 2007 reflects unit growth and the positive effect of the relatively weaker U.S. dollar. Worldwide 2007 sales compared to 2006 reflect the acquisitions of Guidant's vascular intervention and endovascular solutions businesses on April 21, 2006 and Kos Pharmaceuticals Inc. in the fourth quarter of 2006. In addition, the Pharmaceutical Products segment had an agreement with Boehringer Ingelheim (BI) to co-promote and distribute three of its products in the U.S. In 2005, Abbott and BI amended the agreement and effective January 1, 2006, Abbott no longer distributed or recorded sales for distribution activities for the BI products although Abbott recorded a small amount of co-promotion revenue in 2006. The increases in sales for 2006 excluding BI products were

11.6 percent for total net sales, 12.3 percent for total U.S. sales and 7.8 percent for Pharmaceutical Products segment sales. Sales growth in 2007 for the Nutritional Products segment reflects the completion of the U.S. co-promotion of *Synagis* in 2006. Excluding sales of *Synagis* in 2006, Nutritional Products segment sales increased 11.3 percent.

A comparison of significant product group sales is as follows. Percent changes are versus the prior year and are based on unrounded numbers.

	<u>2008</u>	<u>Percent Change</u>	<u>2007</u>	<u>Percent Change</u>	<u>2006</u>	<u>Percent Change</u>
<i>(dollars in millions)</i>						
Pharmaceuticals —						
U.S. Specialty	\$ 5,211	20	\$ 4,349	24	\$ 3,505	25
U.S. Primary Care	3,102	(1)	3,139	23	2,561	4
International Pharmaceuticals	7,399	23	6,002	16	5,157	8
Nutritionals —						
U.S. Pediatric Nutritionals	1,268	3	1,233	9	1,128	3
International Pediatric Nutritionals	1,374	26	1,093	22	899	29
U.S. Adult Nutritionals	1,162	8	1,077	2	1,057	1
International Adult Nutritionals	1,070	13	947	15	824	11
Diagnostics —						
Immunochemistry	2,843	13	2,517	11	2,272	4

Increased sales of *HUMIRA* and the addition of *Lupron* sales in 2008 accounted for the majority of the sales increase for U.S. Specialty products in 2008. Increased sales of *HUMIRA* and *Depakote* accounted for the majority of the sales increases for U.S. Specialty products in 2007 and 2006. U.S. sales of *HUMIRA* were \$2.2 billion, \$1.6 billion and \$1.2 billion in 2008, 2007 and 2006, respectively. U.S. Primary Care sales in 2008 were impacted by a significant decrease in sales of *Omnicef* due to generic competition, partially offset by increased sales of *Niaspan* and the *TriCor/Trilipix* franchise. U.S. Primary Care sales in 2007 were favorably impacted by sales of *Niaspan*, a new product from the acquisition of Kos Pharmaceuticals Inc. in the fourth quarter of 2006. In addition, increased sales of *TriCor* in 2007 and 2006 favorably impacted U.S. Primary Care sales. These increases were partially offset by lower sales of *Omnicef* in 2008 and 2007 and lower U.S. sales of *Biaxin* in all three years due primarily to the introduction of generic competition. U.S. sales of *Omnicef* were \$25 million, \$235 million and \$637 million in 2008, 2007 and 2006, respectively, and U.S. sales of *Biaxin* were \$14 million, \$36 million and \$151 million in 2008, 2007 and 2006, respectively. Increased sales volume of *HUMIRA* in all three years favorably impacted International Pharmaceuticals sales, partially offset by decreased sales volume in 2008 and 2006 due to generic competition for clarithromycin. International sales of *HUMIRA* were \$2.3 billion, \$1.4 billion and \$868 million in 2008, 2007 and 2006, respectively. International Pediatric Nutritionals sales increases were due primarily to volume growth in developing countries. International sales in 2008 and 2007 were also favorably impacted by the effect of the relatively weaker U.S. dollar. Abbott has periodically sold product rights to non-strategic products and has recorded the related gains in net sales in accordance with Abbott's revenue recognition policies as discussed in footnote 1 to the consolidated financial statements. Related net sales were \$111 million, \$184 million and \$199 million in 2008, 2007 and 2006, respectively.

The expiration of licenses, patent protection and generic competition can affect the future revenues and operating income of Abbott. Significant ongoing generic activities and significant patent and license expirations in the next three years are as follows. The U.S. composition of matter patent for *Depakote* expired in 2008. Abbott has seen generic competition begin in the second half of 2008 for *Depakote*, which had U.S. sales of \$1.3 billion in 2008.

Operating Earnings

Gross profit margins were 57.3 percent of net sales in 2008, 55.9 percent in 2007 and 56.3 percent in 2006. The increase in the gross profit margin in 2008 was due, in part, to favorable product mix and the favorable impact of foreign exchange. The decrease in the gross profit margin in 2007 was due, in part, to the unfavorable impact in 2007 of the completion of the U.S. co-promotion of *Synagis* in 2006 as well as generic competition for *Omnicef* and *Biaxin* sales in 2007. The increase in the gross profit margin in 2006 was due to favorable product mix, primarily as a result of decreased sales of Boehringer Ingelheim products that had lower margins than other products in the Pharmaceutical Products segment. Restructuring charges, discussed below, reduced the gross profit margins in 2008, 2007 and 2006 by 0.4 percentage points, 0.7 percentage points and 1.1 percentage points, respectively. Gross profit margins in all years were also affected by productivity improvements, higher commodity costs, higher project expenses for new products, higher manufacturing capacity costs for anticipated unit growth and the effects of inflation.

In the U.S., states receive price rebates from manufacturers of infant formula under the federally subsidized Special Supplemental Nutrition Program for Women, Infants, and Children. There are also rebate programs for pharmaceutical products. These rebate programs continue to have a negative effect on the gross profit margins of the Nutritional and Pharmaceutical Products segments. Higher commodity costs unfavorably impacted the gross profit margins for the Nutritional Products segment in 2008 and 2007 and pricing pressures unfavorably impacted the gross profit margin in 2006.

Research and development expense, excluding acquired in-process and collaborations research and development, was \$2.7 billion in 2008, \$2.5 billion in 2007 and \$2.3 billion in 2006 and represented increases of 7.3 percent in 2008, 11.1 percent in 2007 and 23.8 percent in 2006. The effect of recording compensation expense relating to share-based awards in 2006 and additional costs associated with Abbott's decision to discontinue the commercial development of the *ZoMaxx* drug-eluting stent increased research and development expenses by 6.3 percentage points over 2005. The increases in 2007 and 2006 were also affected by the acquisitions of Guidant's vascular intervention and endovascular solutions businesses in April 2006 and Kos Pharmaceuticals Inc. in the fourth quarter of 2006. These increases also reflect increased spending to support pipeline programs, including new indications for *HUMIRA*, and *Trilipix*, *Trilipix*/Crestor fixed-dose combination, ABT-874 (a biologic for psoriasis and Crohn's disease), pain relief medication and *Xience V*, as well as several Phase I and Phase II clinical programs in neuroscience, oncology and Hepatitis C. The majority of research and development expenditures are concentrated on pharmaceutical products.

Selling, general and administrative expenses increased 13.9 percent in 2008 compared to increases of 16.7 percent in 2007 and 15.5 percent in 2006. The 2008 increase reflects the settlement of litigation relating to *TriCor*, which increased selling, general and administration expenses by 3.1 percentage points. The 2007 increase reflects the acquisitions of Guidant's vascular intervention and endovascular solutions businesses and Kos Pharmaceuticals Inc. The 2006 increase reflects recording compensation expense relating to share-based awards, a philanthropic contribution to the Abbott Fund and the acquisition of Guidant's vascular intervention and endovascular solutions businesses. These items increased selling, general and administrative expenses by 8.6 percentage points over 2005. The remaining increases in selling, general and administrative expenses were due primarily to increased selling and marketing support for new and existing products, including continued spending for *HUMIRA* and the continuing launch of *Xience V*, as well as spending on other marketed pharmaceutical products. Increases in all three years also reflect inflation and additional selling and marketing support primarily in the Pharmaceutical Products segment.

Conclusion of TAP Pharmaceutical Products Inc. Joint Venture and Sale of Abbott's Spine Business

On April 30, 2008, Abbott and Takeda concluded their TAP Pharmaceutical Products Inc. (TAP) joint venture, evenly splitting the value and assets of the joint venture. Abbott exchanged its 50 percent equity

interest in TAP for the assets, liabilities and employees related to TAP's *Lupron* business. Subsequent to the conclusion of the joint venture, TAP was merged into two Takeda entities. The exchange of Abbott's investment in TAP for TAP's *Lupron* business resulted in a gain at closing of approximately \$94 million. The Internal Revenue Service has issued a private letter ruling that the transaction qualifies as tax-free for U.S. income tax purposes.

Beginning on May 1, 2008, Abbott began recording U.S. *Lupron* net sales and costs in its operating results and no longer records income from the TAP joint venture. TAP's sales of *Lupron* were \$182 million for the four months ended April 30, 2008 and \$645 million and \$662 million in 2007 and 2006, respectively. Abbott also receives payments based on specified development, approval and commercial events being achieved with respect to products retained by Takeda and payments from Takeda based on sales of products retained by Takeda, which are recorded by Abbott as Other (income) expense, net as earned. Such payments, which are subject to tax, are expected to approximate \$1.4 billion over the five-year period beginning on May 1, 2008.

The exchange transaction was accounted for as a sale of Abbott's equity interest in TAP and as an acquisition of TAP's *Lupron* business under SFAS No. 141 "Business Combinations." The sale of Abbott's equity interest in TAP resulted in the recording of net assets related to the *Lupron* business, primarily cash, receivables, inventory and other assets, net of accounts payable and other accrued liabilities, offset by a credit to Abbott's investment in TAP in the amount of approximately \$280 million.

For the acquired *Lupron* business, Abbott recorded intangible assets, primarily *Lupron* product rights, of approximately \$700 million, goodwill of approximately \$350 million and deferred tax liabilities related primarily to the intangible assets of approximately \$260 million. The intangible assets are being amortized over 15 years. Abbott has also agreed to remit cash to Takeda if certain research and development events are not achieved on the development assets retained by Takeda. These amounts were recorded as a liability at closing in the amount of approximately \$1.1 billion. Related deferred tax assets of approximately \$410 million were also recorded, resulting in an after-tax liability of approximately \$700 million. Of the \$1.1 billion, Abbott made a tax-deductible payment of \$200 million in 2008 and Abbott will make a tax-deductible payment of approximately \$120 million in 2009. If the remaining payments are not required, the liability would be reduced and a gain would be recorded.

The 50 percent-owned joint venture was accounted for under the equity method of accounting. Summarized financial information for TAP follows below. The results for 2008 include results through April 30. (*dollars in millions*)

	Year Ended December 31		
	2008	2007	2006
Net sales	\$853	\$3,002	\$3,363
Cost of sales	229	720	836
Income before taxes	356	1,564	1,524
Net income	238	996	952

In the fourth quarter of 2008, Abbott sold its spine business for approximately \$360 million in cash, resulting in an after-tax gain of approximately \$147 million which is presented as Gain on sale of discontinued operations, net of taxes, in the accompanying statement of income. The operations and financial position of the spine business are not presented as discontinued operations because the effects would not be significant.

Restructurings

In 2008, Abbott management approved a plan to streamline global manufacturing operations, reduce overall costs, and improve efficiencies in Abbott's core diagnostic business. This plan will result in pretax charges of approximately \$370 million over the next several years. These charges include employee-related

costs of approximately \$110 million, accelerated depreciation of approximately \$75 million, and other related exit costs of approximately \$185 million, mainly related to product transfers. In 2008, Abbott recorded a charge to Cost of products sold of approximately \$129 million under the plan. Additional charges of approximately \$16 million were recorded in 2008 relating to this restructuring, primarily for accelerated depreciation. The remainder of the charges will occur through 2011 as a result of product re-registration timelines required under manufacturing regulations in a number of countries and product transition timelines. The following summarizes the activity for this restructuring: *(dollars in millions)*

	2008
2008 restructuring charge	\$129
Payments and other adjustments	(19)
Accrued balance at December 31	<u>\$110</u>

In 2008, 2007 and 2006, Abbott management approved plans to realign its worldwide pharmaceutical and vascular manufacturing operations and selected domestic and international commercial and research and development operations in order to reduce costs. In 2008, 2007 and 2006, Abbott recorded charges of approximately \$36 million, \$107 million and \$210 million, respectively, reflecting the impairment of manufacturing facilities and other assets, employee severance and other related charges. Approximately \$94 million and \$181 million in 2007 and 2006, respectively, is classified as cost of products sold, \$3 million and \$29 million in 2007 and 2006, respectively, as research and development and \$36 million and \$10 million in 2008 and 2007, respectively, as selling, general and administrative. Fair value for the determination of the amount of asset impairments was determined primarily based on a discounted cash flow method. An additional \$81 million, \$90 million and \$70 million were subsequently recorded in 2008, 2007 and 2006, respectively, relating to these restructurings, primarily for accelerated depreciation. In addition, Abbott implemented facilities restructuring plans in 2007 related to the acquired operations of Kos Pharmaceuticals Inc., which resulted in an increase to goodwill of approximately \$52 million. Abbott expects to incur up to an additional \$21 million in future periods for these restructuring plans, primarily for accelerated depreciation. The following summarizes the activity for these restructurings: *(dollars in millions)*

	Employee- Related and Other	Asset Impairments	Total
Accrued balance at January 1, 2006	\$ 155	\$ —	\$ 155
2006 restructuring charges	117	93	210
Payments, impairments and other adjustments	(79)	(93)	(172)
Accrued balance at December 31, 2006	193	—	193
2007 restructuring charges	121	38	159
Payments, impairments and other adjustments	(120)	(38)	(158)
Accrued balance at December 31, 2007	194	—	194
2008 restructuring charges	36	—	36
Payments and other adjustments	(125)	—	(125)
Accrued balance at December 31, 2008	<u>\$ 105</u>	<u>\$ —</u>	<u>\$ 105</u>

Interest expense and Interest (income)

In 2008, interest expense decreased primarily as a result of lower interest rates and interest income increased primarily as the result of higher investment balances. Interest expense increased in 2007 and 2006 due primarily to higher borrowings as a result of the acquisitions of Guidant's vascular intervention and endovascular solutions businesses and Kos Pharmaceuticals Inc. and Abbott's investment in the Boston Scientific common stock and note receivable.

Other (income) expense, net

As described above, Abbott recorded a gain of approximately \$94 million in connection with the dissolution of the TAP Pharmaceutical Products Inc. joint venture in 2008, which is included in Other (income) expense, net. Other (income) expense, net for 2008 also includes a gain of approximately \$52 million on the sale of an equity investment accounted for as an available-for-sale investment. The remainder of Other (income) expense, net for 2008 relates primarily to contractual payments based on specified development, approval and commercial events being achieved with respect to products retained by Takeda and payments from Takeda based on sales of products retained by Takeda. Other (income) expense, net for 2007 includes a \$190 million fair market value loss adjustment to Abbott's investment in Boston Scientific common stock and a realized gain of \$37 million on the sales of Boston Scientific common stock. Other (income) expense, net for 2007 and 2006 includes fair value gain adjustments of \$28 million and \$91 million, respectively, to certain derivative financial instruments included with the investment in Boston Scientific common stock.

Taxes on Earnings

The income tax rates on earnings from continuing operations were 19.2 percent in 2008, 19.3 percent in 2007 and 24.6 percent in 2006. Taxes on earnings from continuing operations in 2006 reflect the effect of the tax rates applied to acquired in-process research and development and the resolution of prior years' income tax audits and the effect of other discrete tax items. For 2006, the tax rates applied to acquired in-process and collaborations research and development increased the effective tax rate by 6.6 percentage points and the effect of the income tax audit resolution and other discrete tax items decreased the effective tax rate by 5.5 percentage points. Abbott expects to apply an annual effective rate of between 17.5 percent and 18.0 percent in 2009.

Business Combinations, Technology Acquisitions and Related Transactions

In December 2006, Abbott acquired Kos Pharmaceuticals Inc. for cash of approximately \$3.8 billion, net of cash held by Kos Pharmaceuticals Inc., to expand Abbott's presence in the lipid management market and to provide several on-market and late-stage pipeline products. Kos Pharmaceuticals Inc. was a specialty pharmaceutical company that developed and marketed proprietary medications for the treatment of chronic cardiovascular, metabolic and respiratory diseases. This business was acquired on December 13, 2006 and the financial results of the acquired operations are included in these financial statements beginning on that date. The acquisition was financed primarily with short-term debt. The allocation of the purchase price resulted in a charge of \$1.3 billion for acquired in-process research and development, intangible assets of \$821 million, goodwill (primarily non-deductible) of \$1.6 billion and net liabilities, primarily deferred income taxes recorded at acquisition of \$331 million. Acquired intangible assets are being amortized over 4 to 15 years. Non-deductible acquired in-process research and development was charged to income in 2006.

In order to expand Abbott's presence in the growing vascular market, Abbott acquired Guidant's vascular intervention and endovascular solutions businesses on April 21, 2006 for approximately \$4.1 billion, in cash, in connection with Boston Scientific's acquisition of Guidant. In addition, Abbott agreed to pay to Boston Scientific \$250 million each upon government approvals to market the *Xience V*

drug-eluting stent in the U.S. and in Japan. In 2008, the FDA approved the marketing of *Xience V* and Abbott paid Boston Scientific \$250 million, resulting in the recording of additional goodwill. Government approval in Japan is anticipated in late 2009 or early 2010 which will also result in the recording of additional goodwill. The allocation of the purchase price resulted in a charge of \$665 million for acquired in-process research and development, intangible assets of \$1.2 billion, goodwill (primarily deductible) of \$1.7 billion and tangible net assets of \$580 million. Acquired intangible assets are being amortized over 4 to 15 years. Deductible acquired in-process research and development was charged to income in 2006. The net tangible assets acquired consist primarily of property and equipment of approximately \$530 million, trade accounts receivable of approximately \$250 million and inventories of approximately \$120 million, net of assumed liabilities, primarily trade accounts payable, litigation reserves and other liabilities.

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

In order to facilitate Boston Scientific's acquisition of Guidant, Abbott also acquired 64.6 million shares of Boston Scientific common stock directly from Boston Scientific and loaned \$900 million to a wholly-owned subsidiary of Boston Scientific. The common stock was valued at \$1.3 billion and the note receivable was valued at \$829 million at the acquisition date. In connection with the acquisition of the shares, Boston Scientific was entitled to certain after-tax gains upon Abbott's sale of the shares. In addition, Boston Scientific agreed to reimburse Abbott for certain borrowing costs on debt incurred to acquire the Boston Scientific shares. Abbott recorded a net derivative financial instruments liability of \$59 million for the gain-sharing derivative financial instrument liability and the interest derivative financial instrument asset. The effect of recording the shares, the loan to Boston Scientific and the derivative financial instruments at fair value on the date of acquisition resulted in the recording of additional goodwill of approximately \$204 million. Changes in the fair value of the derivative financial instruments, net were recorded in Other (income) expense, net.

Subsequent Event — Business Combination

In January 2009, Abbott announced an agreement to acquire Advanced Medical Optics, Inc. (AMO), a marketer of ophthalmic surgical technology and devices, as well as eye care solutions, for approximately \$2.8 billion, in cash and debt, to take advantage of increasing demand for vision care technologies due to population growth and demographic shifts. The transaction is expected to close in the first quarter of 2009. AMO's sales are more than \$1 billion per year.

Financial Condition

Cash Flow

Net cash from operating activities of continuing operations amounted to \$7.0 billion, \$5.2 billion and \$5.3 billion in 2008, 2007 and 2006, respectively. Cash from operating activities of continuing operations in 2008 compared to 2007 is higher due to higher operating earnings, decreased prepaid expenses and other assets, and increased trade accounts payable and other liabilities. Cash from operating activities of continuing operations in 2007 and 2006 compared to 2005 is higher due to higher net earnings adjusted for after-tax non-cash charges for acquired in-process research and development in 2006 and share-based compensation and higher contributions to retirement benefit plans in 2005 compared to 2007 and 2006; partially offset by higher income tax payments in 2006, including tax payments related to the 2005 remittances of foreign earnings under the American Jobs Creation Act. Abbott funds its domestic pension plans according to IRS funding limitations. In 2008, 2007 and 2006, \$200 million was funded to the main domestic pension. Abbott expects pension funding for its main domestic pension plan of \$700 million in 2009 and \$200 million annually, thereafter. Abbott expects annual cash flow from operating activities to continue to exceed Abbott's capital expenditures and cash dividends.

Debt and Capital

At December 31, 2008, Abbott's long-term debt rating was AA by Standard & Poor's Corporation and A1 by Moody's Investors Service. Abbott has readily available financial resources, including unused lines of credit of \$5.3 billion that support commercial paper borrowing arrangements of which a \$2.3 billion facility expires in December 2009 and a \$3.0 billion facility expires in 2012. Abbott's access to short-term financing has not been affected by the recent credit market conditions.

In 2006, the board of directors authorized the purchase of \$2.5 billion of Abbott's common shares from time to time and no shares were purchased under this authorization in 2006. In 2008 and 2007, Abbott purchased approximately 19.0 million of its common shares in each period at a cost of approximately \$1.1 billion and \$1.0 billion, respectively under this authorization. Effective in the fourth quarter of 2008, no more purchases of common shares will be made from the 2006 authorization. In October 2008, the board of directors authorized the purchase of up to \$5 billion of Abbott's common shares from time to time and 146,400 shares were purchased under this authorization in 2008 at a cost of approximately \$8 million.

Under a registration statement filed with the Securities and Exchange Commission in February 2006, Abbott issued \$3.5 billion of long-term debt in 2007 that matures in 2012 through 2037 with interest rates ranging from 5.15 percent to 6.15 percent. Proceeds from this debt were used to pay down short-term borrowings that were incurred to partially fund the acquisition of Kos Pharmaceuticals Inc. Under the same registration statement, Abbott issued \$4.0 billion of long-term debt in 2006 that matures in 2009 through 2016 with interest rates ranging from 5.375 percent to 5.875 percent. Proceeds from this debt were used to pay down domestic commercial paper borrowings that were incurred to partially fund the acquisition of Guidant's vascular intervention and endovascular solutions businesses.

In 2009, the acquisition of Advanced Medical Optics, Inc., the funding of Abbott's main domestic pension plan and the payment of long-term debt will be financed with operating cash flow and debt.

Working Capital

Working capital was \$5.5 billion at December 31, 2008 and \$4.9 billion at December 31, 2007. At December 31, 2006, current liabilities exceeded current assets by approximately \$669 million as a result of increased short-term borrowings used to acquire Kos Pharmaceuticals Inc. in December 2006.

Capital Expenditures

Capital expenditures of \$1.3 billion in 2008, \$1.7 billion in 2007 and \$1.3 billion in 2006 were principally for upgrading and expanding manufacturing, research and development, investments in information technology and administrative support facilities in all segments, and for laboratory instruments placed with customers.

Contractual Obligations

The following table summarizes Abbott's estimated contractual obligations as of December 31, 2008: (*dollars in millions*)

	Payment Due By Period				
	Total	2009	2010-2011	2012-2013	2014 and Thereafter
Long-term debt, including current maturities and future interest payments	\$ 13,512	\$ 1,467	\$ 2,989	\$ 1,896	\$ 7,160
Operating lease obligations	416	74	122	88	132
Capitalized auto lease obligations	93	31	62	—	—
Purchase commitments (a)	4,627	4,328	258	32	9
Other long-term liabilities reflected on the consolidated balance sheet —					
Benefit plan obligations	3,048	—	714	777	1,557
Other	1,524	—	1,065	198	261
Total	<u>\$ 23,220</u>	<u>\$ 5,900</u>	<u>\$ 5,210</u>	<u>\$ 2,991</u>	<u>\$ 9,119</u>

(a) Purchase commitments are for purchases made in the normal course of business to meet operational and capital expenditure requirements.

Contingent Obligations

Abbott has periodically entered into agreements in the ordinary course of business, such as assignment of product rights, with other companies which has resulted in Abbott becoming secondarily liable for obligations that Abbott was previously primarily liable. Since Abbott no longer maintains a business relationship with the other parties, Abbott is unable to develop an estimate of the maximum potential amount of future payments, if any, under these obligations. Based upon past experience, the likelihood of payments under these agreements is remote. In addition, Abbott periodically acquires a business or product rights in which Abbott agrees to pay contingent consideration based on attaining certain thresholds or based on the occurrence of certain events. In connection with the acquisition of Guidant's vascular intervention and endovascular solutions businesses, Abbott will pay to Boston Scientific \$250 million upon government approval to market the *Xience V* drug-eluting stent in Japan. Government approval is anticipated in late 2009 or early 2010. In addition, Abbott has retained liabilities for taxes on income prior to the spin-off of Hospira and certain potential liabilities, if any, related to alleged improper pricing practices in connection with federal, state and private reimbursement for certain drugs.

Recently Issued Accounting Standards

In 2007, the FASB issued SFAS No. 141 (revised 2007) "Business Combinations" and SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51." Abbott will adopt these standards on January 1, 2009. Statement No. 141 (revised 2007) will impact Abbott primarily in five areas: acquired in-process research and development will be accounted for as an indefinite lived intangible asset until approval or discontinuation rather than as expense; acquisition costs will be expensed rather than added to the cost of an acquisition; restructuring costs in connection with an acquisition will be expensed rather than added to the cost of an acquisition; the fair value of contingent consideration at the date of an acquisition will be included in the cost of an acquisition; and the fair value of contingent liabilities that are more likely than not of occurrence will be recorded at the date of an acquisition. The effect of these changes will be applicable to acquisitions on or after January 1, 2009. Adoption of Statement No. 160 will not have a material effect on Abbott.

Legislative Issues

Abbott's primary markets are highly competitive and subject to substantial government regulation throughout the world. Abbott expects debate to continue over the availability, method of delivery, and payment for health care products and services. Abbott believes that if legislation is enacted, it could change access to health care products and services, or reduce prices or the rate of price increases for health care products and services. It is not possible to predict the extent to which Abbott or the health care industry in general might be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item 1, Business, and Item 1A, Risk Factors, to the Annual Report on Form 10-K.

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

Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Abbott cautions investors that any forward-looking statements or projections made by Abbott, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Economic, competitive, governmental, technological and other factors that may affect Abbott's operations are discussed in Item 1A, Risk Factors, to the Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Instruments and Risk Management

Investment in Boston Scientific Common Stock and Note Receivable

At December 31, 2007, Abbott held 26.4 million shares, or approximately \$300 million of Boston Scientific common stock. In 2008 all of these shares were sold resulting in a small gain. Abbott also has a \$900 million loan, due in April 2011, to a wholly-owned subsidiary of Boston Scientific as of December 31, 2008 and 2007, and, as such, is subject to credit risk.

Other Market Price Sensitive Investments

Abbott holds available-for-sale equity securities from strategic technology acquisitions, excluding Boston Scientific. The market value of these investments was approximately \$105 million and \$193 million, respectively, as of December 31, 2008 and 2007. Abbott monitors these investments for other than temporary declines in market value, and charges impairment losses to income when an other than temporary decline in value occurs. A hypothetical 20 percent decrease in the share prices of these investments would decrease their fair value at December 31, 2008 by approximately \$21 million. (A 20 percent decrease is believed to be a reasonably possible near-term change in share prices.)

Non-Publicly Traded Equity Securities

Abbott holds equity securities from strategic technology acquisitions that are not traded on public stock exchanges. The carrying value of these investments was approximately \$42 million and \$37 million as of December 31, 2008 and 2007, respectively. No individual investment is in excess of \$13 million. Abbott monitors these investments for other than temporary declines in market value, and charges impairment losses to income when an other than temporary decline in estimated value occurs.

Interest Rate Sensitive Financial Instruments

At December 31, 2008 and 2007, Abbott had interest rate hedge contracts totaling \$2.5 billion and \$1.5 billion, respectively, to manage its exposure to changes in the fair value of debt due in 2009 through 2017. The effect of these hedges is to change the fixed interest rate to a variable rate. Abbott does not use derivative financial instruments, such as interest rate swaps, to manage its exposure to changes in interest rates for its investment securities. At December 31, 2008, Abbott had \$1.0 billion of domestic commercial paper outstanding with an average annual interest rate of 0.2% with an average remaining life of 11 days. The fair value of long-term debt at December 31, 2008 and 2007 amounted to \$10.5 billion and \$10.6 billion, respectively (average interest rates of 5.2% and 5.0%, respectively) with maturities through 2037. At December 31, 2008 and 2007, the fair value of current and long-term investment securities amounted to \$1.8 billion and \$896 million, respectively. A hypothetical 100-basis point change in the interest rates would not have a material effect on cash flows, income or market values. (A 100-basis point change is believed to be a reasonably possible near-term change in rates.)

Foreign Currency Sensitive Financial Instruments

Abbott enters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated intercompany loans and trade payables and third-party trade payables and receivables. The contracts are marked-to-market, and resulting gains or losses are reflected in income and are generally offset by losses or gains on the foreign currency exposure being managed. At December 31, 2008 and 2007, Abbott held \$8.3 billion and \$5.5 billion, respectively, of such contracts, which mature in the next twelve months.

In addition, certain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates for anticipated intercompany

purchases by those subsidiaries whose functional currencies are not the U.S. dollar. These contracts are designated as cash flow hedges of the variability of the cash flows due to changes in foreign currency exchange rates and are marked-to-market with the resulting gains or losses reflected in Accumulated other comprehensive income (loss). Gains or losses will be included in Cost of products sold at the time the products are sold, generally within the next twelve months. At December 31, 2008 and 2007, Abbott held \$129 million and \$281 million, respectively, of such contracts, which all mature in the following calendar year.

Abbott has designated approximately \$585 million of foreign denominated short-term debt as a hedge of the net investment in certain foreign subsidiaries. Accordingly, changes in the fair value of this debt due to changes in exchange rates are recorded in Accumulated other comprehensive income (loss).

The following table reflects the total foreign currency forward contracts outstanding at December 31, 2008 and 2007: *(dollars in millions)*

	2008			2007		
	Contract Amount	Average Exchange Rate	Fair and Carrying Value Receivable/ (Payable)	Contract Amount	Average Exchange Rate	Fair and Carrying Value Receivable/ (Payable)
Receive primarily U.S. Dollars in exchange for the following currencies:						
Euro	\$ 3,963	1.286	\$ 3	\$ 2,630	1.464	\$ (11)
British Pound	1,208	1.553	(31)	1,030	2.041	—
Japanese Yen	1,788	99.6	54	939	113.9	(5)
Canadian Dollar	163	1.240	3	426	0.995	(1)
All other currencies	1,254	N/A	19	716	N/A	(4)
Total	\$ 8,376		\$ 48	\$ 5,741		\$ (21)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Abbott Laboratories and Subsidiaries

Consolidated Statement of Earnings

(dollars and shares in thousands except per share data)

	Year Ended December 31		
	2008	2007	2006
Net Sales	\$29,527,552	\$25,914,238	\$22,476,322
Cost of products sold	12,612,022	11,422,046	9,815,147
Research and development	2,688,811	2,505,649	2,255,271
Acquired in-process and collaborations research and development	97,256	—	2,014,000
Selling, general and administrative	8,435,624	7,407,998	6,349,685
Total Operating Cost and Expenses	23,833,713	21,335,693	20,434,103
Operating Earnings	5,693,839	4,578,545	2,042,219
Interest expense	528,474	593,142	416,172
Interest (income)	(201,229)	(136,752)	(123,825)
(Income) from TAP Pharmaceutical Products Inc. joint venture	(118,997)	(498,016)	(475,811)
Net foreign exchange (gain) loss	84,244	14,997	28,441
Other (income) expense, net	(454,939)	135,526	(79,128)
Earnings from Continuing Operations Before Taxes	5,856,286	4,469,648	2,276,370
Taxes on Earnings from Continuing Operations	1,122,070	863,334	559,615
Earnings from Continuing Operations	4,734,216	3,606,314	1,716,755
Gain on Sale of Discontinued Operations, net of taxes	146,503	—	—
Net Earnings	\$ 4,880,719	\$ 3,606,314	\$ 1,716,755
Basic Earnings Per Common Share —			
Continuing Operations	\$ 3.06	\$ 2.34	\$ 1.12
Gain on Sale of Discontinued Operations, net of taxes	0.10	—	—
Net Earnings	\$ 3.16	\$ 2.34	\$ 1.12
Diluted Earnings Per Common Share —			
Continuing Operations	\$ 3.03	\$ 2.31	\$ 1.12
Gain on Sale of Discontinued Operations, net of taxes	0.09	—	—
Net Earnings	\$ 3.12	\$ 2.31	\$ 1.12
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,545,355	1,543,082	1,529,848
Dilutive Common Stock Options and Awards	15,398	16,975	6,876
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options and Awards	1,560,753	1,560,057	1,536,724
Outstanding Common Stock Options Having No Dilutive Effect	30,579	6,406	23,567

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

Abbott Laboratories and Subsidiaries

Consolidated Statement of Cash Flows
(dollars in thousands)

	Year Ended December 31		
	2008	2007	2006
Cash Flow From (Used in) Operating Activities of Continuing Operations:			
Net earnings	\$ 4,880,719	\$ 3,606,314	\$ 1,716,755
Less: Gain on sale of discontinued operations	146,503	—	—
Earnings from continuing operations	4,734,216	3,606,314	1,716,755
Adjustments to reconcile earnings from continuing operations to net cash from operating activities of continuing operations —			
Depreciation	1,051,728	1,072,855	983,485
Amortization of intangible assets	787,101	782,031	575,265
Share-based compensation	347,015	429,677	329,957
Gain on dissolution of TAP Pharmaceutical Products Inc. joint venture	(94,248)	—	—
Acquired in-process research and development	97,256	—	1,927,300
Investing and financing (gains) losses, net	111,238	356,331	277,388
Trade receivables	(948,314)	(431,846)	(101,781)
Inventories	(257,476)	131,324	104,653
Prepaid expenses and other assets	436,218	(418,344)	(283,455)
Trade accounts payable and other liabilities	569,056	(82,960)	(183,203)
Income taxes	160,830	(261,539)	(84,275)
Net Cash From Operating Activities of Continuing Operations	6,994,620	5,183,843	5,262,089
Cash Flow From (Used in) Investing Activities of Continuing Operations:			
Contingent consideration paid relating to a business acquisition	(250,000)	—	—
Acquisitions of businesses and technologies, net of cash acquired	—	—	(7,923,163)
Acquisitions of property and equipment	(1,287,724)	(1,656,207)	(1,337,818)
Sales of (investment in) Boston Scientific common stock; and (investments in) note receivable and derivative financial instruments	318,645	568,437	(2,095,780)
Purchases of investment securities	(923,937)	(32,852)	(33,632)
Proceeds from sales of investment securities	130,586	17,830	18,476
Other	(75,061)	(33,485)	(25,712)
Net Cash (Used in) Investing Activities of Continuing Operations	(2,087,491)	(1,136,277)	(11,397,629)
Cash Flow From (Used in) Financing Activities of Continuing Operations:			
(Repayments of) net proceeds from issuance of short-term debt and other	(324,739)	(3,603,481)	5,183,225
Proceeds from issuance of long-term debt	—	3,500,000	4,000,000
Repayments of long-term debt	(913,948)	(441,012)	(3,532,408)
Purchases of common shares	(1,081,806)	(1,058,793)	(754,502)
Proceeds from stock options exercised, including income tax benefit	1,008,843	1,249,804	502,782
Dividends paid	(2,174,252)	(1,959,150)	(1,777,170)
Net Cash (Used in) From Financing Activities of Continuing Operations	(3,485,902)	(2,312,632)	3,621,927
Effect of exchange rate changes on cash and cash equivalents	(115,160)	200,258	73,966
Net cash provided from the sale of discontinued operations in 2008 and from operating activities of discontinued operations of Hospira, Inc. in 2006	349,571	—	67,152
Net Increase (Decrease) in Cash and Cash Equivalents	1,655,638	1,935,192	(2,372,495)
Cash and Cash Equivalents, Beginning of Year	2,456,384	521,192	2,893,687
Cash and Cash Equivalents, End of Year	\$ 4,112,022	\$ 2,456,384	\$ 521,192

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

Abbott Laboratories and Subsidiaries

Consolidated Balance Sheet
(dollars in thousands)

	December 31		
	2008	2007	2006
Assets			
Current Assets:			
Cash and cash equivalents	\$ 4,112,022	\$ 2,456,384	\$ 521,192
Investments, including \$307,500 of investments measured at fair value at December 31, 2007	967,603	364,443	852,243
Trade receivables, less allowances of — 2008: \$263,632; 2007: \$258,288; 2006: \$215,443	5,465,660	4,946,876	4,231,142
Inventories:			
Finished products	1,545,950	1,677,083	1,338,349
Work in process	698,140	681,634	686,425
Materials	531,759	592,725	781,647
Total inventories	2,775,849	2,951,442	2,806,421
Deferred income taxes	2,462,871	2,109,872	1,716,916
Other prepaid expenses and receivables	1,258,554	1,213,716	1,153,969
Total Current Assets	17,042,559	14,042,733	11,281,883
Investments	1,073,736	1,125,262	1,229,873
Property and Equipment, at Cost:			
Land	509,606	494,021	488,342
Buildings	3,698,861	3,589,050	3,228,485
Equipment	10,366,267	10,393,402	9,947,503
Construction in progress	613,939	1,121,328	737,609
	15,188,673	15,597,801	14,401,939
Less: accumulated depreciation and amortization	7,969,507	8,079,652	7,455,504
Net Property and Equipment	7,219,166	7,518,149	6,946,435
Intangible Assets, net of amortization	5,151,106	5,720,478	6,403,619
Goodwill	9,987,361	10,128,841	9,449,281
Deferred Income Taxes and Other Assets	1,945,276	1,178,461	867,081
	\$ 42,419,204	\$ 39,713,924	\$ 36,178,172

Abbott Laboratories and Subsidiaries

Consolidated Balance Sheet
(dollars in thousands)

	December 31		
	2008	2007	2006
Liabilities and Shareholders' Investment			
Current Liabilities:			
Short-term borrowings	\$ 1,691,069	\$ 1,827,361	\$ 5,305,985
Trade accounts payable	1,351,436	1,219,529	1,175,590
Salaries, wages and commissions	1,011,312	859,784	807,283
Other accrued liabilities	4,216,742	3,713,104	3,850,723
Dividends payable	559,064	504,540	453,994
Income taxes payable	805,397	80,406	262,344
Obligation in connection with conclusion of TAP Pharmaceutical Products Inc. joint venture	915,982	—	—
Current portion of long-term debt	1,040,906	898,554	95,276
Total Current Liabilities	11,591,908	9,103,278	11,951,195
Long-term Debt	8,713,327	9,487,789	7,009,664
Post-employment Obligations and Other Long-term Liabilities	4,634,418	3,344,317	3,163,127
Commitments and Contingencies			
Shareholders' Investment:			
Preferred shares, one dollar par value			
Authorized — 1,000,000 shares, none issued	—	—	—
Common shares, without par value			
Authorized — 2,400,000,000 shares			
Issued at stated capital amount —			
Shares: 2008: 1,601,580,899; 2007: 1,580,854,677; 2006: 1,550,590,438	7,444,411	6,104,102	4,290,929
Common shares held in treasury, at cost —			
Shares: 2008: 49,147,968; 2007: 30,944,537; 2006: 13,347,272	(2,626,404)	(1,213,134)	(195,237)
Earnings employed in the business	13,825,383	10,805,809	9,568,728
Accumulated other comprehensive income (loss)	(1,163,839)	2,081,763	389,766
Total Shareholders' Investment	17,479,551	17,778,540	14,054,186
	<u><u>\$42,419,204</u></u>	<u><u>\$39,713,924</u></u>	<u><u>\$36,178,172</u></u>

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

Abbott Laboratories and Subsidiaries

Consolidated Statement of Shareholders' Investment
(dollars in thousands except per share data)

	Year Ended December 31		
	2008	2007	2006
Common Shares:			
Beginning of Year			
Shares: 2008: 1,580,854,677; 2007: 1,550,590,438; 2006: 1,553,769,958	\$ 6,104,102	\$ 4,290,929	\$ 3,477,460
Issued under incentive stock programs			
Shares: 2008: 20,726,222; 2007: 30,264,239; 2006: 14,456,341	1,001,507	1,316,294	526,435
Tax benefit from option shares and vesting of restricted stock awards (no share effect)	64,714	163,808	42,062
Share-based compensation	342,315	433,319	337,428
Issuance of restricted stock awards	(68,227)	(100,248)	(52,392)
Retired — Shares: 2006: 17,635,861	—	—	(40,064)
End of Year	<u>\$ 7,444,411</u>	<u>\$ 6,104,102</u>	<u>\$ 4,290,929</u>
Common Shares Held in Treasury:			
Beginning of Year			
Shares: 2008: 30,944,537; 2007: 13,347,272; 2006: 14,534,979	\$ (1,213,134)	\$ (195,237)	\$ (212,255)
Private transaction in 2008			
Shares purchased: 15,176,500			
Shares issued: 14,870,195	(378,931)	—	—
Issued under incentive stock programs			
Shares: 2008: 1,607,326; 2007: 2,063,123; 2006: 1,197,838	40,946	37,080	17,492
Purchased			
Shares: 2008: 19,504,452; 2007: 19,660,388; 2006: 10,131	(1,075,285)	(1,054,977)	(474)
End of Year	<u>\$ (2,626,404)</u>	<u>\$ (1,213,134)</u>	<u>\$ (195,237)</u>
Earnings Employed in the Business:			
Beginning of Year	\$10,805,809	\$ 9,568,728	\$10,404,568
Net earnings	4,880,719	3,606,314	1,716,755
Cash dividends declared on common shares (per share — 2008: \$1.44; 2007: \$1.30; 2006: \$1.18)	(2,228,776)	(2,009,696)	(1,807,829)
Reclassification resulting from the application of the fair value option to Boston Scientific common stock, net of tax	—	(188,534)	—
Cost of common shares retired in excess of stated capital amount	(70,590)	(237,958)	(780,152)
Cost of treasury shares issued below market value	438,221	66,955	35,386
End of Year	<u>\$13,825,383</u>	<u>\$10,805,809</u>	<u>\$ 9,568,728</u>
Accumulated Other Comprehensive Income (Loss):			
Beginning of Year	\$ 2,081,763	\$ 389,766	\$ 745,498
Reclassification resulting from the application of the fair value option to Boston Scientific common stock, net of tax	—	181,834	—
Beginning of Year, as adjusted	2,081,763	571,600	745,498
Other comprehensive (loss) income	(3,245,602)	1,510,163	898,266
Adjustment to recognize net actuarial gain (loss) and prior service cost as a component of accumulated other comprehensive income (loss), net of tax	—	—	(1,253,998)
End of Year	<u>\$ (1,163,839)</u>	<u>\$ 2,081,763</u>	<u>\$ 389,766</u>
Comprehensive Income	<u>\$ 1,635,117</u>	<u>\$ 5,116,477</u>	<u>\$ 2,615,021</u>

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

Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies

NATURE OF BUSINESS — Abbott's principal business is the discovery, development, manufacture and sale of a broad line of health care products.

CONCENTRATION OF RISK AND GUARANTEES — Due to the nature of its operations, Abbott is not subject to significant concentration risks relating to customers, products or geographic locations, except that three U.S. wholesalers accounted for 27 percent, 25 percent and 23 percent of trade receivables as of December 31, 2008, 2007 and 2006, respectively. Product warranties are not significant.

Abbott has no material exposures to off-balance sheet arrangements; no special purpose entities; nor activities that include non-exchange-traded contracts accounted for at fair value. Abbott has periodically entered into agreements in the ordinary course of business, such as assignment of product rights, with other companies which has resulted in Abbott becoming secondarily liable for obligations that Abbott was previously primarily liable. Since Abbott no longer maintains a business relationship with the other parties, Abbott is unable to develop an estimate of the maximum potential amount of future payments, if any, under these obligations. Based upon past experience, the likelihood of payments under these agreements is remote. Abbott periodically acquires a business or product rights in which Abbott agrees to pay contingent consideration based on attaining certain thresholds or based on the occurrence of certain events. In connection with the spin-off of Hospira, Inc., Abbott has retained liabilities for taxes on income prior to the spin-off and certain potential liabilities, if any, related to alleged improper pricing practices in connection with federal, state and private reimbursement for certain drugs.

BASIS OF CONSOLIDATION — The consolidated financial statements include the accounts of the parent company and subsidiaries, after elimination of intercompany transactions. The accounts of foreign subsidiaries are consolidated as of November 30, due to the time needed to consolidate these subsidiaries. No events occurred related to these foreign subsidiaries in December 2008, 2007 and 2006 that materially affected the financial position, results of operations or cash flows.

USE OF ESTIMATES — The financial statements have been prepared in accordance with generally accepted accounting principles in the United States and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts. Significant estimates include amounts for sales rebates, income taxes, pension and other post-employment benefits, valuation of intangible assets, litigation, share-based compensation, derivative financial instruments, and inventory and accounts receivable exposures.

REVENUE RECOGNITION — Revenue from product sales is recognized upon passage of title and risk of loss to customers. Provisions for discounts, rebates and sales incentives to customers, and returns and other adjustments are provided for in the period the related sales are recorded. Sales incentives to customers are not material. Historical data is readily available and reliable, and is used for estimating the amount of the reduction in gross sales. Revenue from the launch of a new product, from an improved version of an existing product, or for shipments in excess of a customer's normal requirements are recorded when the conditions noted above are met. In those situations, management records a returns reserve for such revenue, if necessary. Sales of product rights for marketable products are recorded as revenue upon disposition of the rights. Revenue from license of product rights, or for performance of research or selling activities, is recorded over the periods earned.

INCOME TAXES — On January 1, 2007, Abbott adopted the provisions of FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes." Under this Interpretation, in order to recognize an uncertain tax benefit, the taxpayer must be more likely than not of sustaining the position, and the measurement of the benefit is calculated as the largest amount that is more than 50 percent likely to be

realized upon resolution of the benefit. Deferred income taxes are provided for the tax effect of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements at the enacted statutory rate to be in effect when the taxes are paid. U.S. income taxes are provided on those earnings of foreign subsidiaries which are intended to be remitted to the parent company. Deferred income taxes are not provided on undistributed earnings reinvested indefinitely in foreign subsidiaries as working capital and plant and equipment. Interest and penalties on income tax obligations are included in taxes on income.

PENSION AND POST-EMPLOYMENT BENEFITS — Abbott accrues for the actuarially determined cost of pension and post-employment benefits over the service attribution periods of the employees. Abbott must develop long-term assumptions, the most significant of which are the health care cost trend rates, discount rates and the expected return on plan assets. Differences between the expected long-term return on plan assets and the actual return are amortized over a five-year period. Actuarial losses and gains are amortized over the remaining service attribution periods of the employees under the corridor method. On December 31, 2006, Abbott adopted the provisions of SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." This statement requires recognition of the deferrals on the balance sheet with a corresponding charge to Accumulated other comprehensive income (loss). Adoption of this statement on December 31, 2006 resulted in a decrease in Abbott's shareholders' equity of approximately \$1.3 billion.

FAIR VALUE MEASUREMENTS — On January 1, 2007, Abbott adopted SFAS No. 157 "Fair Value Measurements." Adoption of the provisions of this standard did not have a material effect on Abbott's financial position. For assets and liabilities that are measured using quoted prices in active markets, total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are valued by reference to similar assets or liabilities, adjusted for contract restrictions and other terms specific to that asset or liability. For these items, a significant portion of fair value is derived by reference to quoted prices of similar assets or liabilities in active markets. For all remaining assets and liabilities, fair value is derived using a fair value model, such as a discounted cash flow model or Black-Scholes model. Purchased intangible assets are recorded at fair value. The fair value of significant purchased intangible assets is based on independent appraisals. Abbott uses a discounted cash flow model to value intangible assets. The discounted cash flow model requires assumptions about the timing and amount of future net cash flows, risk, the cost of capital, terminal values and market participants. Intangible assets and goodwill are reviewed for impairment at least on a quarterly and annual basis, respectively.

SHARE-BASED COMPENSATION — The value of stock options and restricted stock awards and units are amortized over their service period, which could be shorter than the vesting period if an employee is retirement eligible, with a charge to compensation expense.

LITIGATION — Abbott accounts for litigation losses in accordance with SFAS No. 5. Under SFAS No. 5, loss contingency provisions are recorded for probable losses at management's best estimate of a loss, or when a best estimate cannot be made, a minimum loss contingency amount is recorded.

CASH, CASH EQUIVALENTS AND INVESTMENTS — Cash equivalents consist of time deposits and certificates of deposit with original maturities of three months or less. Except for Abbott's investment in the common stock of Boston Scientific, investments in marketable equity securities are classified as available-for-sale and are recorded at fair value with any unrealized holding gains or losses, net of tax, included in Accumulated other comprehensive income (loss). Beginning on January 1, 2007, the investment in the common stock of Boston Scientific was accounted for as a trading security with changes in fair value recorded in income. Investments in equity securities that are not traded on public stock

exchanges are recorded at cost. Investments in debt securities are classified as held-to-maturity, as management has both the intent and ability to hold these securities to maturity, and are reported at cost, net of any unamortized premium or discount. Income relating to these securities is reported as interest income.

Abbott reviews the carrying value of investments each quarter to determine whether an other than temporary decline in market value exists. Abbott considers factors affecting the investee, factors affecting the industry the investee operates in and general equity market trends. Abbott considers the length of time an investment's market value has been below carrying value and the near-term prospects for recovery to carrying value. When Abbott determines that an other than temporary decline has occurred, the investment is written down with a charge to Other (income) expense, net.

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

PROPERTY AND EQUIPMENT — Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. The following table shows estimated useful lives of property and equipment:

<u>Classification</u>	<u>Estimated Useful Lives</u>
Buildings	10 to 50 years (average 27 years)
Equipment	3 to 20 years (average 11 years)

PRODUCT LIABILITY — Abbott accrues for product liability claims, on an undiscounted basis, when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information. The liabilities are adjusted quarterly as additional information becomes available. Receivables for insurance recoveries for product liability claims are recorded as assets, on an undiscounted basis, when it is probable that a recovery will be realized. Abbott carried third-party insurance coverage in amounts that reflect historical loss experience, which does not include coverage for sizable losses. Subsequent to 2008, product liability losses will be self-insured.

RESEARCH AND DEVELOPMENT COSTS — Internal research and development costs are expensed as incurred. Clinical trial costs incurred by third parties are expensed as the contracted work is performed. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the milestone results are achieved.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<i>(dollars in millions)</i>		
Current Investments:			
Time deposits and certificates of deposit	\$ 968	\$ 56	\$ 77
Boston Scientific common stock	—	308	775
Total	<u>\$ 968</u>	<u>\$ 364</u>	<u>\$ 852</u>

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<i>(dollars in millions)</i>		
Long-term Investments:			
Boston Scientific common stock	\$ —	\$ —	\$ 248
Other equity securities	147	229	130
Note receivable from Boston Scientific, 4% interest, due in 2011	865	851	837
Other	62	45	15
Total	<u>\$1,074</u>	<u>\$1,125</u>	<u>\$1,230</u>

In 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 allows companies to measure specific financial assets and liabilities at fair value, such as debt or equity investments. The fair value option for the investment in Boston Scientific common stock was applied effective January 1, 2007. Abbott applied the fair value option to its investment in Boston Scientific stock under SFAS No. 159 because, unlike its other equity investments, the Boston Scientific stock is not a strategic investment and Abbott was required to dispose of the stock no later than October 2008. Abbott was subject to a limitation on the amount of shares it may sell in any one month through October 2007 and Abbott did not reacquire the Boston Scientific shares it sold. Accordingly, since at adoption, realized gains or losses were expected in the near future, the fair value option better represented the near-term expected earnings impact from sales of the stock. Under the fair value option, any cumulative unrealized gains or losses on an equity investment previously accounted for as an available-for-sale security is recorded as a cumulative effect adjustment to retained earnings as of the date of adoption of the standard. The pretax and after tax adjustment to Earnings employed in the business upon adoption was \$297 million and \$189 million, respectively, and the fair value and carrying amount of the investment before and after adoption was approximately \$1.0 billion. The pretax and after tax adjustment to Accumulated other comprehensive income (loss) was \$303 million and \$182 million, respectively. The effect of the adoption on deferred income taxes was not significant.

As described in footnote 3, Abbott recorded a gain of approximately \$94 million in connection with the dissolution of the TAP Pharmaceutical Products Inc. joint venture in 2008, which is included in Other (income) expense, net. Other (income) expense, net for 2008 also includes a gain of approximately \$52 million on the sale of an equity investment accounted for as an available-for-sale investment. The remainder of Other (income) expense, net for 2008 relates primarily to contractual payments based on specified development, approval and commercial events being achieved with respect to products retained by Takeda and payments from Takeda based on sales of products retained by Takeda. Other (income) expense, net for 2007 includes a \$190 million fair market value loss adjustment to Abbott's investment in Boston Scientific common stock and a realized gain of \$37 million on the sales of Boston Scientific common stock. Other (income) expense, net for 2007 and 2006 includes fair value gain adjustments of

\$28 million and \$91 million, respectively, to certain derivative financial instruments included with the investment in Boston Scientific common stock.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<i>(dollars in millions)</i>		
Other Accrued Liabilities:			
Accrued rebates payable to government agencies	\$ 577	\$ 662	\$ 661
Accrued other rebates (a)	455	444	391
All other	3,185	2,607	2,799
Total	<u>\$4,217</u>	<u>\$3,713</u>	<u>\$3,851</u>

- (a) Accrued wholesaler chargeback rebates of \$210, \$157 and \$123 at December 31, 2008, 2007 and 2006, respectively, are netted in trade receivables because Abbott's customers are invoiced at a higher catalog price but only remit to Abbott their contract price for the products.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<i>(dollars in millions)</i>		
Post-employment Obligations and Other Long-term Liabilities:			
Defined benefit pension plans and post-employment medical and dental plans for significant plans	\$ 2,713	\$ 1,872	\$ 1,897
All other	1,921	1,472	1,266
Total	<u>\$ 4,634</u>	<u>\$ 3,344</u>	<u>\$ 3,163</u>

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<i>(dollars in millions)</i>		
Comprehensive Income, net of tax:			
Foreign currency (loss) gain translation adjustments	\$(2,208)	\$1,153	\$1,039
Net actuarial (losses) gains and prior service cost and credits and amortization of net actuarial losses and prior service cost and credits, net of taxes of \$638 in 2008 and \$(226) in 2007	(987)	343	—
Unrealized (losses) gains on marketable equity securities, net of taxes of \$28 in 2008, \$(31) in 2007 and \$119 in 2006	(49)	54	(178)
Net adjustments for derivative instruments designated as cash flow hedges	(2)	(40)	37
Other comprehensive (loss) income	(3,246)	1,510	898
Net Earnings	4,881	3,606	1,717
Comprehensive Income	<u>\$ 1,635</u>	<u>\$5,116</u>	<u>\$2,615</u>

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<i>(dollars in millions)</i>		
Supplemental Accumulated Other Comprehensive Income Information, net of tax:			
Cumulative foreign currency translation (gain) adjustments	\$ (740)	\$(2,948)	\$(1,795)
Net actuarial losses and prior service cost and credits	1,901	914	1,257
Cumulative unrealized (gains) loss on marketable equity securities	(17)	(66)	169
Cumulative losses (gain) on derivative instruments designated as cash flow hedges	20	18	(21)

Note 2 — Supplemental Financial Information (Continued)

On December 31, 2006, Abbott adopted the provisions of SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." Adoption of this statement resulted in a decrease in Abbott's shareholders' equity of \$1.3 billion net of taxes of approximately \$733 million.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<u>(dollars in millions)</u>		
Supplemental Cash Flow Information:			
Income taxes paid	\$772	\$952	\$1,282
Interest paid	561	564	429

For the acquired *Lupron* business in 2008, as discussed in footnote 3, Abbott recorded intangible assets, primarily *Lupron* product rights, of approximately \$700 million, goodwill of approximately \$350 million and deferred tax liabilities related to the intangible assets of approximately \$260 million. Abbott also recorded a liability of approximately \$1.1 billion relating to an agreement to remit cash to Takeda if certain research and development events are not achieved on the development assets retained by Takeda. Related deferred tax assets of approximately \$410 million were also recorded, resulting in an after-tax liability of approximately \$700 million. The sale of Abbott's equity interest in TAP resulted in the recording of net assets related to the *Lupron* business, primarily cash, receivables, inventory and other assets, net of accounts payable and other accrued liabilities, offset by a credit to Abbott's investment in TAP in the amount of approximately \$280 million.

Note 3 — Conclusion of TAP Pharmaceutical Products Inc. Joint Venture and Sale of Abbott's Spine Business

On April 30, 2008, Abbott and Takeda concluded their TAP Pharmaceutical Products Inc. (TAP) joint venture, evenly splitting the value and assets of the joint venture. Abbott exchanged its 50 percent equity interest in TAP for the assets, liabilities and employees related to TAP's *Lupron* business. Subsequent to the conclusion of the joint venture, TAP was merged into two Takeda entities. The exchange of Abbott's investment in TAP for TAP's *Lupron* business resulted in a gain at closing of approximately \$94 million. The Internal Revenue Service has issued a private letter ruling that the transaction qualifies as tax-free for U.S. income tax purposes.

Beginning on May 1, 2008, Abbott began recording U.S. *Lupron* net sales and costs in its operating results and no longer records income from the TAP joint venture. TAP's sales of *Lupron* were \$182 million for the four months ended April 30, 2008 and \$645 million and \$662 million in 2007 and 2006, respectively. Abbott also receives payments based on specified development, approval and commercial events being achieved with respect to products retained by Takeda and payments from Takeda based on sales of products retained by Takeda, which are recorded by Abbott as Other (income) expense, net as earned. Such payments, which are subject to tax, are expected to approximate \$1.4 billion over the five-year period beginning on May 1, 2008.

The exchange transaction was accounted for as a sale of Abbott's equity interest in TAP and as an acquisition of TAP's *Lupron* business under SFAS No. 141 "Business Combinations." The sale of Abbott's equity interest in TAP resulted in the recording of net assets related to the *Lupron* business, primarily cash, receivables, inventory and other assets, net of accounts payable and other accrued liabilities, offset by a credit to Abbott's investment in TAP in the amount of approximately \$280 million.

For the acquired *Lupron* business, Abbott recorded intangible assets, primarily *Lupron* product rights, of approximately \$700 million, goodwill of approximately \$350 million and deferred tax liabilities related primarily to the intangible assets of approximately \$260 million. The intangible assets are being amortized over 15 years. Abbott has also agreed to remit cash to Takeda if certain research and development events

Note 3 — Conclusion of TAP Pharmaceutical Products Inc. Joint Venture and Sale of Abbott's Spine Business (Continued)

are not achieved on the development assets retained by Takeda. These amounts were recorded as a liability at closing in the amount of approximately \$1.1 billion. Related deferred tax assets of approximately \$410 million were also recorded, resulting in an after-tax liability of approximately \$700 million. Of the \$1.1 billion, Abbott made a tax-deductible payment of \$200 million in 2008 and Abbott will make a tax-deductible payment of approximately \$120 million in 2009. If the remaining payments are not required, the liability would be reduced and a gain would be recorded.

The 50 percent-owned joint venture was accounted for under the equity method of accounting. Summarized financial information for TAP follows below. The results for 2008 include results through April 30. (*dollars in millions*)

	Year Ended December 31		
	2008	2007	2006
Net sales	\$853	\$3,002	\$3,363
Cost of sales	229	720	836
Income before taxes	356	1,564	1,524
Net income	238	996	952

In the fourth quarter of 2008, Abbott sold its spine business for approximately \$360 million in cash, resulting in an after-tax gain of approximately \$147 million which is presented as Gain on sale of discontinued operations, net of taxes, in the accompanying statement of income. The operations and financial position of the spine business are not presented as discontinued operations because the effects would not be significant.

Note 4 — Financial Instruments, Derivatives and Fair Value Measures

Certain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates for anticipated intercompany purchases by those subsidiaries whose functional currencies are not the U.S. dollar. These contracts, totaling \$129 million, \$281 million and \$768 million at December 31, 2008, 2007 and 2006, respectively, are designated as cash flow hedges of the variability of the cash flows due to changes in foreign exchange rates. Abbott records the contracts at fair value, resulting in charges of \$2 million and \$12 million in 2008 and 2007, respectively, and a credit of \$16 million to Accumulated other comprehensive income (loss) in 2006. Ineffectiveness recorded in 2008, 2007 or 2006 was not significant. Accumulated gains and losses as of December 31, 2008 will be included in Cost of products sold at the time the products are sold, generally through the next twelve months.

Abbott enters into foreign currency forward exchange contracts to manage currency exposures for foreign currency denominated third-party trade payables and receivables, and 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. For intercompany loans, the contracts require Abbott to sell or buy 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 as Net foreign exchange (gain) loss. At December 31, 2008, 2007 and 2006, Abbott held \$8.3 billion, \$5.5 billion and \$5.6 billion, respectively, of such foreign currency forward exchange contracts.

Abbott has designated foreign denominated short-term debt as a hedge of the net investment in certain foreign subsidiaries of approximately \$585 million and approximately \$1.7 billion as of

Note 4 — Financial Instruments, Derivatives and Fair Value Measures (Continued)

December 31, 2008 and 2007, respectively. Accordingly, changes in the fair value of this debt due to changes in exchange rates are recorded in Accumulated other comprehensive income (loss), net of tax, resulting in charges of \$134 million and \$72 million to Accumulated other comprehensive income (loss) in 2008 and 2007, respectively.

Abbott is a party to interest rate hedge contracts totaling \$2.5 billion at December 31, 2008 and \$1.5 billion at December 31, 2007 and 2006 to manage its exposure to changes in the fair value of \$2.5 billion and \$1.5 billion, respectively, of fixed-rate debt due 2009 through 2017. These contracts are designated as fair value hedges of the variability of the fair value of fixed-rate debt due to changes in the long-term benchmark interest rates. The effect of the hedge is to change a fixed-rate interest obligation to a variable rate for that portion of the debt. Abbott records the contracts at fair value and adjusts the carrying amount of the fixed-rate debt by an offsetting amount. No hedge ineffectiveness was recorded in income in 2008, 2007 and 2006.

Gross unrealized holding gains (losses) on available-for-sale equity securities totaled \$55 million and \$(23) million, respectively, at December 31, 2008; \$108 million and \$(3) million, respectively, at December 31, 2007 and \$21 million and \$(304) million, respectively, at December 31, 2006.

The carrying values and fair values of certain financial instruments as of December 31 are shown in the table below. The carrying values of all other financial instruments approximate their estimated fair values. The counter parties to financial instruments consist of select major international financial institutions. Abbott does not expect any losses from nonperformance by these counter parties.

	2008		2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	<i>(dollars in millions)</i>					
Current Investments:						
Available-for-Sale Equity Securities	\$ —	\$ —	\$ —	\$ —	\$ 775	\$ 775
Trading Securities	—	—	308	308	—	—
Other	968	968	56	56	77	77
Long-term Investments:						
Available-for-Sale Equity Securities	147	147	229	229	378	378
Note Receivable	865	824	851	809	837	849
Other	62	56	45	40	15	15
Total Long-term Debt	(9,754)	(10,458)	(10,386)	(10,593)	(7,105)	(7,113)
Foreign Currency Forward Exchange Contracts:						
Receivable position	148	148	24	24	34	34
(Payable) position	(100)	(100)	(45)	(45)	(86)	(86)
Interest Rate Hedge Contracts	170	170	(25)	(25)	(85)	(85)

Note 4 — Financial Instruments, Derivatives and Fair Value Measures (Continued)

The following table summarizes the bases used to measure certain assets and liabilities at fair value on a recurring basis in the balance sheet: *(dollars in millions)*

		Basis of Fair Value Measurement		
	Outstanding Balances	Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
December 31, 2008:				
Equity and other securities	\$ 144	\$ 105	\$ 10	\$ 29
Foreign currency forward exchange contracts	148	—	148	—
Interest rate swap financial instruments	170	—	170	—
Financial assets relating to TAP employees' stock options	16	—	—	16
Total Assets	<u>\$ 478</u>	<u>\$ 105</u>	<u>\$ 328</u>	<u>\$ 45</u>
Fair value of hedged long-term debt	<u>\$ 2,670</u>	<u>\$ —</u>	<u>\$ 2,670</u>	<u>\$ —</u>
Foreign currency forward exchange contracts	100	—	100	—
Financial liabilities relating to TAP employees' stock options	24	—	—	24
Total Liabilities	<u>\$ 2,794</u>	<u>\$ —</u>	<u>\$ 2,770</u>	<u>\$ 24</u>
December 31, 2007:				
Trading securities	\$ 308	\$ 308	\$ —	\$ —
Marketable available-for-sale securities	193	193	—	—
Foreign currency forward exchange contracts	24	—	24	—
Total Assets	<u>\$ 525</u>	<u>\$ 501</u>	<u>\$ 24</u>	<u>\$ —</u>
Fair value of hedged long-term debt	<u>\$ 1,475</u>	<u>\$ —</u>	<u>\$ 1,475</u>	<u>\$ —</u>
Interest rate swap financial instruments	25	—	25	—
Foreign currency forward exchange contracts	45	—	45	—
Total Liabilities	<u>\$ 1,545</u>	<u>\$ —</u>	<u>\$ 1,545</u>	<u>\$ —</u>

In connection with the conclusion of the TAP Pharmaceutical Products Inc. joint venture, Abbott recorded derivative financial assets and liabilities related to stock options previously granted to TAP's employees. The amounts of these assets and liabilities were calculated using both the Black-Scholes option-pricing model and the intrinsic value of the options. From April 30, 2008 to December 31, 2008, both the assets and liabilities decreased by approximately \$29 million. The effect of the changes in these assets and liabilities substantially offset each other. In addition, Abbott received investments in 2008 that are valued using significant unobservable inputs. The recorded value of these investments did not change significantly. In 2007, adjustments to record a derivative financial instrument liability whose value was derived using significant unobservable inputs resulted in a credit to Other (income) expense, net, in the amount of \$25 million. The value of this derivative financial instrument liability was zero at December 31, 2007.

Note 5 — Post-Employment Benefits

Retirement plans consist of defined benefit, defined contribution and medical and dental plans. Information for Abbott's major defined benefit plans and post-employment medical and dental benefit plans is as follows: *(dollars in millions)*

	Defined Benefit Plans			Medical and Dental Plans		
	2008	2007	2006	2008	2007	2006
Projected benefit obligations, January 1	\$ 5,783	\$5,614	\$5,041	\$ 1,514	\$ 1,520	\$ 1,292
Service cost — benefits earned during the year	233	249	219	43	58	56
Interest cost on projected benefit obligations	353	316	275	92	97	80
Losses (gains), primarily changes in discount and medical cost trend rates, plan design changes, law changes and differences between actual and estimated health care costs	(278)	(309)	64	(158)	(100)	134
Benefits paid	(241)	(228)	(213)	(68)	(61)	(68)
Other, primarily foreign currency translation	(309)	141	228	20	—	26
Projected benefit obligations, December 31	<u>\$ 5,541</u>	<u>\$5,783</u>	<u>\$5,614</u>	<u>\$ 1,443</u>	<u>\$ 1,514</u>	<u>\$ 1,520</u>
Plans' assets at fair value, January 1	\$ 5,667	\$5,086	\$4,349	\$ 307	\$ 212	\$ 149
Actual return on plans' assets	(1,568)	442	508	(106)	20	23
Company contributions	285	283	266	133	136	108
Benefits paid	(241)	(228)	(213)	(68)	(61)	(68)
Other, primarily foreign currency translation	(146)	84	176	—	—	—
Plans' assets at fair value, December 31	<u>\$ 3,997</u>	<u>\$5,667</u>	<u>\$5,086</u>	<u>\$ 266</u>	<u>\$ 307</u>	<u>\$ 212</u>
Projected benefit obligations greater than plans' assets, December 31	<u>\$(1,544)</u>	<u>\$ (116)</u>	<u>\$ (528)</u>	<u>\$(1,177)</u>	<u>\$(1,207)</u>	<u>\$(1,308)</u>
Long-term assets	\$ 16	\$ 576	\$ 84	\$ —	\$ —	\$ —
Short-term liabilities	(24)	(27)	(23)	—	—	—
Long-term liabilities	(1,536)	(665)	(589)	(1,177)	(1,207)	(1,308)
Net liability	<u>\$(1,544)</u>	<u>\$ (116)</u>	<u>\$ (528)</u>	<u>\$(1,177)</u>	<u>\$(1,207)</u>	<u>\$(1,308)</u>
Amounts Recognized in Accumulated Other Comprehensive Income (loss):						
Actuarial losses, net	\$ 2,554	\$ 920	\$1,343	\$ 587	\$ 635	\$ 786
Prior service cost (credits)	38	40	43	(206)	(227)	(249)
Total	<u>\$ 2,592</u>	<u>\$ 960</u>	<u>\$1,386</u>	<u>\$ 381</u>	<u>\$ 408</u>	<u>\$ 537</u>

The projected benefit obligations for non-U.S. defined benefit plans was \$1.3 billion, \$1.8 billion and \$1.5 billion at December 31, 2008, 2007 and 2006, respectively. The accumulated benefit obligations for all defined benefit plans was \$4.7 billion, \$4.9 billion and \$4.7 billion at December 31, 2008, 2007 and 2006, respectively. For plans where the accumulated benefit obligations exceeded plan assets at December 31, 2008, 2007 and 2006, the aggregate accumulated benefit obligations were \$4.2 billion, \$697 million and \$544 million, respectively; the projected benefit obligations were \$4.8 billion, \$770 million and

Note 5 — Post-Employment Benefits (Continued)

\$592 million, respectively; and the aggregate plan assets were \$3.3 billion, \$84 million and \$22 million, respectively.

	Defined Benefit Plans			Medical and Dental Plans		
	2008	2007	2006	2008	2007	2006
	<i>(dollars in millions)</i>					
Service cost — benefits earned during the year	\$ 233	\$ 249	\$ 219	\$ 43	\$ 58	\$ 56
Interest cost on projected benefit obligations	353	316	275	92	97	80
Expected return on plans' assets	(487)	(426)	(382)	(33)	(24)	(16)
Amortization of actuarial losses	34	81	78	29	55	44
Amortization of prior service cost (credits)	4	4	—	(21)	(22)	(21)
Total cost	<u>\$ 137</u>	<u>\$ 224</u>	<u>\$ 190</u>	<u>\$110</u>	<u>\$164</u>	<u>\$143</u>

Other comprehensive income (loss) for 2008 includes amortization of actuarial losses and prior service cost of \$34 million and \$4 million, respectively, and net actuarial losses of \$1.6 billion for defined benefit plans and amortization of actuarial losses and prior service credits of \$29 million and \$21 million, respectively, and net actuarial gains of \$19 million for medical and dental plans. Other comprehensive income (loss) for 2007 includes amortization of actuarial losses and prior service cost of \$81 million and \$4 million, respectively, and net actuarial gains of \$341 million for defined benefit plans and amortization of actuarial losses and prior service credits of \$55 million and \$22 million, respectively, and net actuarial gains of \$96 million for medical and dental plans. The pretax amount of actuarial losses and prior service cost (credits) included in Accumulated other comprehensive income (loss) at December 31, 2008 that is expected to be recognized in the net periodic benefit cost in 2009 is \$61 million and \$4 million, respectively, for defined benefit pension plans and \$32 million and \$(22) million, respectively, for medical and dental plans.

The weighted average assumptions used to determine benefit obligations for defined benefit plans and medical and dental plans are as follows:

	2008	2007	2006
Discount rate	6.7%	6.2%	5.7%
Expected aggregate average long-term change in compensation	4.3%	4.2%	4.2%

The weighted average assumptions used to determine the net cost for defined benefit plans and medical and dental plans are as follows:

	2008	2007	2006
Discount rate	6.2%	5.7%	5.5%
Expected return on plan assets	8.4%	8.3%	8.5%
Expected aggregate average long-term change in compensation	4.2%	4.2%	4.2%

The assumed health care cost trend rates for medical and dental plans at December 31 were as follows:

	2008	2007	2006
Health care cost trend rate assumed for the next year	7%	7%	7%
Rate that the cost trend rate gradually declines to	5%	5%	5%
Year that rate reaches the assumed ultimate rate	2012	2012	2012

Note 5 — Post-Employment Benefits (Continued)

The discount rates used to measure liabilities were determined based on high-quality fixed income securities that match the duration of the expected retiree benefits. The health care cost trend rates represent Abbott's expected annual rates of change in the cost of health care benefits and is a forward projection of health care costs as of the measurement date. A one-percentage point increase/(decrease) in the assumed health care cost trend rate would increase/(decrease) the accumulated post-employment benefit obligations as of December 31, 2008, by \$193 million/\$(157) million, and the total of the service and interest cost components of net post-employment health care cost for the year then ended by approximately \$23 million/\$(18) million.

Approximately 58 percent of Abbott's U.S. defined benefit plans and medical and dental plans assets are invested in equity securities, 30 percent in fixed income securities, and the remainder in other securities, which consist of investment partnerships that employ diverse investment strategies across a wide variety of asset classes and financial instruments. The investment mix of equity securities, fixed income and other securities is based upon achieving a desired return, balancing higher return, more volatile equity securities, and lower return, less volatile fixed income securities. Abbott's domestic plans are invested in diversified portfolios of public-market equity and fixed-income securities. Investment allocations are made across a range of markets, industry sectors, capitalization sizes, and in the case of fixed income securities, maturities and credit quality. The plans do not directly hold any securities of Abbott. Abbott's international defined benefit plans are invested approximately 70 percent in equities and 30 percent in fixed income securities.

The plans' expected return on assets, as shown above, is based on management's expectations of long-term average rates of return to be achieved by the underlying investment portfolios. In establishing this assumption, management considers historical and expected returns for the asset classes in which the plans are invested, as well as current economic and capital market conditions.

Abbott funds its domestic pension plans according to IRS funding limitations. In 2008, 2007 and 2006, \$200 million was funded to the main domestic pension plan. International pension plans are funded according to similar regulations. Abbott expects pension funding for its main domestic pension plan of \$700 million in 2009 and \$200 million annually thereafter.

Total benefit payments expected to be paid to participants, which includes payments funded from company assets as well as paid from the plans, are as follows: (*dollars in millions*)

	Defined Benefit Plans	Medical and Dental Plans
2009	\$ 237	\$ 80
2010	245	85
2011	253	90
2012	266	94
2013	277	97
2014 to 2018	1,706	557

The Abbott Stock Retirement Plan is the principal defined contribution plan. Abbott's contributions to this plan were \$129 million in 2008, \$119 million in 2007 and \$102 million in 2006.

Abbott provides certain other post-employment benefits, primarily salary continuation plans, to qualifying domestic employees, and accrues for the related cost over the service lives of the employees.

Note 6 — Taxes on Earnings

Taxes on earnings from continuing operations reflect the annual effective rates, including charges for interest and penalties. Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. U.S. income taxes are provided on those earnings of foreign subsidiaries which are intended to be remitted to the parent company. Abbott does not record deferred income taxes on earnings reinvested indefinitely in foreign subsidiaries. Undistributed earnings reinvested indefinitely in foreign subsidiaries as working capital and plant and equipment aggregated \$14.9 billion at December 31, 2008. It is not practicable to determine the amount of deferred income taxes not provided on these earnings. In the U.S., Abbott's federal income tax returns through 2005 are settled, and the income tax returns for years after 2005 are open. There are numerous other income tax jurisdictions for which tax returns are not yet settled, none of which are individually significant. Reserves for interest and penalties are not significant.

Earnings from continuing operations before taxes, and the related provisions for taxes on earnings from continuing operations, were as follows: (*dollars in millions*)

	2008	2007	2006
Earnings From Continuing Operations Before Taxes:			
Domestic	\$ (81)	\$ 670	\$ (869)
Foreign	5,937	3,800	3,145
Total	<u>\$ 5,856</u>	<u>\$ 4,470</u>	<u>\$ 2,276</u>

	2008	2007	2006
Taxes on Earnings From Continuing Operations:			
Current:			
U.S. Federal, State and Possessions	\$1,188	\$ 564	\$ 509
Foreign	782	675	634
Total current	<u>1,970</u>	<u>1,239</u>	<u>1,143</u>
Deferred:			
Domestic	(845)	(304)	(545)
Foreign	(3)	(72)	(38)
Total deferred	<u>(848)</u>	<u>(376)</u>	<u>(583)</u>
Total	<u>\$1,122</u>	<u>\$ 863</u>	<u>\$ 560</u>

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

	2008	2007	2006
Statutory tax rate on earnings from continuing operations	35.0%	35.0%	35.0%
Benefit of lower foreign tax rates and tax exemptions	(16.7)	(12.6)	(18.4)
Effect of non-deductible acquired in-process research and development	—	—	19.4
State taxes, net of federal benefit	0.2	0.4	0.3
Adjustments primarily related to resolution of prior years' accrual requirements	(0.5)	—	(5.8)
Domestic dividend exclusion	(0.6)	(3.1)	(5.9)
All other, net	1.8	(0.4)	—
Effective tax rate on earnings from continuing operations	<u>19.2%</u>	<u>19.3%</u>	<u>24.6%</u>

Note 6 — Taxes on Earnings (Continued)

As of December 31, 2008, 2007 and 2006, total deferred tax assets were \$5.4 billion, \$3.6 billion and \$3.2 billion, respectively, and total deferred tax liabilities were \$1.4 billion, \$1.4 billion and \$1.1 billion, respectively. Valuation allowances for deferred tax assets were not significant. The tax effect of the differences that give rise to deferred tax assets and liabilities were as follows: *(dollars in millions)*

	2008	2007	2006
Compensation and employee benefits	\$ 1,496	\$ 862	\$ 921
Trade receivable reserves	434	337	236
Inventory reserves	261	220	163
Deferred intercompany profit	248	262	390
State income taxes	137	84	52
Depreciation	(64)	(105)	(135)
Acquired in-process research and development and other accruals and reserves not currently deductible	2,771	1,751	1,269
Other, primarily the excess of book basis over tax basis of intangible assets	(1,293)	(1,197)	(872)
Total	<u>\$ 3,990</u>	<u>\$ 2,214</u>	<u>\$ 2,024</u>

On January 1, 2007, Abbott adopted the provisions of FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes." Under this Interpretation, in order to recognize an uncertain tax benefit, the taxpayer must be more likely than not of sustaining the position, and the measurement of the benefit is calculated as the largest amount that is more than 50 percent likely to be realized upon resolution of the benefit. Adoption of this Interpretation did not have a material impact on Abbott's financial position. The following table summarizes the gross amounts of unrecognized tax benefits without regard to reduction in tax liabilities or additions to deferred tax assets and liabilities if such unrecognized tax benefits were settled. *(dollars in millions)*

	2008	2007
January 1	\$1,126	\$ 713
Increase due to current year tax positions	385	339
Increase due to prior year tax positions	418	147
Decrease due to current year tax positions	(25)	—
Decrease due to prior year tax positions	(240)	(11)
Settlements	(121)	(62)
Lapse of statute	(20)	—
December 31	<u>\$1,523</u>	<u>\$1,126</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is approximately \$1.4 billion. Abbott believes that it is reasonably possible that unrecognized tax benefits will be settled within the next twelve months as a result of concluding various tax matters. Abbott expects the range of the decrease in the recorded amounts of unrecognized tax benefits, primarily as a result of cash adjustments, to range from \$400 million to \$650 million, arising from the conclusion of these tax matters.

Note 7 — Segment and Geographic Area Information

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

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

Nutritional Products — Worldwide sales of a broad line of adult and pediatric nutritional products.

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

Vascular Products — Worldwide sales of coronary, endovascular and vessel closure products.

Abbott's underlying accounting records are maintained on a legal entity basis for government and public reporting requirements. Segment disclosures are on a performance basis consistent with internal management reporting. Intersegment transfers of inventory are recorded at standard cost and are not a measure of segment operating earnings. The cost of some corporate functions and the cost of certain employee benefits are charged to segments at predetermined rates that approximate cost. Remaining costs, if any, are not allocated to segments. For acquisitions prior to 2006, substantially all intangible assets and related amortization are not allocated to segments. The following segment information has been prepared in accordance with the internal accounting policies of Abbott, as described above, and are not presented in accordance with generally accepted accounting principles applied to the consolidated financial statements. (*dollars in millions*)

	Net Sales to External Customers (a)			Operating Earnings (Loss) (a)			Depreciation and Amortization			Additions to Long-term Assets			Total Assets		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Pharmaceuticals (b)	\$16,708	\$14,632	\$12,395	\$6,331	\$5,509	\$4,522	\$ 323	\$330	\$150	\$ 831	\$ 407	\$2,615	\$10,356	\$ 9,197	\$ 9,281
Nutritionals (c)	4,924	4,388	4,313	859	855	1,206	135	115	112	281	388	184	3,220	3,261	2,467
Diagnostics	3,575	3,158	2,843	375	252	240	312	286	248	270	374	373	3,218	3,792	3,734
Vascular (b)	2,241	1,663	1,082	205	(188)	(115)	240	234	157	489	312	3,637	4,822	4,706	4,400
Total Reportable Segments	27,448	23,841	20,633	\$7,770	\$6,428	\$5,853	\$1,010	\$965	\$667	\$1,871	\$1,481	\$6,809	\$21,616	\$20,956	\$19,882
Other	2,080	2,073	1,843												
Net Sales	\$29,528	\$25,914	\$22,476												

- (a) Net sales and operating earnings for 2008 and 2007 were favorably affected by the relatively weaker U.S. dollar and were unfavorably affected by the relatively stronger U.S. dollar in 2006.
- (b) Additions to long-term assets for the Pharmaceutical Products segment includes acquired intangible assets of \$700 in 2008 and \$821 in 2006 and goodwill of \$1,590 in 2006 and for the Vascular Products segment, includes goodwill of \$321 and \$1,688 in 2008 and 2006, respectively, and acquired intangible assets of \$1,195 in 2006.

Note 7 — Segment and Geographic Area Information (Continued)

- (c) The decrease in the Nutritional Products segment operating earnings in 2007 was primarily due to the completion of the U.S. co-promotion of *Synagis* in 2006.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<i>(dollars in millions)</i>		
Total Reportable Segment Operating Earnings	\$ 7,770	\$ 6,428	\$ 5,853
Corporate functions and benefit plans costs	(377)	(421)	(449)
Non-reportable segments	133	298	197
Net interest expense	(327)	(456)	(292)
Acquired in-process and collaborations research and development	(97)	—	(2,014)
Income from TAP Pharmaceutical Products Inc. joint venture	119	498	476
Share-based compensation (d)	(347)	(430)	(330)
Other, net (e)	(1,018)	(1,447)	(1,165)
Consolidated Earnings from Continuing Operations Before Taxes	<u>\$ 5,856</u>	<u>\$ 4,470</u>	<u>\$ 2,276</u>

- (d) The increase in share-based compensation in 2007 is partially due to the granting of replacement stock options as a result of the increase in the market value of Abbott common stock.
- (e) Other, net for 2007 includes \$197 for restructuring plans; \$256 for acquisition integration and related costs primarily associated with the acquisitions of Guidant's vascular intervention and endovascular solutions businesses and Kos Pharmaceuticals Inc. and a \$190 fair market value loss adjustment to Abbott's investment in Boston Scientific common stock.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
	<i>(dollars in millions)</i>		
Total Reportable Segment Assets	\$21,616	\$20,956	\$19,882
Cash and investments	6,153	3,946	2,603
Current deferred income taxes	2,463	2,110	1,717
Non-reportable segments	1,094	1,575	1,486
All other, net, primarily goodwill and intangible assets not allocated to reportable segments	11,093	11,127	10,490
Total Assets	<u>\$42,419</u>	<u>\$39,714</u>	<u>\$36,178</u>

Note 7 — Segment and Geographic Area Information (Continued)

	Net Sales to External Customers (f)			Long-term Assets		
	2008	2007	2006	2008	2007	2006
	<i>(dollars in millions)</i>					
United States	\$14,495	\$13,252	\$11,995	\$14,271	\$12,870	\$13,536
Japan	1,249	1,111	1,054	1,046	987	974
Germany	1,381	1,235	885	5,833	6,822	6,154
The Netherlands	1,753	1,271	1,061	175	211	185
Italy	1,089	974	848	248	288	256
Canada	924	832	762	131	156	74
France	977	854	696	114	142	131
Spain	909	731	583	284	336	283
United Kingdom	725	627	517	1,008	1,371	1,446
All Other Countries	6,026	5,027	4,075	2,267	2,488	1,857
Consolidated	<u>\$29,528</u>	<u>\$25,914</u>	<u>\$22,476</u>	<u>\$25,377</u>	<u>\$25,671</u>	<u>\$24,896</u>

(f) Sales by country are based on the country that sold the product.

Note 8 — Litigation and Environmental Matters

Abbott has been identified as a potentially responsible party for investigation and cleanup costs at a number of locations in the United States and Puerto Rico under federal and state remediation laws and is investigating potential contamination at a number of company-owned locations. Abbott has recorded an estimated cleanup cost for each site for which management believes Abbott has a probable loss exposure. No individual site cleanup exposure is expected to exceed \$3 million, and the aggregate cleanup exposure is not expected to exceed \$15 million.

There are a number of patent disputes with third parties who claim Abbott's products infringe their patents. In one of those disputes, filed in April 2007, Abbott is unable to estimate a range of possible loss, if any, and no reserve has been recorded. Abbott's acquisition of Kos Pharmaceuticals Inc. resulted in the assumption of various cases and investigations and Abbott has recorded reserves related to several of those cases and investigations.

There are several civil actions pending brought by individuals or entities that allege generally that Abbott and numerous pharmaceutical companies reported false or misleading pricing information relating to the average wholesale price of certain pharmaceutical products in connection with federal, state and private reimbursement. Civil actions have also been brought against Abbott, and in some cases other members of the pharmaceutical industry, by state attorneys general seeking to recover alleged damages on behalf of state Medicaid programs. In May 2006, Abbott was notified that the U.S. Department of Justice intervened in a civil whistle-blower lawsuit alleging that Abbott inflated prices for Medicaid and Medicare reimbursable drugs. Abbott has settled a few of the cases and recorded reserves for its estimated losses in a few other cases, however, Abbott is unable to estimate the range or amount of possible loss for the majority of the cases, and no loss reserves have been recorded for them. Many of the products involved in these cases are Hospira products. Hospira, Abbott's former hospital products business, was spun off to Abbott's shareholders in 2004. Abbott retained liability for losses that result from these cases and investigations to the extent any such losses both relate to the sale of Hospira's products prior to the spin-off of Hospira and relate to allegations that were made in such pending and future cases and investigations that were the same as allegations existing at the date of the spin-off.

Note 8 — Litigation and Environmental Matters (Continued)

There are several civil actions pending brought by state attorneys general and private entities alleging antitrust and unfair competition claims in connection with the sales of *TriCor*. Abbott licenses *TriCor* from a third party and the licensor has also been named as a defendant. In the fourth quarter of 2008, settlements were reached in all of these cases except the state attorneys general and indirect purchasers, however, Abbott is unable to estimate a range of loss, if any, and no loss reserves have been recorded for the remaining *TriCor* cases. There are several civil actions pending brought by private payers and others alleging antitrust claims in connection with the pricing of *Norvir*.

Within the next year, legal proceedings may occur that may result in a change in the estimated reserves recorded by Abbott. For its legal proceedings and environmental exposures, except as noted above, Abbott estimates the range of possible loss to be from approximately \$255 million to \$495 million. The recorded reserve balance at December 31, 2008 for these proceedings and exposures was approximately \$325 million. These reserve and range amounts include \$135 million of settled amounts that were paid in 2009. These reserves represent management's best estimate of probable loss, as defined by Statement of Financial Accounting Standards No. 5 "Accounting for Contingencies."

While it is not feasible to predict the outcome of all such proceedings and exposures with certainty, management believes that their ultimate disposition should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations, except for the cases and investigations discussed in the third paragraph and the patent case discussed in the second paragraph of this footnote, the resolution of which could be material to cash flows or results of operations for a quarter.

Note 9 — Incentive Stock Program

The 1996 Incentive Stock Program authorizes the granting of stock options, replacement stock options, stock appreciation rights, limited stock appreciation rights, restricted stock awards, restricted stock units, performance units and foreign qualified benefits. Stock options, replacement stock options and restricted stock awards and units comprise the majority of benefits that have been granted and are currently outstanding under this program. In 2008, Abbott granted 20,544,577 stock options, 4,425,398 replacement stock options, 829,491 restricted stock awards and 567,624 restricted stock units under the program. The purchase price of shares under option must be at least equal to the fair market value of the common stock on the date of grant, and the maximum term of an option is 10 years. Options vest equally over three years except for replacement options, which vest in six months. Options granted before January 1, 2005 included a replacement feature. Except for options outstanding that have a replacement feature, options granted after December 31, 2004 do not include a replacement feature. When an employee tenders mature shares to Abbott upon exercise of a stock option, a replacement stock option may be granted equal to the amount of shares tendered. Replacement options are granted at the then current market price for a term that expires on the date of the underlying option grant. Upon a change in control of Abbott, all outstanding stock options become fully exercisable, and all terms and conditions of all restricted stock awards and units are deemed satisfied. Restricted stock awards granted generally vest between 3 and 5 years and for restricted stock awards that vest over 5 years, no more than one-third of the award vests in any one year upon Abbott reaching a minimum return on equity target. Restricted stock units vest over three years and upon vesting, the recipient receives one share of Abbott stock for each vested restricted stock unit. The aggregate fair market value of restricted stock awards and units is recognized as expense over the service period. Restricted stock awards and settlement of vested restricted stock units are issued out of treasury shares. Abbott issues new shares for exercises of stock options. Abbott does not have a policy of purchasing its shares relating to its share-based programs. At January 1, 2009, approximately 56 million shares were reserved for future grants under the 1996 Program. Subsequent to year-end, the Board of Directors granted approximately 8 million stock options and restricted stock awards and units from this reserve.

Note 9 — Incentive Stock Program (Continued)

The number of restricted stock awards and units outstanding and the weighted-average grant-date fair value at December 31, 2007 and December 31, 2008 was 3,740,341 and \$49.04 and 3,574,445 and \$52.21, respectively. The number of restricted stock awards and units, and the weighted-average grant-date fair value, that were granted, vested and lapsed during 2008 were 1,444,465 and \$55.53, 1,389,085 and \$47.09 and 221,276 and \$51.15, respectively. The fair market value of restricted stock awards and units vested in 2008, 2007 and 2006 was \$76 million, \$114 million and \$32 million, respectively.

	Options Outstanding			Weighted Average Remaining Life (Years)	Exercisable Options			Weighted Average Remaining Life (Years)
	Shares	Weighted Average Exercise Price			Shares	Weighted Average Exercise Price		
December 31, 2007	132,992,850	\$ 47.19		6.6	88,057,465	\$ 46.22		5.5
Granted	24,969,975	55.79						
Exercised	(25,872,104)	45.13						
Lapsed	(3,263,586)	51.77						
December 31, 2008	128,827,135	\$ 49.16		6.4	87,770,715	\$ 47.39		5.4

The aggregate intrinsic value of options outstanding and exercisable at December 31, 2008 was \$632 million and \$559 million, respectively. The total intrinsic value of options exercised in 2008, 2007 and 2006 was \$314 million, \$613 million and \$205 million, respectively. The total unrecognized compensation cost related to all share-based compensation plans at December 31, 2008 amounted to approximately \$220 million which is expected to be recognized over the next three years.

Total non-cash compensation expense charged against income in 2008, 2007 and 2006 for share-based plans totaled approximately \$350 million, \$430 million and \$330 million, respectively, and the tax benefit recognized was approximately \$117 million, \$142 million and \$78 million, respectively. Compensation cost capitalized as part of inventory is not significant.

The fair value of an option granted in 2008, 2007 and 2006 was \$11.42, \$12.88 and \$11.72, respectively. The fair value of an option grant was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2008	2007	2006
Risk-free interest rate	3.0%	4.5%	4.6%
Average life of options (years)	6.0	5.9	6.1
Volatility	24.0%	25.0%	28.0%
Dividend yield	2.6%	2.5%	2.7%

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

Note 10 — Debt and Lines of Credit

The following is a summary of long-term debt at December 31: *(dollars in millions)*

	2008	2007	2006
Various notes, due 2008	\$ —	\$ —	\$1,095
3.5% Notes, due 2009	—	500	500
5.375% Notes, due 2009	—	500	500
1.51% Yen notes, due 2010	157	135	129
3.75% Notes, due 2011	500	500	500
5.6% Notes, due 2011	1,500	1,500	1,500
5.15% Notes, due 2012	1,000	1,000	—
1.95% Yen notes, due 2013	262	226	216
4.35% Notes, due 2014	500	500	500
5.875% Notes, due 2016	2,000	2,000	2,000
5.6% Notes, due 2017	1,500	1,500	—
6.15% Notes, due 2037	1,000	1,000	—
Other, including fair value adjustments relating to interest rate hedge contracts designated as fair value hedges	294	127	70
Total, net of current maturities	8,713	9,488	7,010
Current maturities of long-term debt	1,041	898	95
Total carrying amount	<u>\$9,754</u>	<u>\$10,386</u>	<u>\$7,105</u>

Principal payments required on long-term debt outstanding at December 31, 2008, are \$1.0 billion in 2009, \$160 million in 2010, \$2.0 billion in 2011, \$1.0 billion in 2012, \$265 million in 2013 and \$5.1 billion thereafter.

At December 31, 2008, Abbott's long-term debt rating was AA by Standard & Poor's Corporation and A1 by Moody's Investors Service. Abbott has readily available financial resources, including unused lines of credit of \$5.3 billion that support commercial paper borrowing arrangements of which a \$2.3 billion facility expires in December 2009 and a \$3.0 billion facility expires in 2012. Related compensating balances, which are subject to withdrawal by Abbott at its option, and commitment fees are not material. Abbott's access to short-term financing has not been affected by the recent credit market conditions. Abbott's weighted-average interest rate on short-term borrowings was 0.5% at December 31, 2008, 3.7% at December 31, 2007 and 5.0% at December 31, 2006.

Note 11 — Business Combinations, Technology Acquisitions and Related Transactions

In December 2006, Abbott acquired Kos Pharmaceuticals Inc. for cash of approximately \$3.8 billion, net of cash held by Kos Pharmaceuticals Inc., to expand Abbott's presence in the lipid management market and to provide several on-market and late-stage pipeline products. Kos Pharmaceuticals Inc. was a specialty pharmaceutical company that developed and marketed proprietary medications for the treatment of chronic cardiovascular, metabolic and respiratory diseases. This business was acquired on December 13, 2006 and the financial results of the acquired operations are included in these financial statements beginning on that date. The acquisition was financed primarily with short-term debt. The allocation of the purchase price resulted in a charge of \$1.3 billion for acquired in-process research and development, intangible assets of \$821 million, goodwill (primarily non-deductible) of \$1.6 billion and net liabilities, primarily deferred income taxes recorded at acquisition of \$331 million. Acquired intangible assets are being amortized over 4 to 15 years. Non-deductible acquired in-process research and development was charged to income in 2006.

Note 11 — Business Combinations, Technology Acquisitions and Related Transactions (Continued)

In order to expand Abbott's presence in the growing vascular market, Abbott acquired Guidant's vascular intervention and endovascular solutions businesses on April 21, 2006 for approximately \$4.1 billion, in cash, in connection with Boston Scientific's acquisition of Guidant. In addition, Abbott agreed to pay to Boston Scientific \$250 million each upon government approvals to market the *Xience V* drug-eluting stent in the U.S. and in Japan. In 2008, the FDA approved the marketing of *Xience V* and Abbott paid Boston Scientific \$250 million, resulting in the recording of additional goodwill. Government approval in Japan is anticipated in late 2009 or early 2010 which will also result in the recording of additional goodwill. The allocation of the purchase price resulted in a charge of \$665 million for acquired in-process research and development, intangible assets of \$1.2 billion, goodwill (primarily deductible) of \$1.7 billion and tangible net assets of \$580 million. Acquired intangible assets are being amortized over 4 to 15 years. Deductible acquired in-process research and development was charged to income in 2006. The net tangible assets acquired consist primarily of property and equipment of approximately \$530 million, trade accounts receivable of approximately \$250 million and inventories of approximately \$120 million, net of assumed liabilities, primarily trade accounts payable, litigation reserves and other liabilities.

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

In order to facilitate Boston Scientific's acquisition of Guidant, Abbott also acquired 64.6 million shares of Boston Scientific common stock directly from Boston Scientific and loaned \$900 million to a wholly-owned subsidiary of Boston Scientific. The common stock was valued at \$1.3 billion and the note receivable was valued at \$829 million at the acquisition date. In connection with the acquisition of the shares, Boston Scientific was entitled to certain after-tax gains upon Abbott's sale of the shares. In addition, Boston Scientific agreed to reimburse Abbott for certain borrowing costs on debt incurred to acquire the Boston Scientific shares. Abbott recorded a net derivative financial instruments liability of \$59 million for the gain-sharing derivative financial instrument liability and the interest derivative financial instrument asset. The effect of recording the shares, the loan to Boston Scientific and the derivative financial instruments at fair value on the date of acquisition resulted in the recording of additional goodwill of approximately \$204 million. Changes in the fair value of the derivative financial instruments, net were recorded in Other (income) expense, net.

Note 12 — Goodwill and Intangible Assets

In 2008, Abbott paid \$250 million to Boston Scientific as a result of the FDA's approval to market the *Xience V* drug-eluting stent in the U.S., resulting in an increase in goodwill in the Vascular Products segment. In addition, the conclusion of the TAP Pharmaceuticals Products Inc. joint venture resulted in the recording of \$350 million of goodwill related to the Pharmaceutical Products segment. Abbott recorded goodwill of \$53 million and \$3.7 billion in 2007 and 2006, respectively, related to acquisitions. Goodwill adjustments recorded in 2007 allocated to the Pharmaceutical Products segment amounted to \$194 million and goodwill allocated to the Vascular Products segment amounted to \$(141) million. Acquired goodwill allocated to the Pharmaceutical Products segment amounted to \$1.6 billion in 2006 and goodwill allocated to the Vascular Products segment amounted to \$1.7 billion in 2006. Foreign currency translation and other adjustments (decreased) increased goodwill in 2008, 2007 and 2006 by \$(677) million, \$627 million and \$509 million, respectively. The amount of goodwill related to reportable segments at December 31, 2008 was \$6.0 billion for the Pharmaceutical Products segment, \$206 million for the Nutritional Products segment, \$268 million for the Diagnostic Products segment, and \$2.2 billion for the Vascular Products segment. Goodwill was reduced by approximately \$64 million in connection with the sale of Abbott's spine business in 2008. There were no other reductions of goodwill relating to impairments or disposal of all or a portion of a business.

Note 12 — Goodwill and Intangible Assets (Continued)

The gross amount of amortizable intangible assets, primarily product rights and technology was \$9.4 billion, \$9.0 billion and \$9.0 billion as of December 31, 2008, 2007 and 2006, respectively, and accumulated amortization was \$4.2 billion, \$3.3 billion and \$2.6 billion as of December 31, 2008, 2007 and 2006, respectively. The estimated annual amortization expense for intangible assets is approximately \$780 million in 2009, \$770 million in 2010, \$760 million in 2011, \$750 million in 2012 and \$720 million in 2013. Intangible assets are amortized over 4 to 25 years (average 11 years).

Note 13 — Restructuring Plans

In 2008, Abbott management approved a plan to streamline global manufacturing operations, reduce overall costs, and improve efficiencies in Abbott's core diagnostic business. This plan will result in pretax charges of approximately \$370 million over the next several years. These charges include employee-related costs of approximately \$110 million, accelerated depreciation of approximately \$75 million, and other related exit costs of approximately \$185 million, mainly related to product transfers. In 2008, Abbott recorded a charge to Cost of products sold of approximately \$129 million under the plan. Additional charges of approximately \$16 million were recorded in 2008 relating to this restructuring, primarily for accelerated depreciation. The remainder of the charges will occur through 2011 as a result of product re-registration timelines required under manufacturing regulations in a number of countries and product transition timelines. The following summarizes the activity for this restructuring: (*dollars in millions*)

	<u>2008</u>
2008 restructuring charge	\$129
Payments and other adjustments	(19)
Accrued balance at December 31	<u>\$110</u>

In 2008, 2007 and 2006, Abbott management approved plans to realign its worldwide pharmaceutical and vascular manufacturing operations and selected domestic and international commercial and research and development operations in order to reduce costs. In 2008, 2007 and 2006, Abbott recorded charges of approximately \$36 million, \$107 million and \$210 million, respectively, reflecting the impairment of manufacturing facilities and other assets, employee severance and other related charges. Approximately \$94 million and \$181 million in 2007 and 2006, respectively, is classified as cost of products sold, \$3 million and \$29 million in 2007 and 2006, respectively, as research and development and \$36 million and \$10 million in 2008 and 2007, respectively, as selling, general and administrative. Fair value for the determination of the amount of asset impairments was determined primarily based on a discounted cash flow method. An additional \$81 million, \$90 million and \$70 million were subsequently recorded in 2008, 2007 and 2006, respectively, relating to these restructurings, primarily for accelerated depreciation. In addition, Abbott implemented facilities restructuring plans in 2007 related to the acquired operations of Kos Pharmaceuticals Inc., which resulted in an increase to goodwill of approximately \$52 million. Abbott expects to incur up to an additional \$21 million in future periods for these restructuring plans, primarily for

Note 13 — Restructuring Plans (Continued)

accelerated depreciation. The following summarizes the activity for these restructurings: *(dollars in millions)*

	Employee- Related and Other	Asset Impairments	Total
Accrued balance at January 1, 2006	\$ 155	\$ —	\$ 155
2006 restructuring charges	117	93	210
Payments, impairments and other adjustments	(79)	(93)	(172)
Accrued balance at December 31, 2006	193	—	193
2007 restructuring charges	121	38	159
Payments, impairments and other adjustments	(120)	(38)	(158)
Accrued balance at December 31, 2007	194	—	194
2008 restructuring charges	36	—	36
Payments and other adjustments	(125)	—	(125)
Accrued balance at December 31, 2008	<u>\$ 105</u>	<u>\$ —</u>	<u>\$ 105</u>

Note 14 — Subsequent Event — Business Combination

In January 2009, Abbott announced an agreement to acquire Advanced Medical Optics, Inc. (AMO), a marketer of ophthalmic surgical technology and devices, as well as eye care solutions, for approximately \$2.8 billion, in cash and debt, to take advantage of increasing demand for vision care technologies due to population growth and demographic shifts. The transaction is expected to close in the first quarter of 2009. AMO's sales are more than \$1 billion per year.

Note 15 — Quarterly Results (Unaudited)

(dollars in millions except per share data)

	2008	2007	2006
First Quarter			
Net Sales	\$6,765.6	\$5,945.5	\$5,183.5
Gross Profit	3,804.5	3,353.5	3,013.8
Net Earnings	937.9	697.6	865.0
Basic Earnings Per Common Share (a)	.61	.45	.57
Diluted Earnings Per Common Share (b)	.60	.45	.56
Market Price Per Share-High	61.09	57.26	45.58
Market Price Per Share-Low	50.09	48.75	39.18
Second Quarter			
Net Sales	\$7,314.0	\$6,370.6	\$5,501.1
Gross Profit	4,194.4	3,566.3	3,112.5
Net Earnings (c)	1,322.0	988.7	612.2
Basic Earnings Per Common Share (a) (c)	.86	.64	.40
Diluted Earnings Per Common Share (b) (c)	.85	.63	.40
Market Price Per Share-High	57.04	59.50	43.61
Market Price Per Share-Low	50.09	52.80	40.55
Third Quarter			
Net Sales	\$7,497.7	\$6,376.7	\$5,573.8
Gross Profit	4,144.8	3,512.7	3,182.5
Net Earnings	1,084.6	717.0	715.8
Basic Earnings Per Common Share (a)	.70	.46	.47
Diluted Earnings Per Common Share (b)	.69	.46	.46
Market Price Per Share-High	60.78	56.91	49.87
Market Price Per Share-Low	52.63	49.58	43.25
Fourth Quarter			
Net Sales	\$7,950.3	\$7,221.4	\$6,218.0
Gross Profit	4,771.9	4,059.7	3,352.4
Net Earnings (Loss) (d)	1,536.2	1,203.0	(476.2)
Basic Earnings (Loss) Per Common Share (a) (d)	.99	.78	(.31)
Diluted Earnings (Loss) Per Common Share (b) (d)	.98	.77	(.31)
Market Price Per Share-High	59.93	59.48	49.10
Market Price Per Share-Low	45.75	50.51	45.41

- (a) The sum of the quarters' basic earnings per share for 2007 and 2006 does not add to the full year earnings per share amount due to rounding.
- (b) The sum of the quarters' diluted earnings per share for 2006 does not add to the full year earnings per share amount due to rounding.
- (c) Second quarter 2006 includes a pretax charge of \$493 for acquired in-process and collaborations research and development.
- (d) Fourth quarter 2006 includes a pretax charge of \$1,307 for acquired in-process and collaborations research and development.

Management Report on Internal Control Over Financial Reporting

The management of Abbott Laboratories is responsible for establishing and maintaining adequate internal control over financial reporting. Abbott's internal control system was designed to provide reasonable assurance to the company's management and board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Abbott's management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2008. In making this assessment, it used the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of December 31, 2008, the company's internal control over financial reporting was effective based on those criteria.

Abbott's independent registered public accounting firm has issued an audit report on their assessment of the effectiveness of the company's internal control over financial reporting. This report appears on page 75.

Miles D. White
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Thomas C. Freyman
EXECUTIVE VICE PRESIDENT, FINANCE AND CHIEF FINANCIAL OFFICER

Greg W. Linder
VICE PRESIDENT AND CONTROLLER

February 19, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Abbott Laboratories:

We have audited the accompanying consolidated balance sheets of Abbott Laboratories and subsidiaries (the "Company") as of December 31, 2008, 2007, and 2006, and the related consolidated statements of earnings, shareholders' investment, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2008, 2007, and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1, 2, and 4 to the consolidated financial statements, the Company changed its method of accounting for fair value measurements to adopt Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*, and adopted the fair value option under SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, for certain investments in 2007, and the Company changed its method of accounting for pension and other post employment benefits to adopt SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* in 2006.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 19, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 19, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Abbott Laboratories:

We have audited the internal control over financial reporting of Abbott Laboratories and subsidiaries (the "Company") as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2008 and our report dated February 19, 2009 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 19, 2009

TAP Pharmaceutical Products Inc. and Subsidiaries

Consolidated Statements of Income and Comprehensive Income
(dollars in thousands)

	Four Months Ended April 30, 2008	Year Ended December 31 2007	Year Ended December 31 2006
Net Sales	\$ 853,093	\$3,001,738	\$3,362,672
Proceeds from Patent Settlement	—	147,925	—
Cost of Sales	228,747	719,976	835,834
Selling, General and Administrative	214,104	708,054	769,036
Research and Development	54,381	161,013	245,476
Income from Operations	355,861	1,560,620	1,512,326
Interest Income	1,503	5,143	13,520
Other Expense, net	(1,263)	(1,275)	(2,033)
Income Before Taxes	356,101	1,564,488	1,523,813
Provision for Income Taxes	118,107	568,458	572,192
Net Income	237,994	996,030	951,621
Other Comprehensive Income:			
Net unrealized (losses) gains on investment and forward contracts, net of tax	(2,173)	1,842	13,145
Net unrealized actuarial gains and prior service credits, net of tax	1,935	—	—
Comprehensive Income	<u>\$ 237,756</u>	<u>\$ 997,872</u>	<u>\$ 964,766</u>

See notes to consolidated financial statements.

TAP Pharmaceutical Products Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(dollars in thousands)

	Four Months Ended April 30, 2008	Year Ended December 31 2007	Year Ended December 31 2006
Cash Flows From Operating Activities:			
Net income	\$ 237,994	\$ 996,030	\$ 951,621
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	5,678	17,668	18,317
Loss on disposal of fixed assets	3,374	—	—
Loss on investment	1,319	—	—
Deferred income taxes	20,487	(4,772)	(44,510)
Changes in assets and liabilities:			
Accounts receivable	209,557	12,890	21,069
Inventories	(50,109)	62,237	24,860
Income tax receivable	(32,290)	(13,886)	(110,897)
Prepaid expenses and other assets	16,860	(8,874)	2,728
Trade accounts payable and accrued liabilities	(3,602)	(59,375)	(80,092)
Accrued rebates	3,088	38,340	(181,835)
Accrued compensation and benefits	(89,278)	46,330	136,474
Net Cash From Operating Activities	323,078	1,086,588	737,735
Cash Flows (Used In) From Investing Activities:			
Proceeds from maturities of investments	5,500	448,425	148,755
Purchases of investments	(71,575)	(370,880)	—
Capital expenditures	(1,658)	(8,493)	(5,366)
Reclassification from Cash and Cash Equivalents to Investments	(59,617)	—	—
Net Cash (Used In) From Investing Activities	(127,350)	69,052	143,389
Cash Flows (Used in) Financing Activities:			
Dividends paid	—	(1,004,712)	(974,400)
Payments under capital lease obligations	(1,959)	(7,228)	(1,085)
Net Cash (Used in) Financing Activities	(1,959)	(1,011,940)	(975,485)
Net Increase (Decrease) in Cash and Cash Equivalents	193,769	143,700	(94,361)
Cash and Cash Equivalents — Beginning of Period	209,860	66,160	160,521
Cash and Cash Equivalents — End of Period	\$ 403,629	\$ 209,860	\$ 66,160
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year for income taxes	\$ 157,655	\$ 577,228	\$ 754,252

See notes to consolidated financial statements.

TAP Pharmaceutical Products Inc. and Subsidiaries

Consolidated Balance Sheets
(in thousands, except share amount)

	April 30 2008	December 31 2007
Assets		
Current Assets:		
Cash and cash equivalents	\$ 403,629	\$ 209,860
Short-term investments	52,468	3,100
Accounts receivable, net of allowances: 2008 — \$43,707; 2007 — \$57,953	219,010	605,205
Receivable from Abbott	174,661	—
Receivable from Takeda and subsidiaries	26,911	24,934
Inventories	123,252	73,143
Income tax receivable	106,287	76,785
Deferred income taxes	53,343	70,744
Prepaid expenses and other assets	20,178	37,659
Total Current Assets	<u>1,179,739</u>	<u>1,101,430</u>
Property and Equipment, net	90,852	96,715
Other Assets, net	39,800	40,949
Income Tax Receivable	50,786	47,998
Long-Term Investments	71,234	—
Deferred Income Taxes	64,339	67,136
	<u>\$1,496,750</u>	<u>\$1,354,228</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 21,655	\$ 20,159
Accrued compensation and benefits	114,359	178,888
Accrued liabilities	38,923	49,228
Payable to Takeda and subsidiaries	130,399	54,499
Payable to Abbott	—	80,299
Accrued rebates	534,277	531,189
Income taxes payable	1,550	—
Total Current Liabilities	<u>841,163</u>	<u>914,262</u>
Other Liabilities, including post-employment medical and dental benefits	66,042	67,655
Income Taxes Payable	34,221	54,743
Total Liabilities	<u>941,426</u>	<u>1,036,660</u>
Commitments and Contingencies		
Shareholders' Equity:		
Common stock, no par value — authorized, issued and outstanding, 200 shares	39,500	39,500
Additional paid-in capital	6,449	6,449
Accumulated other comprehensive income	65	303
Retained earnings	509,310	271,316
Total Shareholders' Equity	<u>555,324</u>	<u>317,568</u>
	<u>\$1,496,750</u>	<u>\$1,354,228</u>

See notes to consolidated financial statements.

TAP Pharmaceutical Products Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity
Four Months Ended April 30, 2008 and
Years Ended December 31, 2007 and 2006
(dollars in thousands, except share amounts)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>				
Balance, January 1, 2006	200	\$39,500	\$ 6,449	\$ (14,704)	\$ 302,777	\$ 334,022
Net income	—	—	—	—	951,621	951,621
Net unrealized gain on investment and forward contracts, net of taxes of \$(7,924)	—	—	—	13,145	—	13,145
Dividends	—	—	—	—	(974,400)	(974,400)
Balance, December 31, 2006	200	39,500	6,449	(1,559)	279,998	324,388
Net income	—	—	—	—	996,030	996,030
Net unrealized gain on investment and forward contracts, net of taxes of \$(1,049)	—	—	—	1,842	—	1,842
Dividends	—	—	—	—	(1,004,712)	(1,004,712)
Balance, December 31, 2007, before adoption of new accounting standard	200	39,500	6,449	283	271,316	317,548
Adjustment to recognize net actuarial gain and prior service credits as a component of accumulated comprehensive income, net of taxes of \$(12)	—	—	—	20	—	20
Balance, December 31, 2007	200	39,500	6,449	303	271,316	317,568
Net income	—	—	—	—	237,994	237,994
Net unrealized loss on investment and forward contracts, net of taxes of \$1,246	—	—	—	(2,173)	—	(2,173)
Net unrealized actuarial gain and prior service credits, net of taxes of \$(958)	—	—	—	1,935	—	1,935
Balance, April 30, 2008	200	\$39,500	\$ 6,449	\$ 65	\$ 509,310	\$ 555,324

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Four Months Ended April 30, 2008
Years Ended December 31, 2007 and 2006
(dollars in thousands)

Note 1. Dissolution of the TAP Joint Venture

Abbott Laboratories (Abbott) and Takeda Pharmaceutical Company, Ltd., a Japanese corporation (Takeda), ended their TAP Pharmaceutical Products Inc. and subsidiaries (TAP) joint venture as of the close of business on April 30, 2008, evenly splitting the value of the assets and liabilities of the joint venture. The Internal Revenue Service has issued a private letter ruling that the transaction qualifies as tax-free for U.S. income tax purposes. Under the terms of the agreement, Abbott receives rights to the *Lupron* business, including the commercial organization supporting that franchise, and will receive payments based on TAP's other current and certain future products. Takeda receives the rights to the product *Prevacid*, all the remaining TAP commercial and support organizations, and the rights to TAP's products in development.

Under the terms of the agreement, TAP will contribute to Lake Products Inc. (Lake Products) assets related primarily to *Lupron* and specified other pharmaceutical products (not including *Prevacid*), certain other assets and TAP personnel primarily associated with *Lupron*, and Lake Products will assume certain related liabilities. At closing, Abbott will exchange its 50 percent ownership interest in TAP for 100 percent ownership of Lake Products, which will then become a wholly-owned subsidiary of Abbott.

Effective May 1, 2008, TAP became a wholly-owned subsidiary of Takeda America Holdings, Inc. Subsequently, Takeda merged TAP into two other Takeda entities.

The financial statements do not include any adjustments that might result from the outcome of this dissolution.

Note 2. Description of the Business

TAP is a Delaware corporation owned equally by Abbott, an Illinois corporation, and Takeda America Holdings, Inc., a wholly owned subsidiary of Takeda. TAP is headquartered in Lake Forest, Illinois and has approximately 2,900 employees. Under an agreement between Abbott and Takeda, TAP develops, markets and sells human pharmaceutical products in the United States, Puerto Rico, and Canada. TAP operates as one business segment with sales primarily in the United States. As discussed in Note 1 and Note 11, Abbott and Takeda dissolved the TAP joint venture as of the close of business April 30, 2008.

TAP's primary products are *Prevacid* and *Lupron*. The principal indications for *Prevacid* (lansoprazole), a proton pump inhibitor, are for short-term treatment of duodenal ulcers, gastric ulcers and erosive esophagitis. *Lupron* (leuprolide acetate), a luteinizing hormone-releasing hormone (LH-RH) analog, and *Lupron Depot*, a sustained release form of *Lupron*, are used principally for the palliative treatment of advanced prostate cancer, endometriosis and central precocious puberty, and for the preoperative treatment of patients with anemia caused by uterine fibroids.

The patents related to lansoprazole and *Lupron Depot* are material to the operation of TAP's business. The original United States compound patent covering lansoprazole is licensed by TAP from Takeda. The original United States patents covering the *Lupron Depot* formulations are licensed by TAP from Takeda.

TAP's products are generally sold directly to physicians, retailers, wholesalers, health care facilities, and government agencies. In most cases, they are distributed from Abbott-owned distribution centers. Primary marketing efforts are directed toward securing the prescription of TAP's brand of products by

Note 2. Description of the Business (Continued)

physicians. Managed care purchasers (for example, health maintenance organizations and pharmacy benefit managers) are increasingly important customers.

TAP's products are supplied by its owners, principally Takeda. A disruption in the supply of these products could adversely impact the operating results of TAP. Sales of TAP's primary products are as follows:

	2008	2007	2006
<i>Prevacid</i>	\$649,303	\$2,275,293	\$2,599,886
<i>Lupron</i>	182,042	645,450	662,374

In 2007, TAP received a total of \$147,925 to resolve litigation relating to alleged infringement of a *Lupron Depot* patent. In 2006, TAP recognized revenue for milestone payments related to the 2005 license of the *Prevacid* trademark, certain patents and technical information to a third party for the over-the-counter sale of *Prevacid* in the United States.

Accounts receivable potentially subject TAP to concentrations of credit risk. TAP sells primarily to wholesale distributors and a majority of TAP's accounts receivable are derived from sales to wholesale distributors. Three U.S. wholesale distributors accounted for more than 10% of TAP's gross sales as follows:

	2008	2007	2006
Wholesale distributor A	32%	29%	28%
Wholesale distributor B	21%	17%	18%
Wholesale distributor C	21%	24%	28%

TAP has no material exposures to off-balance sheet arrangements; nor special purpose entities; nor activities that include non-exchange-traded contracts accounted for at fair value, except for the equity swap agreements that hedge market price exposure for employee stock options as described in Note 7.

Note 3. Summary of Significant Accounting Policies

BASIS OF PRESENTATION — The consolidated financial statements include the accounts of TAP and all of its subsidiaries. All intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions by management. Actual results could differ from those estimates. Significant estimates include amounts for income taxes, sales rebates, other post-employment benefits, litigation, share-based compensation, derivative financial instruments, inventory reserves and accounts receivable allowances.

CASH AND CASH EQUIVALENTS — Cash equivalents include time deposits, certificates of deposit, commercial paper, money market funds and other short-term investments in governmental agency debt securities with original maturities of three months or less, or which are contractually convertible to cash in three months or less. Certain money market funds have been classified as investments as of April 30, 2008 due to liquidity issues, as described further in Note 5.

INVESTMENT SECURITIES — Investments in debt and equity securities are classified as available-for-sale and are recorded at fair value with any unrealized holding gains or losses, net of tax, included in Accumulated other comprehensive income. TAP monitors equity investments for other than temporary declines in fair value and charges impairment losses to income when an other than temporary

Note 3. Summary of Significant Accounting Policies (Continued)

decline in estimated value occurs. Income relating to debt securities is reported as interest income. Certain debt securities have been classified as long-term investments as of April 30, 2008 due to liquidity issues.

INVENTORIES — Inventories are stated at the lower of cost (first-in, first-out basis) or market. Cost includes material and packaging costs. Inventories consist of the following:

	<u>4/30/2008</u>	<u>12/31/2007</u>
Finished goods	\$ 58,957	\$ 28,032
Work-in-process	64,295	45,111
Total inventories	<u><u>\$123,252</u></u>	<u><u>\$ 73,143</u></u>

PROPERTY AND EQUIPMENT — Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of property and equipment are as follows:

Building	50 years
Automobiles	40-78 months
Furniture and fixtures	5-20 years
Computer hardware and software	3-10 years

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable based on projected undiscounted cash flows associated with the affected assets. If the fair value is less than the carrying value of the asset, a loss is recognized for the difference. Fair value is determined based on market quotes, if available, or is based on valuation techniques.

REVENUE RECOGNITION — Revenue from product sales is recognized upon passage of title and risk of loss to customers (when product is delivered to a common carrier). Revenue from license of product rights is recorded over the periods earned. Provisions for estimated rebates and sales incentives to customers, doubtful accounts, cash discounts, product returns and customer chargebacks are provided for in the period the related sales are recorded. Rebates and sales incentives are recorded as accrued rebates in the balance sheets. Reserves for doubtful accounts, cash discounts, product returns and customer chargebacks are recorded as reductions to accounts receivable. Historical data is readily available and reliable, and is used for estimating the amount of the reduction in gross sales.

RESEARCH AND DEVELOPMENT — Internal research and development costs are expensed as incurred. Clinical trial costs incurred by third parties are expensed as the contracted work is performed. Where milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the milestone results are achieved.

ADVERTISING AND PROMOTION EXPENSE — All advertising and promotion costs are expensed as Selling, general and administrative expenses when incurred. Total advertising and promotion expense incurred was \$38,735, \$126,482 and \$186,052 for the four months ended April 2008, and years ended 2007 and 2006, respectively.

INCOME TAXES — Deferred income taxes are recognized for the tax consequences of temporary differences by applying statutory tax rates applicable to future years to differences between the financial statement carrying amount and the tax basis of assets and liabilities.

RECENT ACCOUNTING PRONOUNCEMENTS — As of January 1, 2008, TAP adopted Financial Accounting Standards Board (FASB) Statement No. 157, *Fair Value Measurements* and FASB Statement

Note 3. Summary of Significant Accounting Policies (Continued)

No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* — including an amendment of FASB Statement No. 115. These standards provide guidance for using fair value to measure assets and liabilities. The effect of the adoption of these standards is summarized in Note 5.

Note 4. Property and Equipment and Lease Obligations

Property and equipment consists of the following:

	<u>4/30/2008</u>	<u>12/31/2007</u>
Land and land improvements	\$ 14,215	\$ 14,167
Building	17,884	17,884
Furniture and fixtures	41,816	41,442
Computer hardware and software	41,240	48,885
Automobiles under capital leases	41,949	42,393
Other	2,649	7,332
Property and equipment	159,753	172,103
Less accumulated depreciation and amortization	(68,901)	(75,388)
Property and equipment, net	<u>\$ 90,852</u>	<u>\$ 96,715</u>

TAP leases certain administrative and regional sales offices, equipment, and automobiles under non-cancelable leases which expire at various dates through 2013. Operating lease expense totaled \$1,810 for the four months ended April 30, 2008, and \$4,939 and \$4,688 for the years ended December 31, 2007 and 2006, respectively. Future minimum lease payments under non-cancelable operating and capital leases as of April 30, 2008 consist of the following:

May 1, 2008 to April 30, 2009	\$12,743
May 1, 2009 to April 30, 2010	11,533
May 1, 2010 to April 30, 2011	10,625
May 1, 2011 to April 30, 2012	9,113
Thereafter	8,009
Total	<u>\$52,023</u>

Note 5. Financial Instruments, Derivatives and Fair Value Measures

TAP enters into foreign currency forward contracts to hedge purchases of inventories at fixed Yen-denominated prices. The forward contracts require TAP to purchase Yen in exchange for U.S. dollars at pre-determined exchange rates and are designated as cash flow hedges of the variability of cash flows due to changes in exchange rates. TAP does not trade financial instruments with the objective of earning financial gains on the exchange rate fluctuations alone, nor does it trade in currencies or commodities for which there are no underlying exposures.

The effective portion of the changes in value of the forward contracts is recorded in Accumulated other comprehensive income, and is subsequently recognized in earnings in the same period the hedged forecasted transactions affect earnings. Any cash flow hedge ineffectiveness is reported in earnings in the current period.

TAP did not have any outstanding foreign exchange forward contracts at April 30, 2008. TAP had outstanding foreign exchange forward contracts with a notional value of \$16,349 and fair value of \$131 at

Note 5. Financial Instruments, Derivatives and Fair Value Measures (Continued)

December 31, 2007. The fair value adjustments of these contracts are recorded as prepaid expenses as of December 31, 2007. During 2008, 2007 and 2006 cash flow hedge ineffectiveness was not material.

The following table summarizes the bases used to measure certain assets at fair value on a recurring basis in the balance sheet:

	Balance at April 30, 2008	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:			
Short-Term Investment, Strategic Cash Portfolio	\$ 52,468	\$ 52,468	\$ —
Long-Term Investment, Auction Rate Certificates	65,404	—	65,404
Long-Term Investment, Strategic Cash Portfolio	5,830	5,830	—
Total	<u>\$ 123,702</u>	<u>\$ 58,298</u>	<u>\$ 65,404</u>

The following table summarizes the activity in 2008 relating to fair value measurements using Significant Unobservable Inputs:

	Auction Rate Certificates
Balance, January 1, 2008	\$ 3,100
Purchases	71,575
Sales	(5,500)
Total unrealized losses included in Accumulated other comprehensive income	(3,771)
Balance, April 30, 2008	<u>\$ 65,404</u>

The auctions for the auction rate certificates have failed since February 2008, resulting in market illiquidity and interest adjusted to the maximum contractual rates. Accordingly, the certificates have been reclassified to long-term assets. While the certificates are paying interest at the maximum contractual rate, the market value no longer approximates par value. Consequently, the fair value of these certificates has been estimated using the broker valuation model and an unrealized loss has been recorded in other comprehensive income.

Prior to 2008, the Strategic Cash Portfolio was a fixed asset valuation (amortized cost) fund that provided daily liquidity. Due to unprecedented conditions in the short term credit markets, the fund closed to new subscription or redemption requests and changed to a fluctuating asset valuation (market value). The underlying securities are valued on a daily basis by an independent third party, and the total value is divided by the total number of shares outstanding to determine the daily Net Asset Value (NAV). The fair value of the fund has been estimated using the month ending NAV and a loss has been recorded in earnings for other than temporary declines in estimated value.

Note 6. Employee Benefit Plans

TAP employees participate in various Abbott employee benefit plans, including the Abbott Laboratories Annuity Retirement Plan, the Abbott Laboratories Stock Retirement Plan, and the Abbott Laboratories Incentive Stock Program (see Note 7 for further details). TAP is billed for its share of the costs of these plans. TAP's share of the employer contribution to the Abbott Laboratories Annuity Retirement Plan is generally allocated based on TAP's proportionate share of the total compensation expense of all participants in the plan. TAP made contributions to the plan of \$16,000 in 2007 and 2006. TAP's contribution to the Abbott Laboratories Stock Retirement Plan is based on participating employee contributions. TAP's contributions for the four months ended April 30, 2008 and years ended December 31, 2007 and 2006 were \$4,958, \$14,093 and \$12,989, respectively.

TAP provides health and welfare benefits to its employees through the TAP Pharmaceutical Products Inc. Healthcare Plan. Contributions to the Plan are made in accordance with TAP's funding policy. TAP provides certain medical and life insurance benefits to qualifying retirees through the TAP Pharmaceutical Products Inc. Retiree Medical Plan. The following provides a reconciliation of the post-employment benefit obligations and funded status of the Plan:

	2008	2007
Change in benefit obligations:		
Projected benefit obligations, January 1	\$ 33,133	\$ 34,978
Service cost	985	3,974
Interest cost	704	2,257
Actuarial gain	(2,980)	(7,251)
Benefits paid	(100)	(825)
Projected benefit obligations, April 30, 2008 and December 31, 2007	\$ 31,742	\$ 33,133
Short-term liabilities	\$ (534)	\$ (517)
Long-term liabilities	(31,208)	(32,616)
Total	\$ (31,742)	\$ (33,133)
Amounts recognized in Accumulated Other Comprehensive Income (Loss):		
Actuarial losses, net	\$ 3,683	\$ 6,710
Prior service credits	(6,608)	(6,742)
Total	\$ (2,925)	\$ (32)

	2008	2007	2006
Service cost	\$ 985	\$ 3,974	\$ 3,222
Interest cost	704	2,257	1,658
Amortization of actuarial losses	46	786	542
Amortization of prior service credits	(134)	(401)	(401)
Net cost	\$ 1,601	\$ 6,616	\$ 5,021

The discount rates used to determine benefit obligations for medical and dental plans were 6.84 percent, 6.65 percent and 5.90 percent in 2008, 2007 and 2006, respectively. The discount rates used to determine net cost for medical and dental plans were 6.65 percent, 5.90 percent and 5.75 percent in 2008, 2007 and 2006, respectively.

Note 6. Employee Benefit Plans (Continued)

The assumed health care cost trend rates for medical and dental plans were as follows:

	2008	2007	2006
Health care cost trend rate assumed for the next year	7%	7%	7%
Rate that the cost trend rate gradually declines to	5%	5%	5%
Year that rate reaches the assumed ultimate rate	2012	2012	2012

A one-percentage point increase (decrease) in the assumed health care trend rate would increase (decrease) the accumulated post-employment benefit obligations as of April 30, 2008 by approximately \$6,809 and \$(5,236), respectively, and the total of the service and interest cost components of net post-employment benefit cost for the four months then ended by approximately \$416 and \$(315), respectively.

Total benefit payments expected to be paid to participants from company assets for post-employment medical and dental benefits are as follows:

May 1, 2008 to April 30, 2009	\$ 534
May 1, 2009 to April 30, 2010	624
May 1, 2010 to April 30, 2011	725
May 1, 2011 to April 30, 2012	845
May 1, 2012 to April 30, 2013	946
May 1, 2013 to April 30, 2018	7,024

Note 7. Incentive Stock Program

Certain employees of TAP are granted options to purchase Abbott common stock under the 1996 Abbott Incentive Stock Program. Stock options and replacement stock options granted to TAP employees are currently outstanding under this program. The purchase price of shares under option must be at least equal to the fair market value of the Abbott common stock on the date of grant, and the maximum term of an option is 10 years. Options granted vest equally over three years except for replacement options, which generally vest in six months and have a life equal to the remaining life of the replaced option. In addition, certain employees of TAP are granted restricted stock units in Abbott stock. Restricted stock units granted vest over three years and upon vesting, the recipient receives one share of Abbott stock for each vested restricted stock unit. Upon a change in control of Abbott, all outstanding stock options and restricted stock units become fully exercisable.

All option exercises and restricted stock vesting are transacted with Abbott. TAP is liable for the excess of the market value of the option shares granted to TAP employees while employed at TAP over the option price at the time of exercise and the market value of the Abbott stock at the time of vesting of restricted stock units and reimburses Abbott annually for the cost of options exercised and the restricted stock units vested during the year.

TAP's liability for options and restricted stock units granted was \$71,136 and \$92,108 at April 30, 2008 and December 31, 2007, respectively. Changes in the fair value of these options are recorded as Selling, general and administrative expense. The weighted average fair value of an option granted in 2008, 2007

Note 7. Incentive Stock Program (Continued)

and 2006 was \$11.65, \$14.02 and \$11.83, respectively. The fair value of an option at grant date was estimated using the Black-Scholes option-pricing model with the following assumptions:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Risk-free interest rate	2.8%	4.9%	4.7%
Expected life of options (years)	6.1	6.1	5.3
Volatility	24.9%	25.1%	26.7%
Dividend yield	2.5%	2.2%	2.8%

The fair value of an option as of April 30, 2008 and December 31, 2007 and 2006 was estimated using the Black-Scholes option-pricing model with the following assumptions:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Risk-free interest rate	3.2%	3.5%	4.5%
Expected life of options (years)	5.9	5.2	4.5
Volatility	25.0%	24.3%	25.0%
Dividend yield	2.7%	2.3%	2.4%

The risk-free interest rate is based on the rates available at the measurement date for U.S. government treasury STRIPS with a remaining term equal to the option's expected life. The expected life of an option granted in 2008, 2007, and 2006 is based on both historical and projected exercise and lapsing data. Prior to 2006, the expected life of an option granted was based on historical experience. Expected volatility is based on historical volatility over a period prior to the measurement date equal to the option's expected life. Dividend yield is based on the option's exercise price and annual dividend rate at the time of grant.

The following summarizes stock option activity for 2008:

	<u>Options Outstanding</u>			<u>Exercisable Options</u>		
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life (Years)</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life (Years)</u>
December 31, 2007	8,485,709	\$ 47.19	6.6	5,644,970	\$ 46.19	5.6
Granted	150,662	56.42				
Exercised	(362,364)	43.70				
Lapsed	(49,520)	51.12				
April 30, 2008	8,224,487	\$ 47.49	6.4	6,671,149	\$ 46.76	5.8

The aggregate intrinsic value of options outstanding and exercisable at April 30, 2008 was \$43,240 and \$39,940, respectively. The total intrinsic value of options exercised was \$3,281 and \$33,705 and \$8,500 in 2008, 2007 and 2006, respectively. The total unrecognized compensation cost related to all share-based compensation plans at April 30, 2008 amounted to approximately \$9,624 which is expected to be recognized over the next three years.

As of April 30, 2008 and December 31, 2007, TAP has recorded a liability for exercised options of \$266 and \$25,990, respectively, as a payable to Abbott. TAP also has recorded a liability for options issued before the adoption of Emerging Issues Task Force Issue No. 2-08, *Accounting for Options Granted to Employees in Unrestricted, Publicly Traded Shares of an Unrelated Entity*, for the difference between the market value and strike price of vested yet unexercised options of \$11,926 and \$20,838 as of April 30, 2008.

Note 7. Incentive Stock Program (Continued)

and December 31, 2007, respectively. Total expense (income) related to the Abbott Incentive Stock Program of \$(21,825), \$59,549 and \$49,489 was recorded as Selling, general and administrative expense in 2008, 2007 and 2006, respectively. The amount of income tax benefit realized from stock options exercised in 2008, 2007 and 2006, amounted to \$1,327, \$7,654 and \$2,236, respectively.

The number of restricted stock units outstanding and the weighted-average grant date fair value at April 30, 2008 and December 31, 2007 was 26,588 and \$49.66 and 43,791 and \$49.17, respectively. There were no restricted stock units granted during the four months ended April 30, 2008. The number of restricted stock units and the weighted-average grant-date fair value that vested during the four months ending April 30, 2008 were 17,203 and \$48.42, respectively. There were no restricted stock units that lapsed during the four months ending April 30, 2008. The fair value of restricted stock units that vested in the first four months ending April 30, 2008 was \$956.

Due to the significant impact of fluctuations in the market price of Abbott common stock on the amount of recorded compensation expense of options issued under the Abbott Incentive Stock Program, TAP entered into an ISDA Master Agreement (Master Agreement), dated September 29, 2000, which allows TAP to enter into equity swap transactions to hedge this market price exposure. Each equity swap transaction guarantees a return equal to the actual return on a specified number of shares of Abbott common stock and, as such, effectively acts as a hedge of the Abbott Incentive Stock Program. From time to time, TAP enters into equity swap transactions under the Master Agreement. Each transaction has a term of one to three years and requires quarterly cash settlement resulting in all gains and losses being realized and recorded in the statements of income. Each transaction requires on-going quarterly interest payments based on the equity notional amount, or the fair value of Abbott common stock shares swapped under each transaction at the date of the swap at a rate of LIBOR plus 114 basis points or 100 basis points for transactions prior to October 2003. This agreement ended on April 2, 2008. Each equity swap transaction is recorded at fair value. The fair value of equity swaps was \$(10,593) as of December 31, 2007, and is recorded as Accrued liabilities in the balance sheet for December 31, 2007. For 2008, 2007 and 2006, TAP recorded as Selling, general and administrative expenses \$6,855, \$(39,674) and \$(47,554), respectively, of (gain) loss related to the equity swap investments.

Note 8. Income Taxes

Taxes on earnings reflect the estimated annual effective rates, including charges for interest and penalties. Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts.

TAP's U.S. income tax liabilities for years 2001 and 2006 are subject to final determination by the Internal Revenue Service (IRS). The IRS has challenged the deductibility of an item in TAP's 2001 tax return. Management believes its deduction is proper and expects the ultimate resolution will not have a material impact on TAP's financial position or results of operations. There are numerous other income tax jurisdictions for which tax returns are not yet settled, none of which are individually significant.

Note 8. Income Taxes (Continued)

The provision for income taxes includes the following components:

	<u>4/30/2008</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
Current:			
U.S. Federal	\$ 98,439	\$549,950	\$593,729
State	(1,278)	23,280	30,906
Total current	<u>97,161</u>	<u>573,230</u>	<u>624,635</u>
Deferred:			
U.S. Federal	20,486	(6,868)	(49,375)
State	460	2,096	(3,068)
Total deferred	<u>20,946</u>	<u>(4,772)</u>	<u>(52,443)</u>
Total	<u>\$118,107</u>	<u>\$568,458</u>	<u>\$572,192</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	(0.2)	1.1	1.2
Other	(1.6)	0.2	1.4
Effective tax rate	<u>33.2%</u>	<u>36.3%</u>	<u>37.6%</u>

As of April 30, 2008 and December 31, 2007, total deferred tax assets were \$124,764 and \$147,566, respectively, and total deferred tax liabilities were \$7,082 and \$9,686, respectively. The tax effect of the differences that give rise to deferred tax assets and liabilities were as follows:

	<u>4/30/2008</u>	<u>12/31/2007</u>
Accounts receivable allowances and inventory reserves	\$ 12,253	\$ 17,503
Accrued rebates	26,352	23,734
Accrued compensation and benefits	34,922	41,485
Other, primarily accrued legal expenses, state and local taxes, and prepaid royalties not currently deductible	44,155	55,158
Total	<u>117,682</u>	<u>137,880</u>
Less current portion	(53,343)	(70,744)
Long-term net deferred tax assets	<u>\$ 64,339</u>	<u>\$ 67,136</u>

On January 1, 2007, TAP adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No 109*. Under this Interpretation, in order to recognize an uncertain tax benefit, the taxpayer must be more likely than not of sustaining the position, and the measurement of the benefit is calculated as the largest amount that is more than 50 percent likely to be realized upon resolution of the benefit. Adoption of this Interpretation did not have

Note 8. Income Taxes (Continued)

a material impact on TAP's financial position. The following summarizes the activity for the unrecognized tax benefits:

Balance — December 31, 2007	\$111,750
Increase due to prior year tax positions	4,313
Decrease due to prior year tax positions	(5,079)
Increase due to current tax positions	2,911
Settlements	(17,300)
Lapse of statute of limitations	(3,157)
Balance — April 30, 2008	<u>\$ 93,438</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is approximately \$53,000. Due to the inherent uncertainties in tax audits, TAP is unable to estimate the range of reasonably possible change in its unrecognized tax benefits, if any, within the next twelve months. Reserves for interest and penalties are not significant.

Note 9. Litigation and Related Matters

There are several civil actions pending brought by individuals or entities that allege generally that TAP and numerous pharmaceutical companies reported false or misleading pricing information relating to the average wholesale price of certain pharmaceutical products in connection with federal, state and private reimbursement. Civil actions have also been brought against TAP and other members of the pharmaceutical industry, by state attorneys general seeking to recover alleged damages on behalf of state Medicaid programs. The outcome of these investigations and litigation could include the imposition of fines and penalties. TAP is unable to estimate the amount of possible loss, and no loss reserves have been recorded for these exposures.

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

Note 10. Related-Party Transactions

Various agreements exist among TAP, Abbott and Takeda and subsidiaries. All amounts due from and payable to Abbott and Takeda and subsidiaries have been reflected in the balance sheets in the captions Receivable from Abbott, Receivable from Takeda and subsidiaries, Payable to Abbott, and Payable to Takeda and subsidiaries.

TAP purchases all *Lupron* and *Prevacid* unpackaged finished goods inventories from Takeda and subsidiaries. Purchases are contracted at fixed Yen-denominated prices. The amount paid to Takeda and subsidiaries for purchases of these inventories for the four months ending April 30, 2008, and years ended December 31, 2007 and 2006, totaled \$209,205, \$488,160 and \$609,436, respectively. TAP has royalty agreements with Takeda and subsidiaries for sales of *Lupron* and *Prevacid*. For the four months ending April 30, 2008, and years ended December 31, 2007, and 2006, TAP recorded royalty expense of \$48,042, \$163,572 and \$179,770, respectively. Beginning in 2007, TAP co-promotes certain Takeda and subsidiaries' products. TAP recognized co-promotion revenue relating to this agreement of \$21,748 for the four months ending April 30, 2008 and \$79,422 for the year ended December 31, 2007.

Note 10. Related-Party Transactions (Continued)

TAP pays Abbott for services related to packaging and warehousing, research and development and administrative functions. Amounts incurred for these services totaled \$17,488, \$53,967 and \$60,425 for the four months ending April 30, 2008, and years ended December 31, 2007 and 2006, respectively. In addition, Abbott purchased, for international markets, TAP's products for \$34,695, \$93,437 and \$84,515 for the four months ending April 30, 2008, and for the years ended December 31, 2007 and 2006, respectively.

Note 11. Subsequent Event

Subsequent to April 30, 2008, the estimate of exposure relating to the item in dispute with the IRS from the 2001 tax return (see Note 8) was increased by \$22,000 as a result of negotiations with the IRS. Under the terms of the tax sharing agreement between Takeda and Abbott, this amount will be split evenly between the two shareholders upon final settlement with the IRS.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
TAP Pharmaceutical Products, Inc.:

We have audited the accompanying consolidated balance sheets of TAP Pharmaceutical Products, Inc. and subsidiaries (the "Company") as of April 30, 2008, and December 31, 2007, and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for the four months ended April 30, 2008, and the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of TAP Pharmaceutical Products, Inc. and subsidiaries as of April 30, 2008 and December 31, 2007, and the results of their operations and their cash flows for the four months ended April 30, 2008, and the years ended December 31, 2007 and 2006, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the TAP joint venture was dissolved as of the close of business April 30, 2008. As part of the dissolution, Abbott Laboratories receives the rights to the *Lupron* business and Takeda Pharmaceutical Company, Ltd. receives the rights to the *Prevacid* business. The TAP businesses will continue under the management of either Abbott or Takeda. Effective May 1, 2008, TAP became a wholly owned subsidiary of Takeda America Holdings, Inc. Subsequently, Takeda merged TAP into two other Takeda entities. The financial statements do not include any adjustments that might result from the outcome of this dissolution.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
August 27, 2008

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Internal Control Over Financial Reporting

Management's annual report on internal control over financial reporting. Management's report on Abbott's internal control over financial reporting is included on page 73 hereof. The report of Abbott's independent registered public accounting firm related to their assessment of the effectiveness of internal control over financial reporting is included on page 75 hereof.

Changes in internal control over financial reporting. During the quarter ended December 31, 2008, there were no changes in Abbott's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, Abbott's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated herein by reference are "Information Concerning Nominees for Directors," "Committees of the Board of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance," and "Procedure for Recommendation and Nomination of Directors and Transaction of Business at Annual Meeting" to be included in the 2009 Abbott Laboratories Proxy Statement. The 2009 Proxy Statement will be filed on or about March 13, 2009. Also incorporated herein by reference is the text found under the caption, "Executive Officers of the Registrant" on pages 19 through 22 hereof.

Abbott has adopted a code of ethics that applies to its principal executive officer, principal financial officer, and principal accounting officer and controller. That code is part of Abbott's code of business conduct which is available free of charge through Abbott's investor relations website (www.abbottinvestor.com) and is available in print to any shareholder who sends a request for a paper copy to: Abbott Laboratories, 100 Abbott Park Road, Dept. 362, AP6D2, Abbott Park, Illinois 60064-6048, attn. Investor Relations. Abbott intends to include on its website (www.abbott.com) any amendment to, or waiver from, a provision of its code of ethics that applies to Abbott's principal executive officer, principal financial officer, and principal accounting officer and controller that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION

The material to be included in the 2009 Proxy Statement under the headings "Director Compensation," "Executive Compensation," and "Compensation Committee Report" is incorporated herein by reference. The 2009 Proxy Statement will be filed on or about March 13, 2009.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

- (a) *Equity Compensation Plan Information.* The material to be included in the 2009 Proxy Statement under the heading "Equity Compensation Plan Information" is incorporated herein by reference. The 2009 Proxy Statement will be filed on or about March 13, 2009.
- (b) *Information Concerning Security Ownership.* Incorporated herein by reference is the material under the heading "Security Ownership of Executive Officers and Directors" in the 2009 Proxy Statement. The 2009 Proxy Statement will be filed on or about March 13, 2009.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The material to be included in the 2009 Proxy Statement under the headings "The Board of Directors," "Committees of the Board of Directors," "Corporate Governance Materials," and "Approval Process for Related Person Transactions" is incorporated herein by reference. The 2009 Proxy Statement will be filed on or about March 13, 2009.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The material to be included in the 2009 Proxy Statement under the headings "Audit Fees and Non-Audit Fees" and "Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Auditor" is incorporated herein by reference. The 2009 Proxy Statement will be filed on or about March 13, 2009.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this Form 10-K.

- (1) *Financial Statements:* See Item 8, "Financial Statements and Supplementary Data," on page 43 hereof, for a list of financial statements.
- (2) *Financial Statement Schedules:* The required financial statement schedules are found on the pages indicated below. These schedules should be read in conjunction with the Consolidated Financial Statements of Abbott Laboratories and TAP Pharmaceutical Products Inc.:

<u>Abbott Laboratories Financial Statement Schedules</u>	<u>Page No.</u>
Valuation and Qualifying Accounts (Schedule II)	98
Schedules I, III, IV, and V are not submitted because they are not applicable or not required	
Report of Independent Registered Public Accounting Firm	99
Individual Financial Statements of businesses acquired by the registrant have been omitted pursuant to Rule 3.05 of Regulation S-X	

<u>TAP Pharmaceutical Products Inc. Financial Statement Schedules</u>	<u>Page No.</u>
Valuation and Qualifying Accounts (Schedule II)	100
Schedules I, III, IV, and V are not submitted because they are not applicable or not required	
Report of Independent Registered Public Accounting Firm	101

- (3) *Exhibits Required by Item 601 of Regulation S-K:* The information called for by this paragraph is incorporated herein by reference to the Exhibit Index on pages 102 through 107 of this Form 10-K.

(b) Exhibits filed (see Exhibit Index on pages 102 through 107).

(c) Financial Statement Schedules filed (pages 98 and 100).

SIGNATURES

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

ABBOTT LABORATORIES

By /s/ MILES D. WHITE

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

Date: February 20, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Abbott Laboratories on February 20, 2009 in the capacities indicated below.

/s/ MILES D. WHITE

Miles D. White
Chairman of the Board, Chief Executive Officer and Director of Abbott
Laboratories (principal executive officer)

/s/ ROBERT J. ALPERN, M.D.

Robert J. Alpern, M.D.
Director of Abbott Laboratories

/s/ THOMAS C. FREYMAN

Thomas C. Freyman
Executive Vice President, Finance and Chief Financial Officer
(principal financial officer)

/s/ ROXANNE S. AUSTIN

Roxanne S. Austin
Director of Abbott Laboratories

/s/ GREG W. LINDER

Greg W. Linder
Vice President and Controller (principal accounting officer)

/s/ WILLIAM M. DALEY

William M. Daley
Director of Abbott Laboratories

/s/ W. JAMES FARRELL

W. James Farrell
Director of Abbott Laboratories

/s/ H. LAURANCE FULLER

H. Laurance Fuller
Director of Abbott Laboratories

<div>/s/ WILLIAM A. OSBORN</div> <div>William A. Osborn</div> <div>Director of Abbott Laboratories</div>	<div>/s/ DAVID A. L. OWEN</div> <div>David A. L. Owen</div> <div>Director of Abbott Laboratories</div>
<div>/s/ BOONE POWELL JR.</div> <div>Boone Powell Jr.</div> <div>Director of Abbott Laboratories</div>	<div>/s/ W. ANN REYNOLDS, PH.D.</div> <div>W. Ann Reynolds, Ph.D.</div> <div>Director of Abbott Laboratories</div>
<div>/s/ ROY S. ROBERTS</div> <div>Roy S. Roberts</div> <div>Director of Abbott Laboratories</div>	<div>/s/ SAMUEL C. SCOTT III</div> <div>Samuel C. Scott III</div> <div>Director of Abbott Laboratories</div>
<div>/s/ WILLIAM D. SMITHBURG</div> <div>William D. Smithburg</div> <div>Director of Abbott Laboratories</div>	<div>/s/ GLENN F. TILTON</div> <div>Glenn F. Tilton</div> <div>Director of Abbott Laboratories</div>

ABBOTT LABORATORIES AND SUBSIDIARIES
SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006
(in thousands of dollars)

<u>Allowances for Doubtful Accounts</u>	<u>Balance at Beginning of Year</u>	<u>Provisions/ Charges to Income</u>	<u>Amounts Charged Off Net of Recoveries</u>	<u>Balance at End of Year</u>
2008	\$ 258,288	\$ 20,057	\$ (14,713)	\$ 263,632
2007	215,443	70,893	(28,048)	258,288
2006	203,683	30,365	(18,605)	215,443

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Abbott Laboratories:

We have audited the consolidated financial statements of Abbott Laboratories and subsidiaries (the "Company") as of December 31, 2008, 2007, and 2006, and for the years then ended, and the Company's internal control over financial reporting as of December 31, 2008, and have issued our reports thereon dated February 19, 2009, which report relating to the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of new accounting standards in 2007 and 2006; such reports are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 19, 2009

TAP PHARMACEUTICAL PRODUCTS INC. AND SUBSIDIARIES

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

FOR THE FOUR MONTHS ENDED APRIL 30, 2008, AND THE YEARS ENDED

DECEMBER 31, 2007 AND 2006

(in thousands of dollars)

<u>Allowances for Doubtful Accounts and Sales Deductions</u>	<u>Balance at Beginning of Period</u>	<u>Provisions/ Charges to Income(a)</u>	<u>Amounts Charged Off Net of Recoveries</u>	<u>Balance at End of Period</u>
2008	\$ 57,953	\$ 31,695	\$ (45,941)	\$ 43,707
2007	54,141	142,035	(138,223)	57,953
2006	57,447	159,360	(162,666)	54,141

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of TAP Pharmaceutical Products Inc.

We have audited the consolidated financial statements of TAP Pharmaceutical Products Inc. and subsidiaries (the "Company") as of April 30, 2008, and December 31, 2007 and 2006, and for the four months ended April 30, 2008, and the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 27, 2008; such consolidated financial statements and report are included in this Annual Report on Form 10-K. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
August 27, 2008

EXHIBIT INDEX
ABBOTT LABORATORIES
ANNUAL REPORT
FORM 10-K
2008

Exhibits 32.1 and 32.2 are furnished herewith and should not be deemed to be "filed under the Securities Exchange Act of 1934."

10-K
Exhibit
Table
Item No.

- | | |
|-----|---|
| 2.1 | *Contribution and Exchange Agreement by and among Abbott Laboratories, Takeda Pharmaceutical Company Limited, Takeda America Holdings, Inc., TAP Pharmaceutical Products Inc., Lake Products Inc. and Takeda Pharmaceuticals LLC, dated as of March 19, 2008, filed as Exhibit 2.1 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended March 31, 2008. |
| 2.2 | *Agreement and Plan of Merger, dated as of January 11, 2009, by and among Abbott Laboratories, Rainforest Acquisition Inc. and Advanced Medical Optics, Inc., filed as Exhibit 2.1 to the Abbott Laboratories Current Report on Form 8-K dated January 11, 2009. |
| 3.1 | *Articles of Incorporation, Abbott Laboratories, filed as Exhibit 3.1 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended March 31, 1998. |
| 3.2 | *Corporate By-Laws, Abbott Laboratories, filed as Exhibit 3.1 to the Abbott Laboratories Current Report on Form 8-K dated October 10, 2008. |
| 4.1 | Abbott Laboratories Deferred Compensation Plan, as amended effective January 1, 2008. |
| 4.2 | *Indenture dated as of February 9, 2001, between Abbott Laboratories and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association, successor to Bank One Trust Company, N.A.) (including form of Security), filed as Exhibit 4.1 to the Abbott Laboratories Registration Statement on Form S-3 dated February 12, 2001. |
| 4.3 | *Supplemental Indenture dated as of February 27, 2006, between Abbott Laboratories and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association), filed as Exhibit 4.2 to the Abbott Laboratories Registration Statement on Form S-3 dated February 28, 2006. |
| 4.4 | *Form of 3.5% Note, filed as Exhibit 4.29 to the 2003 Abbott Laboratories Annual Report on Form 10-K. |
| 4.5 | *Actions of Authorized Officers with Respect to Abbott's 3.5% Notes, filed as Exhibit 4.30 to the 2003 Abbott Laboratories Annual Report on Form 10-K. |
| 4.6 | *Officers' Certificate and Company Order with respect to Abbott's 3.5% Notes, filed as Exhibit 4.31 to the 2003 Abbott Laboratories Annual Report on Form 10-K. |
| 4.7 | *Form of 3.75% Note, filed as Exhibit 4.28 to the 2004 Abbott Laboratories Annual Report on Form 10-K. |
| 4.8 | *Form of 4.35% Note, filed as Exhibit 4.29 to the 2004 Abbott Laboratories Annual Report on Form 10-K. |

- 4.9 *Actions of Authorized Officers with respect to Abbott's 3.75% Notes and 4.35% Notes, filed as Exhibit 4.30 to the 2004 Abbott Laboratories Annual Report on Form 10-K.
- 4.10 *Officers' Certificate and Company Order with respect to Abbott's 3.75% Notes and 4.35% Notes, filed as Exhibit 4.31 to the 2004 Abbott Laboratories Annual Report on Form 10-K.
- 4.11 *Form of 5.375% Note, filed as Exhibit 99.3 to the Abbott Laboratories Current Report on Form 8-K dated May 9, 2006.
- 4.12 *Form of 5.600% Note, filed as Exhibit 99.3 to the Abbott Laboratories Current Report on Form 8-K dated May 9, 2006.
- 4.13 *Form of 5.875% Note, filed as Exhibit 99.3 to the Abbott Laboratories Current Report on Form 8-K dated May 9, 2006.
- 4.14 *Actions of the Authorized Officers with respect to Abbott's 5.375% Notes, 5.600% Notes and 5.875% Notes, filed as Exhibit 99.3 to the Abbott Laboratories Current Report on Form 8-K dated May 9, 2006.
- 4.15 *Officers' Certificate and Company Order with respect to Abbott's 5.375% Notes, 5.600% Notes and 5.875% Notes, filed as Exhibit 4.25 to the 2006 Abbott Laboratories Report on Form 10-K.
- 4.16 *Actions of the Authorized Officers with respect to Abbott's 5.150% Notes due 2012, 5.600% Notes due 2017 and 6.150% Notes due 2037, filed as Exhibit 99.3 to the Abbott Laboratories Current Report on Form 8-K dated November 6, 2007.
- 4.17 *Form of \$1,000,000,000 5.150% Note due 2012, filed as Exhibit 99.4 to the Abbott Laboratories Current Report on Form 8-K dated November 6, 2007.
- 4.18 *Form of \$1,500,000,000 5.600% Note due 2017, filed as Exhibit 99.5 to the Abbott Laboratories Current Report on Form 8-K dated November 6, 2007.
- 4.19 *Form of \$1,000,000,000 6.150% Note due 2037, filed as Exhibit 99.6 to the Abbott Laboratories Current Report on Form 8-K dated November 6, 2007.
- Other debt instruments are omitted in accordance with Item 601(b)(4)(iii)(A) of Regulation S-K. Copies of such agreements will be furnished to the Securities and Exchange Commission upon request.
- 10.1 *Supplemental Plan Abbott Laboratories Extended Disability Plan filed as an exhibit (pages 50-51) to the 1992 Abbott Laboratories Annual Report on Form 10-K.**
- 10.2 Abbott Laboratories 401(k) Supplemental Plan, as amended and restated effective January 1, 2008.**
- 10.3 Abbott Laboratories Supplemental Pension Plan, as amended and restated effective January 1, 2008.**
- 10.4 The 1986 Abbott Laboratories Management Incentive Plan, as amended and restated effective January 1, 2008.**
- 10.5 Abbott Laboratories Non-Employee Directors' Fee Plan, as amended and restated effective as of January 1, 2008.**

- 10.6 *Form of Non-Employee Director Stock Option Agreement under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 18, 2005, filed as Exhibit 10.7 to the Abbott Laboratories Current Report on Form 8-K dated February 18, 2005.**
- 10.7 1998 Abbott Laboratories Performance Incentive Plan, as amended effective January 1, 2008.**
- 10.8 Rules for the 1998 Abbott Laboratories Performance Incentive Plan, as amended and restated effective January 1, 2008.**
- 10.9 The Abbott Laboratories 1996 Incentive Stock Program, as amended and restated effective January 1, 2008.**
- 10.10 *Form of Employee Stock Option Agreement for a Non-Qualified Stock Option granted with an Incentive Stock Option under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.1 to the Abbott Laboratories Current Report on Form 8-K dated August 20, 2004.**
- 10.11 *Form of Employee Stock Option Agreement for a Non-Qualified Stock Option under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.2 to the Abbott Laboratories Current Report on Form 8-K dated August 20, 2004.**
- 10.12 *Form of Employee Stock Option Agreement for an Incentive Stock Option granted with a Non-Qualified Stock Option under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.3 to the Abbott Laboratories Current Report on Form 8-K dated August 20, 2004.**
- 10.13 *Form of Employee Stock Option Agreement for an Incentive Stock Option under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.4 to the Abbott Laboratories Current Report on Form 8-K dated August 20, 2004.**
- 10.14 *Form of Employee Stock Option Agreement for a Replacement Stock Option under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.5 to the Abbott Laboratories Current Report on Form 8-K dated August 20, 2004.**
- 10.15 *Form of Employee Restricted Stock Agreement under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.6 to the Abbott Laboratories Current Report on Form 8-K dated August 20, 2004.**
- 10.16 *Form of Employee Restricted Stock Unit Agreement under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.7 to the Abbott Laboratories Current Report on Form 8-K dated August 20, 2004.**
- 10.17 *Form of Non-Employee Director Stock Option Agreement under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.8 to the Abbott Laboratories Current Report on Form 8-K dated August 20, 2004.**
- 10.18 *Form of Non-Employee Director Restricted Stock Unit Agreement under Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.2 to the Abbott Laboratories Current Report on Form 8-K dated December 10, 2004.**

- 10.19 *Form of Employee Stock Option Agreement for a Non-Qualified Stock Option granted with an Incentive Stock Option under the Abbott Laboratories 1996 Incentive Stock Program on or after February 18, 2005, filed as Exhibit 10.1 to the Abbott Laboratories Current Report on Form 8-K dated February 18, 2005.**
- 10.20 *Form of Employee Stock Option Agreement for a new Non-Qualified Stock Option under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 18, 2005, filed as Exhibit 10.2 to the Abbott Laboratories Current Report on Form 8-K dated February 18, 2005.**
- 10.21 *Form of Employee Stock Option Agreement for an Incentive Stock Option granted with a Non-Qualified Stock Option under the Abbott Laboratories 1996 Incentive Stock Program on or after February 18, 2005, filed as Exhibit 10.3 to the Abbott Laboratories Current Report on Form 8-K dated February 18, 2005.**
- 10.22 *Form of Employee Stock Option Agreement for an Incentive Stock Option under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 18, 2005, filed as Exhibit 10.4 to the Abbott Laboratories Current Report on Form 8-K dated February 18, 2005.**
- 10.23 *Form of Employee Restricted Stock Agreement under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.5 to the Abbott Laboratories Current Report on Form 8-K dated February 18, 2005.**
- 10.24 *Form of Employee Restricted Stock Unit Agreement under the Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.6 to the Abbott Laboratories Current Report on Form 8-K dated February 18, 2005.**
- 10.25 *Form of Performance Restricted Stock Agreement for an award of performance restricted stock under Section 10 of the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 17, 2006, filed as Exhibit 10.1 to the Abbott Laboratories Current Report on Form 8-K dated February 16, 2006.**
- 10.26 *Form of Performance Restricted Stock Agreement for an award of performance restricted stock under Section 11 of the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 17, 2006, filed as Exhibit 10.2 to the Abbott Laboratories Current Report on Form 8-K dated February 16, 2006.**
- 10.27 *Form of Performance Restricted Stock Unit Agreement for an award of performance restricted stock units under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 17, 2006, filed as Exhibit 10.3 to the Abbott Laboratories Current Report on Form 8-K dated February 16, 2006.**
- 10.28 *Form of Non-Qualified Stock Option Agreement for an award of non-qualified stock options under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 17, 2006, filed as Exhibit 10.4 to the Abbott Laboratories Current Report on Form 8-K dated February 16, 2006.**
- 10.29 *Form of Restricted Stock Unit Agreement for an award of restricted stock units under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 17, 2006, filed as Exhibit 10.5 to the Abbott Laboratories Current Report on Form 8-K dated February 16, 2006.**

- 10.30 *Form of Performance Restricted Stock Agreement for an award of performance restricted stock under Section 10 of the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 16, 2007, filed as Exhibit 10.49 to the 2006 Abbott Laboratories Report on Form 10-K.**
- 10.31 *Form of Performance Restricted Stock Agreement for an award of performance restricted stock under Section 11 of the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 16, 2007, filed as Exhibit 10.50 to the 2006 Abbott Laboratories Report on Form 10-K.**
- 10.32 *Form of Restricted Stock Unit Agreement for an award of restricted stock units under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 16, 2007, filed as Exhibit 10.52 to the 2006 Abbott Laboratories Report on Form 10-K.**
- 10.33 *Form of Performance Restricted Stock Unit Agreement for an award of performance restricted stock units under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February 16, 2007, filed as Exhibit 10.57 to the 2006 Abbott Laboratories Report on Form 10-K.**
- 10.34 Form of Agreement Regarding Change in Control by and between Abbott Laboratories and its named executive officers (other than Messrs. White and Freyman) identified in Abbott's Proxy Statement for the 2008 Annual Meeting of Shareholders.**
- 10.35 Base Salary of Named Executive Officers.**
- 10.36 *Transaction Agreement between Boston Scientific Corporation and Abbott Laboratories, dated as of January 8, 2006, filed as Exhibit 10.28 to the 2005 Abbott Laboratories Annual Report on Form 10-K.
- 10.37 *Amendment No. 1 to Transaction Agreement, dated as of January 16, 2006, between Boston Scientific Corporation and Abbott Laboratories, filed as Exhibit 10.29 to the 2005 Abbott Laboratories Annual Report on Form 10-K.
- 10.38 *Amendment No. 2 to Transaction Agreement, dated as of January 16, 2006, between Boston Scientific Corporation and Abbott Laboratories, filed as Exhibit 10.30 to the 2005 Abbott Laboratories Annual Report on Form 10-K.
- 10.39 *Amendment No. 3 to Transaction Agreement, dated as of February 22, 2006, between Boston Scientific Corporation and Abbott Laboratories, filed as Exhibit 10.1 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.
- 10.40 *Amendment No. 4 to Transaction Agreement, dated as of April 5, 2006, between Boston Scientific Corporation and Abbott Laboratories, filed as Exhibit 10.2 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.
- 10.41 *Purchase Agreement, dated as of April 21, 2006, between Guidant Corporation and Abbott Laboratories, filed as Exhibit 10.1 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.
- 10.42 *Amendment to Purchase Agreement, dated as of April 21, 2006, between Guidant Corporation and Abbott Laboratories, filed as Exhibit 10.2 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.

- 10.43 *Promissory Note, dated April 21, 2006, from BSC International Holding Ltd., filed as Exhibit 10.3 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.
- 10.44 *Subscription and Stockholder Agreement, dated as of April 21, 2006, between Boston Scientific Corporation and Abbott Laboratories, filed as Exhibit 10.4 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.
- 10.45 *Amendment to Subscription and Stockholder Agreement, dated as of April 21, 2006, between Boston Scientific Corporation and Abbott Laboratories, filed as Exhibit 10.5 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.
- 10.46 *Form of Time Sharing Agreement between Abbott Laboratories, Inc. and M.D. White and T.C. Freyman, filed as Exhibit 10.6 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.**
- 10.47 *Support Agreement, dated as of January 11, 2009, by and among ValueAct, Abbott and the Purchaser, filed as Exhibit 99.1 to the Abbott Laboratories Current Report on Form 8-K dated January 11, 2009.
- 10.48 *Support Agreement, dated as of January 11, 2009, by and among James V. Mazzo, Abbott and the Purchaser, filed as Exhibit 99.2 to the Abbott Laboratories Current Report on Form 8-K dated January 11, 2009.
- 12 Computation of Ratio of Earnings to Fixed Charges.
- 21 Subsidiaries of Abbott Laboratories.
- 23.1 Consent of Independent Registered Public Accounting Firm.
- 23.2 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of Chief Executive Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
- 31.2 Certification of Chief Financial Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The 2009 Abbott Laboratories Proxy Statement will be filed with the Securities and Exchange Commission under separate cover on or about March 13, 2009.

* Incorporated herein by reference. Commission file number 1-2189.

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

Abbott will furnish copies of any of the above exhibits to a shareholder upon written request to the Corporate Secretary, Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois 60064-6400.

[QuickLinks](#)

[PART I](#)

[ITEM 1. BUSINESS](#)

[GENERAL DEVELOPMENT OF BUSINESS](#)

[FINANCIAL INFORMATION RELATING TO INDUSTRY SEGMENTS, GEOGRAPHIC AREAS, AND CLASSES OF SIMILAR PRODUCTS](#)

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ABBOTT LABORATORIES

DEFERRED COMPENSATION PLAN

ARTICLE I

Introduction

Section 1.1 Purpose. The Plan is designed to assist the Employers in attracting and retaining key employees by providing those employees with the opportunity to defer the receipt of a portion of their compensation and to have that deferred compensation treated as if it were invested pending its distribution by the Plan.

Section 1.2 ERISA. The Plan is intended to be exempt from Parts 2, 3, and 4 of Title I of ERISA and, therefore, participation in the Plan is limited to a select group of management and highly compensated employees, within the meaning of Sections 201(2), 301(a)3 and 401(a)(1) of ERISA.

Section 1.3 Employers.

(a) After the Effective Date, any Subsidiary of the Company that is not then an Employer may adopt the Plan with the Company's consent as described in **Section 13.12**.

(b) Each Employer shall be liable to the Company for an amount equal to the Plan benefits earned by its Eligible Employees. Where an Eligible Employee has been employed by more than one Employer, the Plan Administrator shall allocate the liability to the Company associated with that Eligible Employee's Plan benefits among his or her Employers. The Plan Administrator shall establish procedures for determining the time at which and manner in which the Employers shall pay this liability to the Company.

Section 1.4 Grandfathered Amounts. Notwithstanding anything in this Plan to the contrary, any amounts under this Plan that were earned and vested before January 1, 2005 (as determined in accordance with Code Section 409A) ("Grandfathered Amounts") shall be subject to the terms and conditions of the Plan as administered and as in effect on October 3, 2004. Amendments made to the Plan pursuant to this amendment and restatement or otherwise shall not affect the Grandfathered Amounts unless expressly provided for in the amendment. The terms and conditions applicable to the Grandfathered Amounts are set forth in Appendix A attached hereto.

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Section 1.5 Effective Date. The Plan has been amended and restated, effective as of January 1, 2008 (the "Effective Date").

ARTICLE II

Definitions

When used in this Plan, unless the context clearly requires a different meaning, the following words and terms shall have the meanings set forth below. Whenever appropriate, words used in the singular shall be deemed to include the plural, and *vice versa*, and the masculine gender shall be deemed to include the feminine gender.

Section 2.1 Account. "Account(s)" means the account(s) established for record keeping purposes for each Participant pursuant to **Article VI**.

Section 2.2 Base Compensation. "Base Compensation" means the Participant's total compensation earned in a Plan Year for personal service actually rendered to an Employer, including sales bonuses, sales incentives and sales commissions (excluding Eligible Bonuses, all other bonuses, commissions, relocation expenses, reimbursements, expense allowances, fringe benefits (cash or noncash), welfare benefits (whether or not those amounts are includible in gross income) and other non-regular forms of compensation) before deductions for (i) Deferral Elections made pursuant to **Section 4.1** or (ii) contributions made on the Participant's behalf to any Employer 401(k) Plan or to any cafeteria plan under Section 125 of the Internal Revenue Code of 1986, as amended (the "Code") maintained by an Employer.

Section 2.3 Beneficiary. "Beneficiary" means the person, persons or entity designated by the Participant to receive any benefits payable under the Plan pursuant to **Article IX**.

Section 2.4 Board of Review. "Board of Review" means the Abbott Laboratories Employee Benefit Board of Review appointed and acting under the Abbott Laboratories Annuity Retirement Plan and having the powers and duties described in this Plan.

Section 2.5 Company. "Company" means Abbott Laboratories, its successors, any organization into which or with which Abbott Laboratories may merge or consolidate or to which all or substantially all of its assets may be transferred.

Section 2.6 Deferral Election. "Deferral Election" means an election under the Plan by a Participant to defer the receipt of a portion of his or her Eligible Compensation made on a Deferral Election Form.

Section 2.7 Deferral Election Form. "Deferral Election Form" means the form provided to the Participant by the Plan pursuant to **Section 4.1** on which the Participant makes his or her Deferral Election.

Section 2.8 Deferral Account. "Deferral Account(s)" means the account(s) established for record keeping purposes for each Participant's Deferral Election pursuant to **Section 6.1**.

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Section 2.9 Disability. The date of “Disability” of a Participant means that, the date on which the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, eligible to receive income replacement benefits under the terms of the Abbott Laboratories Extended Disability Plan (“EDP”) or, for a Participant whose Employer does not participate in the EDP, such similar accident and health plan, providing income replacement benefits, in which his or her Employer participates, for a period of six months.

Section 2.10 Distribution Election. “Distribution Election” is defined in **Section 4.3(a)**.

Section 2.11 Distribution Election Form. “Distribution Election Form” means the form provided to the Participant by the Plan pursuant to **Section 4.3** on which the Participant specifies the time at which the amounts credited to one of the Participant’s Account(s) are to be distributed and their method of payment.

Section 2.12 Effective Date. “Effective Date” is defined in **Section 1.5**.

Section 2.13 Eligibility Date. “Eligibility Date” is defined in **Section 3.1(b)**.

Section 2.13 Eligible Bonus. “Eligible Bonus” means an annual cash incentive bonus for a Plan Year that the Plan Administrator, or its delegate, has designated as being eligible for deferral under the Plan. As of the Effective Date, cash bonuses paid under the Abbott Laboratories Cash Profit Sharing Plan or any Employer’s annual incentive bonus plan with a performance period commencing on January 1 and ending on December 31 of the applicable Plan Year are eligible for deferral under the Plan.

Section 2.14 Eligible Compensation. “Eligible Compensation” means the Participant’s Base Compensation and Eligible Bonuses.

Section 2.15 Eligible Employee. “Eligible Employee” means any person employed by an Employer who is both

- (i) a United States employee or an expatriate who is based and paid in the United States, and
- (ii) shown as having a grade level of 20 (or equivalent level of compensation if on a different pay grade system) or higher on his or her Employer’s Human Resource System

and who is not (a) both an officer of the Company and eligible to participate in the Abbott Laboratories 401(k) Supplemental Plan, except as contemplated by **Section 3.1** hereof for the Plan Year in which the person is first named an officer, (b) an individual who provides services to an Employer under a contract, arrangement or understanding with either the individual directly or with an agency or leasing organization that treats the individual as either an independent contractor or an employee of such agency or leasing organization, even if such individual is subsequently determined (by an Employer, the Internal Revenue Service, any other governmental agency, judicial action, or otherwise) to have been a common law employee of an

Employer rather than an independent contractor or employee of such agency or leasing organization, or (c) any Employee who is employed by an Employer located in Puerto Rico, other than any person designated as a “U.S. Expatriate” on the records of an Employer.

For all Plan purposes, an individual shall be an “Eligible Employee” for any Plan Year only if during that Plan Year an Employer treats that individual as its employee for purposes of employment taxes and wage withholding for Federal income taxes, even if such individual is subsequently determined (by an Employer, the Internal Revenue Service, any other governmental agency, judicial action, or otherwise) to have been a common law employee of an Employer in that Plan Year.

Section 2.16 Employer. “Employer” shall mean the Company, the participating Employers on the Effective Date, and any Subsidiary of the Company that subsequently adopts the Plan in the manner provided in **Section 13.12**.

Section 2.17 Employer Contribution. “Employer Contribution” means the contribution deemed to have been made by an Employer pursuant to **Section 5.1**.

Section 2.18 Employer Contribution Account. “Employer Contribution Account(s)” means the account(s) established for record keeping purposes for each Participant’s Employer Contributions pursuant to **Section 6.1**.

Section 2.19 Employer 401(k) Plan. “Employer 401(k) Plan” means any defined contribution retirement plan that is maintained by an Employer, qualified under Code Section 401(a), and includes a cash or deferred arrangement under Code Section 401(k). The term shall specifically include, but not be limited to, the Abbott Laboratories 401(k) Plan and the Abbott Laboratories Stock Retirement Plan.

Section 2.20 ERISA. “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

Section 2.21 Hardship Distribution. “Hardship Distribution” is defined in **Section 8.5(a)**.

Section 2.22 In-Service Distribution. “In-Service Distribution” is defined in **Section 4.3**.

Section 2.23 Initial Election. “Initial Election” is defined in **Section 4.3(a)**.

Section 2.24 Investment Election. “Investment Election” is defined in **Section 4.2(a)**.

Section 2.25 Investment Election Form. “Investment Election Form” means the form provided to the Participant by the Plan pursuant to **Section 4.2** on which the Participant specifies the Investment Funds in which the Participant’s Account(s) are to be deemed to be invested.

Section 2.26 Investment Fund(s). “Investment Fund(s)” means one or more of the funds selected by the Plan Administrator pursuant to **Section 4.2**.

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Section 2.27 Investment Fund Subaccounts. “Investment Fund Subaccounts” is defined in **Section 6.1(b)**.

Section 2.28 Matching DCP Deferral. “Matching DCP Deferral” for a Participant for a Plan Year is an amount equal to the total dollar amount of the Participant’s deferrals for the Plan Year pursuant to Employee Deferral Elections under Section 4.1(b), but in no event shall a Participant’s Matching DCP Deferral for a Plan Year exceed the amount by which (a) the Participant’s Base Compensation for the Plan Year up to the limit on compensation as defined in Code Section 401(a)(17) exceeds (b) the Participant’s Base Compensation for the Plan Year less the total dollar amount deferred pursuant to Employee Deferral Elections under Section 4.1(b) for the Plan Year.

Section 2.29 Participant. “Participant” means any Eligible Employee who elects to participate in this Plan by filing a Deferral Election, Investment Fund Election, and Distribution Election as provided in **Article IV**.

Section 2.30 Plan. “Plan” means the Abbott Laboratories Deferred Compensation Plan.

Section 2.31 Plan Administrator. “Plan Administrator” means the Board of Review.

Section 2.32 Plan Year. “Plan Year” means a twelve-month period beginning January 1 and ending the following December 31.

Section 2.33 Rate of Return. “Rate of Return” means, for each Investment Fund, an amount equal to the net gain or net loss (expressed as a percentage) on the assets of that Investment Fund.

Section 2.34 Retirement. “Retirement” means a Termination of Employment after having satisfied the age and service requirements of Subsection (a) or (b) below, as applicable:

(a) With respect to Participants covered by the Abbott Laboratories Annuity Retirement Plan:

- (i) for the Participant hired before 2004, the date on which the Participant attains age 50 and completes 10 years of “vesting service” (as such term is described in the Abbott Laboratories Annuity Retirement Plan); or
- (ii) for the Participant hired after 2003, the date on which the Participant attains age 55 and completes 10 years of vesting service.

(b) With respect to Participants covered by the Abbott Laboratories Pension Plan for Former BASF Employees, the date on which the Participant attains age 55 and completes 5 years of vesting service (as such term is described in the Abbott Laboratories Pension Plan for Former BASF Employees).

Section 2.35 Subsequent Election. “Subsequent Election” is defined in **Section 4.2(a)**.

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Section 2.36 Subsidiary. “Subsidiary” shall mean any corporation, limited liability company, partnership, joint venture, or business trust organized in the United States 50 percent or more of the voting stock of which is owned, directly or indirectly, by the Company.

Section 2.37 Termination of Employment. “Termination of Employment” means the cessation of a Participant’s services as an employee, whether voluntary or involuntary, for any reason other than death; provided, that the Participant shall not be considered to have terminated employment for purposes of the Plan until he or she would be considered to have incurred a “separation from service” from the Employer within the meaning of Code Section 409A.

Section 2.37 Unforeseeable Emergency. “Unforeseeable Emergency” means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse or a dependent of the Participant, loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster), or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant as determined by the Plan Administrator.

ARTICLE III

Participation

Section 3.1 Participation.

(a) Except as provided in **Sections 3.1(b) and (c)**, an Eligible Employee may become a Participant by making a Deferral Election, Investment Fund Election, and Distribution Election pursuant to **Article IV** on or before the deadline set by the Plan Administrator pursuant to **Section 4.4**.

(b) A newly hired individual who is an Eligible Employee shall become eligible to participate in the Plan on the first day of the month next following the month after the individual’s date of hire (the “Eligibility Date”); provided, that in no event shall such individual begin to participate in the plan later than 90 days following his or her date of hire. Notwithstanding the election requirements of Section 3.1(a), a newly Eligible Employee who was not eligible to participate in any other plan that would be aggregated with the Plan under Treasury Regulation §1.409A-1(c) may make a Deferral Election, Investment Fund Election and Distribution Election pursuant to **Article IV** within the thirty (30) day period immediately following the Eligibility Date. Any

such election shall become effective for Eligible Compensation earned no earlier than the first payroll period commencing after receipt of the election by the Plan Administrator and shall be irrevocable for the remainder of the Plan Year.

(c) An individual who becomes an Eligible Employee as a result of a job promotion or transfer may only make a Deferral Election, Investment Fund Election and Distribution Election pursuant to **Article IV** with respect to Eligible Compensation to be earned in the Plan Year next following the year of such promotion or transfer. Any such election shall be made in accordance with **Article IV** and shall become effective for Eligible Compensation earned in the Plan Year following the year in which the election is made.

Section 3.2 Termination of Participation. A Participant who ceases to be an Eligible Employee due to a Termination of Employment will remain a Participant but (i) may no longer make Deferral Elections with respect to any Plan Year following the year of such termination and (ii) all deferrals under the Plan shall cease as of the date of the Participant's Termination of Employment. A Participant who ceases to be an Eligible Employee due to a job promotion (or demotion) may no longer make Deferral Elections with respect to any Plan Year following the year of such promotion or demotion but the Participant's Deferral Elections for the Plan Year in which such promotion or demotion occurs shall remain irrevocable. A Participant shall remain a Participant until (i) his or her death or (ii) his or her Accounts have been distributed.

ARTICLE IV

Election Forms

Section 4.1 Deferral Elections.

(a) Participants shall make their Deferral Elections annually on a form provided by the Plan Administrator (a "Deferral Election Form"). Each Deferral Election shall apply to only a single Plan Year.

(b) On his or her Deferral Election Form, the Participant shall specify the amount (expressed as a percentage) of his or her Base Compensation and the amount (also expressed as a percentage) of his or her Eligible Bonuses that the Participant elects to defer for that Plan Year together with such other information as the Plan Administrator may, in its sole and absolute discretion, require.

(c) For any Plan Year, a Participant may elect to defer:

- (i) between five percent (5%) and seventy-five percent (75%) of his or her Base Compensation (in whole percentage increments), and
- (ii) between five percent (5%) and one hundred percent (100%) of his or her Eligible Bonus (in whole percentage increments);

provided, however, that in no event may a Participant elect to defer his or her Eligible Compensation to the extent that his or her remaining compensation would be insufficient to satisfy all applicable withholding taxes and contributions required under Employer sponsored benefit plans in which the Participant participates.

(d) A Participant may not revoke his or her Deferral Election at any time after the deadline for making such Deferral Election set by the Plan Administrator pursuant to **Section 4.4**.

Section 4.2 Investment Elections. The Plan Administrator shall, from time to time, make available investment options (the "Investment Funds") that serve as benchmark funds for the amounts a Participant defers under the Plan. A Participant's Plan deferrals shall not actually be invested in the Investment Funds and the Participant shall not be considered a shareholder of any of the Investment Funds he or she selects by virtue of participation in the Plan. Instead, the Participant's Plan deferrals shall be considered invested in, and his or her Plan Account shall

reflect such Investment Fund's Rate of Return. A Participant's election of investments shall be subject to the following rules:

(a) Participants shall make their investment elections on an Investment Election Form provided by the Plan Administrator (an "Investment Election").

(b) The Investment Election Form completed by the Participant shall apply only to the Eligible Compensation being deferred in a single Plan Year and shall specify the Investment Funds in which the deferrals for each such Plan Year are to be deemed to be invested, and the portion (expressed in whole percentage increments) of the deferrals for such Plan Year that are to be deemed to be invested in each such Investment Fund, and shall continue in effect until revoked or changed as permitted by the Plan Administrator.

Section 4.3 Distribution Elections.

(a) Participants shall make their distribution elections in accordance with the Distribution Election Form provided by the Plan Administrator (a "Distribution Election") as permitted or required by such form. Each Distribution Election (the "Initial Election") shall apply only to the Eligible Compensation being deferred in a single Plan Year and must be made by the deadline set by the Plan Administrator pursuant to **Section 4.4**, at which time the Initial Election shall be irrevocable, subject to **Section 4.3(c)**.

(b) On the Distribution Election Form:

- (i) Mandatory Retirement Election. In all cases, the Participant shall select the method of payment from among the methods of payment described in **Section 8.3(a)** to apply in the event payment is made upon Retirement pursuant to this Distribution Election in accordance with **Sections 8.3 or 8.4** or upon Disability in accordance with **Section 8.7**.

- (ii) Optional In-Service Distribution Election. The Participant shall also have the option to elect that the Eligible Compensation being deferred for that Plan Year shall be paid to the Participant while he or she is still employed by an Employer (an “In-Service Distribution”). If the Participant elects to receive an In-Service Distribution of the Eligible Compensation being deferred, then the Participant shall also select the year in which the payments are to be made. A Participant may not elect to receive an In-Service Distribution in a Plan Year that is less than two (2) years after the end of the Plan Year in which the Eligible Compensation is earned.

(c) Notwithstanding anything to the contrary in **Section 4.3**, a Participant may change the form of distribution or his or her Distribution Election (a “Subsequent Election”) to the extent permitted by the Plan Administrator and Code Section 409A(a)(4)(C), including the requirements that such Subsequent Election:

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- (i) shall not take effect until at least 12 months after the date on which the Subsequent Election is filed with the Plan Administrator;
- (ii) shall result in the first distribution subject to such Subsequent Election being made at least five years after the date such distribution would otherwise have been paid pursuant to the previous election; and
- (iii) shall be filed with the Plan Administrator at least 12 months before the date the first scheduled distribution is to be paid pursuant to the previous election.

Section 4.4 Deadline for Submitting Election Forms. The Plan Administrator may set a deadline or deadlines for the receipt of the election forms required under the Plan; provided, however, that, except as provided in **Section 3.1(b)**, such forms must be filed on or before the end of the year immediately preceding the Plan Year for which it is to be effective.

ARTICLE V

Employer Contributions

Section 5.1 Employer Contributions. Each Participant who makes a Deferral Election will be credited with an Employer Contribution equal to 5% of the Participant’s Matching DCP Deferral. The Plan Administrator may, however, in his or her discretion, otherwise set the amount of the Employer Contribution, subject to and not in excess of applicable limits imposed by the Internal Revenue Service.

Section 5.2 Allocation of Employer Contributions. A Participant’s Employer Contribution for a Plan Year shall be allocated among the same Investment Funds and in the same proportion as the Participant has elected for his or her deferrals for that Plan Year.

Section 5.3 Distribution of Employer Contributions. An Employer Contribution for a Plan Year shall be distributed to the Participant according to the election made by the Participant governing his or her deferrals for that same Plan Year.

ARTICLE VI

Maintenance and Crediting of Accounts

Section 6.1 Maintenance of Accounts.

(a) The Plan shall maintain a separate Account for each Deferral Election (a “Deferral Account”) made by and each Employer Contribution (an “Employer Contribution Account”) made for a Participant. A Participant’s Accounts shall reflect the Participant’s Investment Fund Elections and Distribution Elections made pursuant to **Article IV**, any Employer Contributions made on behalf of the Participant pursuant to **Article V**, adjustments to the Account made pursuant to this **Article VI**, and distributions made with respect to the Account pursuant to **Article VIII**. The Accounts shall be used solely as a device for the

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measurement and determination of the amounts to be paid to the Participants pursuant to this Plan and shall not constitute or be treated as a trust fund of any kind.

(b) Each Account shall be divided into separate subaccounts (“Investment Fund Subaccounts”), each of which corresponds to the Investment Fund selected by the Participant pursuant to **Section 4.2(b)**.

Section 6.2 Crediting of Accounts.

(a) No later than five (5) business days following the end of each pay period, the Plan shall credit each Participant’s Investment Fund Subaccounts to reflect amounts deferred from the Participant’s Eligible Compensation during that pay period and the Investment Fund Election made by the Participant with respect to that Eligible Compensation.

(b) At the end of each Plan Year, the Plan shall credit each Participant’s Investment Fund Subaccounts to reflect any Employer Contribution deemed to have been made on behalf of the Participant for that Plan Year and the allocation of that contribution among the Investment Funds pursuant to **Section 4.2**.

(c) The Plan Administrator shall adjust each Investment Fund Subaccount to reflect any transfers under the Plan to or from that Investment Fund Subaccount, as of the end of each business day to reflect any distributions under the Plan made with respect to that Investment Fund Subaccount, and

the Rate of Return on the related Investment Fund.

Section 6.3 Statement of Accounts. Each Participant shall be issued quarterly statements of his or her Account(s) in such form as the Plan Administrator deems desirable, setting forth the balance to the credit of such Participant in his or her Account(s) as of the end of the most recently completed quarter.

ARTICLE VII

Vesting and Forfeitures

Section 7.1 Deferral Accounts. A Participant's Deferral Accounts shall be one hundred percent (100%) vested and non-forfeitable at all times.

Section 7.2 Employer Contribution Account.

(a) A Participant's Employer Contribution Account shall become one hundred percent (100%) vested and non-forfeitable when the matching contributions made by the Participant's Employer on behalf of the Participant under the Employer 401(k) Plan in which the Participant participates become one hundred percent (100%) vested and non-forfeitable.

(b) If a Participant's employment with the Employers terminates (whether voluntarily or involuntarily) before the matching contributions made by the Participant's Employer on behalf of the Participant under the Employer 401(k) Plan in which the Participant participates become one hundred percent (100%) vested and non-forfeitable, then the Participant shall forfeit his or her related Employer Contribution Account.

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ARTICLE VIII

Distribution of Benefits

Section 8.1 Distribution of Benefits in the Event of a Termination of Employment. If a Participant elects to receive his or her Plan benefits as an In-Service Distribution, then in the event of that Participant's Termination of Employment (other than due to Retirement) prior to receiving that In-Service Distribution, the Company shall pay that Participant's Plan benefits in a lump-sum to the Participant within 90 days following his or her Termination of Employment. If a Participant elects to receive his or her Plan benefits upon Retirement, then in the event of that Participant's Termination of Employment prior to the date the Participant attains eligibility for Retirement, the Company shall pay that Participant's Plan benefits in a lump-sum to the Participant within 90 days following his or her Termination of Employment.

Section 8.2 In-Service Distributions. Subject to the provisions of **Section 8.6**, the Company shall pay In-Service Distributions in a lump-sum to the Participant on the first business day in February of the year designated by the Participant on his or her Distribution Election Form.

Section 8.3 Distribution of Benefits in the Event of Retirement.

(a) If, pursuant to **Section 4.3**, a Participant has elected to receive his or her Plan benefits for a Plan Year upon his or her Retirement, then the Company shall pay the Participant his or her Plan benefits commencing on the first business day in February next following the date of the Participant's Retirement in any of the following forms pursuant to the Participant's Initial Election or Subsequent Election, as applicable:

- (i) in substantially equal quarterly or annual installments to the Participant over fifteen (15) years; or
- (ii) in substantially equal quarterly or annual installments to the Participant over ten (10) years; or
- (iii) in substantially equal quarterly or annual installments to the Participant over five (5) years; or
- (iv) in a lump-sum; or
- (v) if no such election is on file with the Plan Administrator, in substantially equal quarterly installments to the Participant over ten (10) years.

Quarterly installments shall be paid on the first business day of each calendar quarter and annual installments shall be paid on the first business day of each calendar year.

(b) Notwithstanding the provisions of **Section 8.3(a)**, in the event that, as of the date of the Participant's Retirement, the Participant's benefits under the Plan do not exceed, in the aggregate, \$15,500, the Participant's benefits shall be paid to the Participant in a lump-sum.

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Section 8.4 Distribution of Benefits on the Earlier to Occur of a Participant's Retirement or a Specified Date.

If a Participant has elected to receive his or her Plan benefits on a specified date pursuant to **Section 4.3(b)(ii)**, if the Participant's Retirement occurs prior to such specified date,

(a) For amounts deferred with respect to Plan Years beginning prior to January 1, 2008, the Company shall pay the Participant his or her Plan benefits in a lump sum on the first business day in February next following the Participant's Retirement; and

(b) For amounts deferred with respect to Plan Years beginning on or after January 1, 2008, the Company shall pay the Participant his or her Plan benefits in accordance with **Section 8.3(a)**, subject to **Section 8.3(b)**.

Section 8.5 Distributions Due to Unforeseeable Emergency.

- (a) A Participant may receive the early payment of all or part of the balance in his or her Account(s) in the event of an Unforeseeable Emergency (a "Hardship Distribution") subject to the following restrictions:
- (i) The Participant has requested the Hardship Distribution from the Plan Administrator on a form provided by or in the format requested by the Plan Administrator;
 - (ii) The Plan Administrator has determined that an Unforeseeable Emergency has occurred;
 - (iii) The Plan Administrator determines the amount of the Hardship Distribution, which amount will be limited to the amount reasonably necessary to satisfy the emergency need (including any amounts necessary to pay any Federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the Hardship Distribution); and
 - (iv) The Hardship Distribution shall be distributed in a lump-sum within 30 days following determination by the Plan Administrator of the amount of the Hardship Distribution.
- (b) The circumstances that would constitute a Unforeseeable Emergency will depend on the facts and circumstances of each case, but, in any case, a Hardship Distribution may not be made to the extent that such hardship may be relieved through (i) reimbursement or compensation by insurance or otherwise, (ii) liquidation of the Participant's assets, to the extent that liquidation of the Participant's assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under this Plan in compliance with Code Section 409A.

Section 8.6 Distribution of Benefits in the Event of Death. In the event of a Participant's death prior to the complete distribution of his or her Accounts, the Company shall

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distribute his or her total Plan benefits to his or her Beneficiary in a lump sum within 90 days after the date of the Participant's death.

Section 8.7 Distribution of Benefits in the Event of Disability.

In the event of a Participant's Disability, the Company shall pay the Participant his or her Plan benefits commencing on the first business day in February next following the date of the Participant's Disability in the form set forth below:

- (a) For any Participant who has elected to receive his or her Plan benefits upon Retirement, pursuant to the Participant's Distribution Election to receive his or her Plan benefits in one of the Retirement forms permitted under **Section 8.3(a)**, subject to **Section 8.3(b)**.
- (b) For a Participant who has elected to receive his or her Plan benefits as an In-Service Distribution, if the Participant's Disability occurs prior to the date specified in such Distribution Election:
- (i) For amounts deferred with respect to Plan Years beginning on or subsequent to January 1, 2008, pursuant to the Participant's Distribution Election to receive his or her Plan benefits in one of the Retirement forms permitted under **Section 8.3(a)**, subject to **Section 8.3(b)**.
 - (ii) For amounts deferred with respect to all Plan Years beginning prior to January 1, 2008, pursuant to the Participant's Distribution Election to receive his or her Plan benefits in a lump sum under **Section 4.3(b)(ii)**.

Section 8.8 Postponing or Amending Distributions. A Participant may postpone a scheduled distribution or amend the form of distribution specified in **Section 8.2**, **Section 8.3(a)** or **Section 8.4** only by making a Subsequent Election pursuant to the terms of **Section 4.3(c)**.

ARTICLE IX

Beneficiary Designation

Section 9.1 Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person, persons or entity as his or her Beneficiary or Beneficiaries. A Beneficiary designation shall be made, and may be amended, by the Participant by filing a designation with the Plan Administrator, on such form and in accordance with such procedures as the Plan Administrator may establish from time to time.

Section 9.2 Failure to Designate a Beneficiary. If a Participant or Beneficiary fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or his or her Beneficiary, then the Participant's Beneficiary shall be deemed to be, in the following order:

- (i) to the spouse of such person, if any; or

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- (ii) to the deceased person's estate.

Section 9.3 Facility of Payment. When, in the Plan Administrator's opinion, a Participant or Beneficiary is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Plan Administrator may make any benefit payments to the Participant or Beneficiary's legal representative, or spouse, or the Plan Administrator may apply the payment for the benefit of the Participant or Beneficiary in any way the

ARTICLE X

Administration of Plan

Section 10.1 Plan Administrator. The Board of Review, or such person as the Board of Review shall designate pursuant to **Section 10.3**, shall serve as the Plan Administrator of the Plan. The administration of the Plan shall be under the supervision of the Plan Administrator. It shall be a principal duty of the Plan Administrator to see that the Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in the Plan without discrimination among them. Benefits under the Plan shall be paid only if the Plan Administrator decides, in his or her discretion, that the applicant is entitled to them. The Plan Administrator will have full power to administer the Plan in all of its details, subject to applicable requirements of law. For this purpose, the Plan Administrator's powers will include but will not be limited to, the following authority, in addition to all other powers provided by this Plan:

- (i) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan, including the establishment of any claims procedures that may be required by applicable provisions of law;
- (ii) To exercise discretion in interpreting the Plan, any interpretation to be reviewed under the arbitrary and capricious standard;
- (iii) To exercise discretion in deciding all questions concerning the Plan and the eligibility of any person to participate in the Plan; such decision to be reviewed under the arbitrary and capricious standard;
- (iv) To appoint such agents, counsel, accountants, consultants and other persons as may be required to assist in administering the Plan;
- (v) To allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan, any such allocations, delegation or designation to be in writing;

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- (vi) To determine the amount and type of benefits to which any Participant or Beneficiary shall be entitled hereunder, including the method and date for all valuations under the Plan;
- (vii) To receive from the Employers and from Participants such information as shall be necessary for the proper administration of the Plan or any of its programs;
- (viii) To maintain or cause to be maintained all the necessary records for the administration of the Plan;
- (ix) To receive, review and keep on file (as it deems convenient and proper) reports of benefit payments made by the Plan;
- (x) To determine and allocate among the Employers the liability to the Company associated with Plan benefits in accordance with **Section 1.3** and to determine the time at which and manner in which that liability shall be paid to the Company;
- (xi) To make, or cause to be made, equitable adjustments for any mistakes or errors made in the administration of the Plan; and
- (xii) To do all other acts which the Plan Administrator deems necessary or proper to accomplish and implement its responsibilities under the Plan.

Section 10.2 Reliance on Tables, etc. In administering the Plan, the Plan Administrator will be entitled to the extent permitted by law to rely conclusively on all tables, valuations, certificates, opinions and reports which are furnished by, or in accordance with the instructions of accountants, counsel, or other experts employed or engaged by the Plan Administrator.

Section 10.3 Delegation. The Board of Review shall have the authority to appoint another corporation or one or more other persons to serve as the Plan Administrator hereunder, in which event such corporation or person (or persons) shall exercise all of the powers, duties, responsibilities, and obligations of the Plan Administrator hereunder.

Section 10.4 Operations. The day to day operation of the Plan will be handled by the person or persons designated by the Plan Administrator.

Section 10.5 Uniform Rules. The Plan Administrator shall administer the Plan on a reasonable and nondiscriminatory basis and shall apply uniform rules to all similarly situated Participants.

Section 10.6 Plan Administrator's Decisions Final. Any interpretation of the provisions of the Plan (including but not limited to the provisions of any of its Programs) and any decision on any matter within the discretion of the Plan Administrator made by the Plan Administrator in good faith shall be binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known and the Plan Administrator shall make such adjustment on

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account thereof as it considers equitable and practicable. Neither the Plan Administrator nor any Employer shall be liable in any manner for any determination of fact made in good faith.

ARTICLE XI

Section 11.1 Claims and Review Procedures. The Plan Administrator shall adopt procedures for the filing and review of claims in accordance with Section 503 of ERISA.

ARTICLE XII

Amendment and Termination of Plan

Section 12.1 Amendment. The Company may amend this Plan, in whole or in part, at any time provided, however, that no amendment shall be effective to decrease the balance in any Account as accrued at the time of such amendment. Any amendment which would allow officers of the Company to participate in the Plan shall require the approval of the Abbott Laboratories Board of Directors. Any amendment which increases the total cost of the Plan to the Employers in excess of \$250,000 in each of the three full calendar years next following the date of the amendment shall be approved by the Board of Review. The Senior Vice President, Human Resources of the Company shall approve all other amendments to the Plan and the extension of the Plan to any division or Subsidiary of the Company.

Section 12.2 Termination. The Board of Review may at any time terminate the Plan with respect to future Deferral Elections. The Board of Review may also terminate and liquidate the Plan in its entirety; provided that such termination and liquidation are consistent with the provisions of Code Section 409A. Upon any such termination, the Company shall pay to the Participant the benefits the Participant is entitled to receive under the Plan, determined as of the termination date, in compliance with Code Section 409A.

ARTICLE XIII

Miscellaneous

Section 13.1 Unfunded Plan. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of Sections 201, 301 and 401 of ERISA and therefore meant to be exempt from Parts 2, 3 and 4 of Title I of ERISA. All payments pursuant to the Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in the Plan.

Section 13.2 Nonassignability. Except as specifically set forth in the Plan with respect to the designation of Beneficiaries, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or

any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Section 13.3 Validity and Severability. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 13.4 Governing Law. The validity, interpretation, construction and performance of this Plan shall in all respects be governed by the laws of the State of Illinois, without reference to principles of conflict of law, except to the extent preempted by federal law.

Section 13.5 Employment Status. This Plan does not constitute a contract of employment or impose on the Participant or the Company any obligation for the Participant to remain an employee of the Company or change the status of the Participant's employment or the policies of the Company and its affiliates regarding termination of employment.

Section 13.6 Underlying Incentive Plans and Programs. Nothing in this Plan shall prevent the Company from modifying, amending or terminating the compensation or the incentive plans and programs pursuant to which Eligible Bonuses or Eligible Compensation are earned and which are deferred under this Plan.

Section 13.7 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

Section 13.8 Waiver of Breach. The waiver by the Company of any breach of any provision of the Plan by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

Section 13.9 Notice. Any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand-delivered, or sent by first class mail to the principal office of the Company, directed to the attention of the Plan Administrator. Such notice shall be deemed given as of the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark.

Section 13.10 Waiver of Notice. Any notice required under the Plan may be waived by the person entitled to such notice.

Section 13.11 Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

Section 13.12 Additional Employers. Subject to the consent of the Board of Review, any Subsidiary of the Company may adopt the Plan by filing a written instrument to that effect with the Company.

Section 13.13 Separation and Distribution Agreement of 2004. The provisions of this **Section 13.13** shall apply to an Eligible Employee who is a Participant in the Plan and who transfers from employment with the Company or an Employer to Hospira, Inc. or to a subsidiary of Hospira, Inc. (collectively, the “Hospira Companies”) as a result of the transactions contemplated by that certain Separation and Distribution Agreement by and between Abbott Laboratories and Hospira, Inc., dated as of April 12, 2004 (the “Distribution Agreement”), and such transfer of employment is made in accordance with and subject to the terms of the Employee Benefits Agreement as described in the Distribution Agreement (each such transferred Participant referred to herein as a “Transferred Hospira Participant”).

(a) A Transferred Hospira Participant’s transfer of employment to the Hospira Companies will not be considered as a termination of employment as a result of Termination of Employment, Retirement or Disability for purposes of determining eligibility for distributions under **Article VII** of the Plan. Such Transferred Hospira Participant’s termination of employment resulting from Termination of Employment, Retirement or Disability shall occur only upon his or her subsequent termination of employment from the Hospira Companies (and Termination of Employment, Retirement and Disability with respect to such Transferred Hospira Participants shall mean such events in relation to the Hospira Companies rather than in relation to the Company and the Employers);

(b) Following his or her transfer to employment with the Hospira Companies, a Transferred Hospira Participant will remain a participant but will not be eligible to make Deferral Elections. A Transferred Hospira Participant shall remain a Participant until (i) his or her death or (ii) his or her Accounts have been distributed in accordance with the Plan and in accordance with the Transferred Hospira Participant’s elections regarding the manner of distribution of such Accounts.

Section 13.14 Section 409A. To the extent applicable, it is intended that the Plan comply with the provisions of Code Section 409A. The Plan will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Plan to fail to satisfy Code Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Code Section 409A). Notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A and applicable guidance issued thereunder, amounts that would otherwise be payable pursuant to the Plan during the six-month period immediately following the Participant’s Termination of Employment or Retirement shall instead be paid on the first business day after the date that is six months following the Participant’s Termination of Employment or Retirement (or upon the Participant’s death, if earlier), plus, to the extent subject to a six-month delay, a return equal to the Rate of Return that would be achieved if such amounts were invested in accordance with the Participant’s Investment Elections under Section 4.2 from the respective dates on which such amounts would otherwise have been paid until the actual date of payment.

ABBOTT LABORATORIES

DEFERRED COMPENSATION PLAN

ARTICLE 1

Introduction

Section 1.1 Purpose. The Plan is designed to assist the Employers in attracting and retaining key employees by providing those employees with the opportunity to defer the receipt of a portion of their compensation and to have that deferred compensation treated as if it were invested pending its distribution by the Plan.

Section 1.2 ERISA. The Plan is intended to be exempt from Parts 2, 3, and 4 of Title I of ERISA and, therefore, participation in the Plan is limited to a select group of management and highly compensated employees, within the meaning of Sections 201(2), 301(a)3 and 401(a)(1) of ERISA.

Section 1.3 Employers.

(a) In addition to the Company, the participating Employers on the Effective Date are Abbott Laboratories International Company, Abbott International Ltd., TAP Pharmaceutical Products Inc., TAP Pharmaceuticals Inc., Abbott Laboratories Inc., Murex Diagnostics, Inc., TAP Finance Inc., Perclose Inc., Abbott BioResearch Center, Inc., and Knoll Pharmaceutical Corporation.

(b) After the Effective Date, any other Subsidiary of the Company may adopt the Plan with the Company’s consent as described in **Section 13.12**.

(c) Each Employer shall be liable to the Company for an amount equal to the Plan benefits earned by its Eligible Employees. Where an Eligible Employee has been employed by more than one Employer, the Plan Administrator shall allocate the liability to the Company associated with that Eligible Employee’s Plan benefits among his or her Employers. The Plan Administrator shall establish procedures for determining the time at which and manner in which the Employers shall pay this liability to the Company.

Section 1.4 Effective Date. The Plan’s “Effective Date” is January 1, 2002.

ARTICLE 2

Definitions

When used in this Plan, unless the context clearly requires a different meaning, the following words and terms shall have the meanings set forth below. Whenever appropriate, words used in the singular shall be deemed to include the plural, and *vice versa*, and the masculine gender shall be deemed to include the feminine gender.

Section 2.1 Account. “Account(s)” means the account(s) established for record keeping purposes for each Participant pursuant to **Article 6**.

Section 2.2 Base Salary. “Base Salary” means the Participant’s annual base rate of pay from an Employer (excluding Eligible Bonuses, all other bonuses, commissions, relocation expenses, and other non-regular forms of compensation) before deductions for (i) Deferral Elections made pursuant to **Section 4.1** or (ii) contributions made on the Participant’s behalf to any Employer 401(k) Plan or to any cafeteria plan under Section 125 of the Internal Revenue Code of 1986, as amended (the “Code”) maintained by an Employer.

Section 2.3 Beneficiary. “Beneficiary” means the person, persons or entity designated by the Participant to receive any benefits payable under the Plan pursuant to **Article 9**.

Section 2.4 Board of Review. “Board of Review” means the Abbott Laboratories Employee Benefit Board of Review appointed and acting under the Abbott Laboratories Annuity Retirement Plan and having the powers and duties described in this Plan.

Section 2.5 Company. “Company” means Abbott Laboratories, its successors, any organization into which or with which Abbott Laboratories may merge or consolidate or to which all or substantially all of its assets may be transferred.

Section 2.6 Deferral Election. “Deferral Election” means an election under the Plan by a Participant to defer the receipt of a portion of his or her Eligible Compensation made on a Deferral Election Form.

Section 2.7 Deferral Election Form. “Deferral Election Form” means the form provided to the Participant by the Plan pursuant to **Section 4.1** on which the Participant makes his or her Deferral Election.

Section 2.8 Deferral Account. “Deferral Account(s)” means the account(s) established for record keeping purposes for each Participant’s Deferral Election pursuant to **Section 6.1**.

Section 2.9 Disability. “Disability” means eligibility for disability benefits under the terms of the Abbott Laboratories Extended Disability Plan (“EDP”) or, for a Participant whose Employer does not participate in the EDP, such similar plan, providing long term or extended disability benefits, in which his or her Employer participates.

Section 2.10 Distribution Election Form. “Distribution Election Form” means the form provided to the Participant by the Plan pursuant to **Section 4.3** on which the Participant specifies

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the time at which the amounts credited to one of the Participant’s Account(s) are to be distributed and their method of payment.

Section 2.11 Early Distribution. “Early Distribution” is defined in **Section 8.5**.

Section 2.12 Eligible Bonus. “Eligible Bonus” means an annual cash incentive bonus for a Plan Year that the Plan Administrator, or its delegate, has designated as being eligible for deferral under this Plan. As of the Effective Date, cash bonuses paid under the following plans have been designated as being eligible for deferral under the Plan: the Abbott Laboratories Cash Profit Sharing Plan, the Abbott Laboratories Divisional Incentive Plan, and the Abbott Laboratories Management Incentive Plan.

Section 2.13 Eligible Compensation. “Eligible Compensation” means the Participant’s Base Salary and Eligible Bonuses.

Section 2.14 Eligible Employee. “Eligible Employee” means any person employed by an Employer who is both

- (i) a United States employee or an expatriate who is based and paid in the United States, and
- (ii) shown as having a grade level of 20 or higher on his or her Employer’s Human Resource System

and who is not (i) an officer of the Company, (ii) an individual who provides services to an Employer under a contract, arrangement or understanding with either the individual directly or with an agency or leasing organization that treats the individual as either an independent contractor or an employee of such agency or leasing organization, even if such individual is subsequently determined (by an Employer, the Internal Revenue Service, any other governmental agency, judicial action, or otherwise) to have been a common law employee of an Employer rather than an independent contractor or employee of such agency or leasing organization, or (iii) any Employee who is employed by an Employer located in Puerto Rico, other than any person designated as a “U.S. Expatriate” on the records of an Employer.

For all Plan purposes, an individual shall be an “Eligible Employee” for any Plan Year only if during that Plan Year an Employer treats that individual as its employee for purposes of employment taxes and wage withholding for Federal income taxes, even if such individual is subsequently determined (by an Employer, the Internal Revenue Service, any other governmental agency, judicial action, or otherwise) to have been a common law employee of an Employer in that Plan Year.

Section 2.15 Employer. “Employer” shall mean the Company, the participating Employers on the Effective Date, and any Subsidiary of the Company that subsequently adopts the Plan in the manner provided in **Section 13.12**.

Section 2.16 Employer Contribution. “Employer Contribution” means the contribution deemed to have been made by an Employer pursuant to **Section 5.1**.

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Section 2.17 Employer Contribution Account. “Employer Contribution Account(s)” means the account(s) established for record keeping purposes for each Participant’s Employer Contributions pursuant to **Section 6.1**.

Section 2.18 Employer 401(k) Plan. “Employer 401(k) Plan” means any defined contribution retirement plan that is maintained by an Employer, qualified under Section 401(a) of the Code, and includes a cash or deferred arrangement under Code Section 401(k). The term shall specifically include, but not be limited to, the Abbott Laboratories 401(k) Plan and the Abbott Laboratories Stock Retirement Plan.

Section 2.19 ERISA. “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

Section 2.20 Hardship Distribution. “Hardship Distribution” is defined in **Section 8.4**.

Section 2.21 In-Service Distribution. “In-Service Distribution” is defined in **Section 4.3**.

Section 2.22 Investment Fund(s). “Investment Fund(s)” means one or more of the funds selected by the Plan Administrator pursuant to **Section 4.2**.

Section 2.23 Investment Election Form. “Investment Election Form” means the form provided to the Participant by the Plan pursuant to **Section 4.2** on which the Participant specifies the Investment Funds in which the Participant’s Account(s) are to be deemed to be invested.

Section 2.24 Participant. “Participant” means any Eligible Employee who elects to participate in this Plan by filing a Deferral Election, Investment Fund Election, and Distribution Election as provided in **Article 4**.

Section 2.25 Plan. “Plan” means the Abbott Laboratories Deferred Compensation Plan.

Section 2.26 Plan Administrator. “Plan Administrator” means the Board of Review.

Section 2.27 Plan Year. “Plan Year” means a twelve-month period beginning January 1 and ending the following December 31.

Section 2.28 Rate of Return. “Rate of Return” means, for each Investment Fund, an amount equal to the net gain or net loss (expressed as a percentage) on the assets of that Investment Fund.

Section 2.29 Retirement. “Retirement” means the retirement of a Participant from an Employer under the Abbott Laboratories Annuity Retirement Plan or any other pension or defined benefit pension plan of the Company or an Employer, including for this purpose the Abbott Laboratories Pension for Former BASF Employees.

Section 2.30 Subsidiary. “Subsidiary” shall mean any corporation, limited liability company, partnership, joint venture, or business trust organized in the United States 50 percent or more of the voting stock of which is owed, directly or indirectly, by the Company.

Section 2.31 Termination of Employment. “Termination of Employment” means the cessation of a Participant’s services as an employee of the Company, whether voluntary or involuntary, for any reason other than Retirement, Disability or death.

Section 2.32 Unforeseeable Emergency. “Unforeseeable Emergency” means severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, loss of the Participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant as determined by the Plan Administrator.

ARTICLE 3

Participation

Section 3.1 Participation.

(a) Except as provided in **Sections 3.1(a)** and **(c)**, an Eligible Employee may become a Participant by making a Deferral Election, Investment Fund Election, and Distribution Election pursuant to **Article 4** on or before the deadline set by the Plan Administrator pursuant to **Section 4.4**.

(b) A newly Eligible Employee may become a Participant by making a Deferral Election, Investment Fund Election, and Distribution Election pursuant to **Article 4** within thirty (30) days of his or her date of hire by an Employer and deferrals shall commence as soon as practical thereafter. Notwithstanding the foregoing, an individual who becomes a newly Eligible Employee as a result of a job promotion or transfer may not begin to participate in the Plan until the Plan Year next following such promotion or transfer.

(c) If a Participant revokes his or her Deferral Election for a Plan Year pursuant to **Section 4.1(d)**, then that Participant may not make a Deferral Election for the following Plan Year.

Section 3.2 Termination of Participation. Participant who ceases to be an Eligible Employee will remain a Participant but may no longer make Deferral Elections. A Participant shall remain a Participant until (i) his or her death or (ii) his or her Accounts have been distributed.

ARTICLE 4

Election Forms

Section 4.1 Deferral Elections.

(a) Participants shall make their Deferral Elections mutually on a form provided by the Plan Administrator (a “Defend Election Form”). Each Deferral Election shall apply to only a single Plan Year.

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(b) On his or her Deferral Election Form, the Participant shall specify the amount (expressed as a percentage) of his or her Base Salary and the amount (also expressed as a percentage) of his or her Eligible Bonuses that the Participant elects to defer for that Plan Year together with such other information as the Plan Administrator may, in its sole and absolute discretion, require.

(c) For any Plan Year, a Participant may elect to defer:

- (i) between five percent (5%) and seventy-five percent (75%) of his or her Base Salary (in whole percentage increments), and
- (ii) between five percent (5%) and one hundred percent (100%) of his or her Eligible Bonus (in whole percentage increments);

provided, however, that in no event may a Participant elect to defer his or her Eligible Compensation to the extent that his or her remaining compensation would be insufficient to satisfy all applicable withholding taxes and contributions required under Employer sponsored benefit plans in which the Participant participates.

(d) A Participant prospectively may revoke his or her Deferral Election with respect to his or her Base Salary but may not otherwise revoke or modify his or her Deferral Election. Any such revocation shall be made on forms provided by the Plan. If a Participant revokes his or her Deferral Election, then that Participant may not make a Deferral Election during the immediately following Plan Year.

Section 4.2 Investment Elections. The Plan Administrator shall, from time to time, make available investment options (the “Investment Funds”) that serve as benchmark funds for the amounts a Participant defers under the Plan. A Participant’s Plan deferrals shall not actually be invested in the Investment Funds and the Participant shall not be considered a shareholder of any of the Investment Funds he or she selects by virtue of participation in the Plan. Instead, the Participant’s Plan deferrals shall be considered invested in, and his or her Plan Account shall reflect such Investment Fund’s Rate of Return. A Participant’s election of investments shall be subject to the following rules:

(a) Participants shall make their investment elections on an Investment Election Form provided by the Plan Administrator (an “Investment Election”).

(b) On his or her Investment Election Form, the Participant shall specify the Accounts to which the Investment Election applies, the Investment Funds in which those Account(s) are to be deemed to be invested, and the portion (expressed in whole percentage increments) of each Account that is to be deemed to be invested in each such Investment Fund.

(c) A Participant may change his or her Investment Election no more often than once every thirty (30) days.

Section 4.3 Distribution Elections.

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(a) Participants shall make their distribution elections on a Distribution Election Form provided by the Plan Administrator (a “Distribution Election”). Each Distribution Election shall apply to only the Eligible Compensation being deferred in a single Plan Year.

(b) On the Distribution Election Form:

- (i) the Participant shall state whether the Eligible Compensation being deferred for that Plan Year are to be paid to the Participant while he or she is still employed by an Employer (an “In-Service Distribution”) or upon the Participant’s Retirement or Disability.
- (ii) If the Participant elects to receive the Eligible Compensation being deferred upon his or her Retirement or Disability, then the Participant shall also select the method of payment from among the methods of payment described in **Section 8.3(a)**. An election to receive a distribution of the Eligible Compensation being deferred upon Retirement or Disability will be irrevocable after the beginning of the Plan Year to which the Deferral Election relates.
- (iii) If the Participant elects to receive an In-Service Distribution of the Eligible Compensation being deferred, then the Participant shall also select the year in which the payments are to be made. A Participant may not elect to receive an In-Service Distribution in a Plan Year that is less than two (2) years after the end of the Plan Year in which the Eligible Compensation is earned.

Section 4.4 Deadline for Submitting Election Forms. The Plan Administrator may set a deadline or deadlines for the receipt of the election forms required under the Plan; provided, however, that such forms must be filed on or before the November 30 immediately preceding the Plan Year for which it is to be effective; and provided further that the deadline for the first Plan Year may be on or before December 31.

ARTICLE 5

Employer Contributions

Section 5.1 Employer Contributions. Each Participant who makes a Deferral Election will be credited with an Employer Contribution using the same formula for employer matching contributions used under the Employer 401(k) Plan in which that Participant participates. To receive an Employer Contribution, the Participant must be contributing the maximum allowable amount of pre-tax contributions to the Employer 401(k) Plan in which he or she participates and it will be assumed that he or she is receiving an employer matching contribution on his or her contribution. This assumed matching contribution from the Employer 401(k) Plan will reduce and offset the Employer Contribution calculated under provisions of this Plan. The Plan Administrator may set the amount of the Employer Contribution and may, in its sole and absolute discretion, base that amount on a formula that takes into account a Participant's overall compensation.

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Section 5.2 Allocation of Employer Contributions. A Participant's Employer Contribution for a Plan Year shall be allocated among the same Investment Funds and in the same proportion as the Participant has elected for his or her Base Salary deferral for that Plan Year.

Section 5.3 Distribution of Employee Contributions. An Employer Contribution for a Plan Year shall be distributed to the Participant according to the election made by the Participant governing his or her Base Salary deferrals for that same Plan Year.

ARTICLE 6

Maintenance and Crediting of Accounts

Section 6.1 Maintenance of Accounts.

(a) The Plan shall maintain a separate Account for each Deferral Election (a "Deferral Account") made by and each Employer Contribution (an "Employer Contribution Account") made for a Participant. A Participant's Accounts shall reflect the Participant's Investment Fund Elections and Distribution Elections made pursuant to **Article 4**, any Employer Contributions made on behalf of the Participant pursuant to **Article 5**, adjustments to the Account made pursuant to this **Article 6**, and distributions made with respect to the Account pursuant to **Article 8**. The Accounts shall be used solely as a device for the measurement and determination of the amounts to be paid to the Participants pursuant to this Plan and shall not constitute or be treated as a trust fund of any kind.

(b) Each Account shall be divided into separate subaccounts ("Investment Fund Subaccounts"), each of which corresponds to the Investment Fund selected by the Participant pursuant to **Section 4.2(b)**.

Section 6.2 Crediting of Accounts.

(a) No later than five (5) business days following the end of each pay period, the Plan shall credit each Participant's Investment Fund Subaccounts to reflect amounts deferred from the Participant's Eligible Compensation during that pay period and the Investment Fund Election made by the Participant with respect to that Eligible Compensation.

(b) No later than ten (10) business days following the end of each fiscal quarter, the Plan shall credit each Participant's Investment Fund Subaccounts to reflect any Employer Contribution deemed to have been made on behalf of the Participant for that fiscal quarter and the allocation of that contribution among the Investment Funds pursuant to **Section 8.3**.

(c) Each month, the Plan shall adjust each Investment Fund Subaccount to reflect any transfers under the Plan to or from that Investment Fund Subaccount, any distributions under the Plan made with respect to that Investment Fund Subaccount, and the Rate of Return on the related Investment Fund. The Plan shall, however, calculate the Rate of Return for each Investment Fund Subaccount on each business day.

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Section 6.3 Statement of Accounts. Each Participant shall be issued quarterly statements of his or her Account(s) in such form as the Plan Administrator deem desirable, setting forth the balance to the credit of such Participant in his or her Account(s) as of the end of the most recently completed quarter.

ARTICLE 7

Vesting and Forfeitures

Section 7.1 Deferral Accounts. A Participant's Deferral Accounts shall be one hundred percent (100%) vested and non-forfeitable at all times.

Section 7.2 Employer Contribution Account.

(a) A Participant's Employer Contribution Account shall become one hundred percent (100%) vested and non-forfeitable when the matching contributions made by the Participant's Employer on behalf of the Participant under the Employer 401(k) Plan in which the Participant participates become one hundred percent (100%) vested and non-forfeitable.

(b) If a Participant's employment with the Employers terminates (whether voluntarily or involuntarily) before the matching contributions made by the Participant's Employer on behalf of the Participant under the Employer 401(k) Plan in which the Participant participates become one hundred percent (100%) vested and non-forfeitable, then the Participant shall forfeit his or her related Employer Contribution Account.

ARTICLE 8

Distribution of Benefits

Section 8.1 Distribution of Benefits in the Event of Termination of Employment. If a Participant elects to receive his or her Plan Benefits as an In-Service Distribution, then in the event of that Participant's Retirement or the termination of that Participant's employment with the Employers for any reason (whether or not voluntary) other than Retirement or Disability prior to receiving that In-Service Distribution, the Company shall pay that Participant's Plan benefits in a lump-sum to the Participant as soon as practical following his or her termination of employment.

Section 8.2 In-Service Distributions. Subject to the provisions of **Section 8.6**, the Company shall pay In-Service Distributions in a lump-sum to the Participant on or about February 1st of the year designated by the Participant on his or her Distribution Election Form or as soon as practical thereafter.

Section 8.3 Distribution of Benefits in the Event of Disability or Retirement.

(a) If, pursuant to **Section 4.3** a Participant has elected to receive his or her Plan benefits upon his or her Disability or Retirement and if at the time of that Disability or Retirement the Participant has more than a total of \$25,000 to be distributed from his or her Account using the same distribution method, then the Company shall pay the Participant his or

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her Plan benefits commencing as soon as practical after the Participant's Disability or Retirement in any of the following forms:

- (i) in substantially equal quarterly installments to the Participant over fifteen (15) years; or
- (ii) in substantially equal quarterly installments to the Participant over ten (10) years; or
- (iii) in substantially equal quarterly installments to the Participant over five (5) years; or
- (iv) in a lump-sum; or
- (v) if no such election is on file with the Plan Administrator, in the form specified in **Section 8.3(a)(ii)** hereof.

(b) If a Participant elects to receive his or her Plan benefits upon his or her Disability or Retirement and if at the time of that Disability or Retirement the Participant has \$25,000 or less credited to his or her Account, then the Participant (or in the event of the Participant's death, the Participant's Beneficiary) shall receive, and the Company shall pay, the Participant's Plan benefits in a lump-sum as soon as practical after the Participant's Disability or Retirement.

(c) In the event of a Participant's death, the Company shall pay his or her total Account balance, including any unpaid installments, to his or her Beneficiary in a lump sum as soon as practical after the Participant's death.

Section 8.4 Hardship Distributions.

(a) A Participant may receive the early payment of all or part of the balance in his or her Account(s) in the event of an Unforeseeable Emergency (a "Hardship Distribution") subject to the following restrictions:

- (i) The Participant has requested the Hardship Distribution from the Plan Administrator on a form provided by or in the format requested by the Plan Administrator;
- (ii) The Plan Administrator has determined that an Unforeseeable Emergency has occurred;
- (iii) The Plan Administrator determines the amount of the Hardship Distribution; and
- (iv) The Hardship Distribution shall be distributed in a lump-sum as soon as practical following the determination by the Plan Administrator of the amount of the Hardship Distribution.

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(b) The circumstances that would constitute a Unforeseeable Emergency will depend on the facts and circumstances of each case, but, in any case, a Hardship Distribution may not be made to the extent that such hardship may be relieved through (i) reimbursement or compensation by insurance or otherwise, (ii) liquidation of the Participant's assets, to the extent that liquidation of the Participant's assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under this Plan.

Section 8.5 Early Distributions. A Participant may receive an early payment of all or a part of the balance in his or her Account(s) subject to the following restrictions ("Early Distribution"):

(a) The Participant requests an Early Distribution of at least fifty percent (50%) of the balance in his or her Account(s) on a form provided by or in the format requested by the Plan Administrator;

(b) The Early Distribution shall be distributed in a lump-sum as soon as practical following the Plan Administrator's receipt of the Participant's request in accordance with the provisions of this **Section 8.5**;

(c) If the Participant receives an Early Distribution, then the Participant shall be deemed to have revoked his or her Deferral Election for the Plan Year and may not make a Deferral Election for the remainder of that Plan Year nor the following Plan Year; and

(d) A Participant shall receive ninety percent (90%) of the amount of the Early Distribution he or she requests and the remaining ten percent (10%) of such amount shall be forfeited by the Participant.

Section 8.6 Postponing or Amending Distributions. A Participant may postpone, no more than twice each Plan Year, a scheduled In-Service Distribution to a date that is at least two (2) years after the previously scheduled distribution date by filing a form provided by or in the format requested by the Plan Administrator at least one year prior to the date previously elected by the Participant for that In-Service Distribution. A Participant may amend the method of distribution specified in **Section 8.3(a)** by filing a form provided by or in the format requested by the Plan Administrator; provided, however, that in the event of a Participant's Retirement or Disability within one (1) year of any such amendment, the amendment shall be voided and the most recent election on file with the Administrator shall govern.

ARTICLE 9

Beneficiary Designation

Section 9.1 Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person, persons or entity as his or her Beneficiary or Beneficiaries. A Beneficiary designation shall be made, and may be amended, by the Participant by filing a written designation with the Plan Administrator, on such form and in accordance with such procedures as the Plan Administrator may establish from time to time.

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Section 9.2 Failure to Designate a Beneficiary. If a Participant or Beneficiary fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or his or her Beneficiary, then the Participant's Beneficiary shall be deemed to be, in the following order:

- (i) to the spouse of such person, if any; or
- (ii) to the deceased person's estate.

Section 9.3 Facility of Payment. When, in the Plan Administrator's opinion, a Participant or Beneficiary is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Plan Administrator may make any benefit payments to the Participant or Beneficiary's legal representative, or spouse, or the Plan Administrator may apply the payment for the benefit of the Participant or Beneficiary in any way the Plan Administrator considers advisable.

ARTICLE 10

Administration of Plan

Section 10.1 Plan Administrator. The Board of Review, or such person as the Board of Review shall designate pursuant to **Section 10.3**, shall serve as the Plan Administrator of the Plan. The administration of the Plan shall be under the supervision of the Plan Administrator. It shall be a principal duty of the Plan Administrator to see that the Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in the Plan without discrimination among them. Benefits under the Plan shall be paid only if the Plan Administrator decides, in his or her discretion, that the applicant is entitled to them. The Plan Administrator will have full power to administer the Plan in all of its details, subject to applicable requirements of law. For this purpose, the Plan Administrator's powers will include but will not be limited to, the following authority, in addition to all other powers provided by this Plan:

- (i) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan, including the establishment of any claims procedures that may be required by applicable provisions of law;
- (ii) To exercise discretion in interpreting the Plan, any interpretation to be reviewed under the arbitrary and capricious standard;
- (iii) To exercise discretion in deciding all questions concerning the Plan and the eligibility of any person to participate in the Plan; such decision to be reviewed under the arbitrary and capricious standard;
- (iv) To appoint such agents, counsel, accountants, consultants and other persons as may be required to assist in administering the Plan;

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- (v) To allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan, any such allocations, delegation or designation to be in writing;
- (vi) To determine the amount and type of benefits to which any Participant or Beneficiary shall be entitled hereunder;
- (vii) To receive from the Employers and from Participants such information as shall be necessary for the proper administration of the Plan or any of its programs;
- (viii) To maintain or cause to be maintained all the necessary records for the administration of the Plan;
- (ix) To receive, review and keep on file (as it deems convenient and proper) reports of benefit payments made by the Plan;
- (x) To determine and allocate among the Employers the liability to the Company associated with Plan benefits in accordance with **Section 1.3** and to determine the time at which and manner in which that liability shall be paid to the Company;

- (xi) To make, or cause to be made, equitable adjustments for any mistakes or errors made in the administration of the Plan; and
- (xii) To do all other acts which the Plan Administrator deems necessary or proper to accomplish and implement its responsibilities under the Plan.

Section 10.2 Reliance on Tables, etc. In administering the Plan, the Plan Administrator will be entitled to the extent permitted by law to rely exclusively on all tables, valuations, certificates, opinions and reports which are furnished by, or in accordance with the instructions of accountants, counsel, or other experts employed or engaged by the Plan Administrator.

Section 10.3 Delegation. The Board of Review shall have the authority to appoint another corporation or one or more other persons to serve as the Plan Administrator hereunder, in which event such corporation or person (or persons) shall exercise all of the powers, duties, responsibilities, and obligations of the Plan Administrator hereunder.

Section 10.4 Operations. The day to day operation of the Plan will be handled by the Corporate Benefits Department of the Company or the person or persons designated by the Plan Administrator.

Section 10.5 Uniform Rules. The Plan Administrator shall administer the Plan on a reasonable and nondiscriminatory basis and shall apply uniform rules to all similarly situated Participants.

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Section 10.6 Plan Administrator's Decisions Final. Any interpretation of the provisions of the Plan (including but not limited to the provisions of any of its Programs) and any decision on any matter within the discretion of the Plan Administrator made by the Plan Administrator in good faith shall be binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known and the Plan Administrator shall make such adjustment on account thereof as it considers equitable and practicable. Neither the Plan Administrator nor any Employer shall be liable in any manner for any determination of fact made in good faith.

ARTICLE 11

Claims for Benefits

Section 11.1 Claims and Review Procedure. The Plan Administrator shall adopt procedures for the filing and review of claims in accordance with Section 503 of ERISA.

ARTICLE 12

Amendment and Termination of Plan

Section 12.1 Amendment. The Company may amend this Plan, in whole or in part, at any time provided, however, that no amendment shall be effective to decrease the balance in any Account as accrued at the time of such amendment. Any amendment which would allow officers of the Company to participate in the Plan shall require the approval of the Abbott Laboratories Board of Directors. Any amendment which increases the total cost of the Plan to the Employers in excess of \$250,000 in each of the three full calendar years next following the date of the amendment shall be approved by the Board of Review. The Senior Vice President, Human Resources of the Company shall approve all other amendments to the Plan and the extension of the Plan to any division or Subsidiary of the Company.

Section 12.2 Company's Right to Terminate. The Board of Review may at any time terminate the Plan with respect to future Deferral Elections. The Board of Review may also terminate the Plan in its entirety at any time for any reason, including without limitation if, in its judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payments thereunder would not be in the best interests of the Company, and upon any such termination, the Company shall pay to the Participant the benefits the Participant is entitled to receive under the Plan as monthly installments over a three (3) year period commencing within ninety (90) days (determined as of the most recent Valuation Date preceding the termination date).

ARTICLE 13

Miscellaneous

Section 13.1 Unfunded Plan. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of Sections 201, 301 and 401 of ERISA and therefore meant to be exempt from Parts 2, 3 and 4 of Title I of ERISA. All payments

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pursuant to the Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in the Plan.

Section 13.2 Nonassignability. Except as specifically set forth in the Plan with respect to the designation of Beneficiaries, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Section 13.3 Validity and Severability. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 13.4 Governing Law. The validity, interpretation, construction and performance of this Plan shall in all respects be governed by the laws of the State of Illinois, without reference to principles of conflict of law, except to the extent preempted by federal law.

Section 13.5 Employment Status. This Plan does not constitute a contract of employment or impose on the Participant or the Company any obligation for the Participant to remain an employee of the Company or change the status of the Participant's employment or the policies of the Company and its affiliates regarding termination of employment.

Section 13.6 Underlying Incentive Plans and Promotion. Nothing in this Plan shall prevent the Company from modifying, amending or terminating the compensation or the incentive plans and programs pursuant to which Eligible Bonuses or Eligible Compensation are earned and which are deferred under this Plan.

Section 13.7 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

Section 13.8 Waiver of Breach. The waiver by the Company of any breach of any provision of the Plan by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

Section 13.9 Notice. Any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand-delivered, or sent by first class mail to the principal office of the Company, directed to the attention of the Plan Administrator. Such notice shall be deemed given as of the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark.

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Section 13.10 Waiver of Notice. Any notice required under the Plan may be waived by the person entitled to such notice.

Section 13.11 Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

Section 13.12 Additional Employers. Subject to the consent of the Board of Review, any Subsidiary of the Company may adopt the Plan by filing a written instrument to that effect with the Company.

Section 13.13 Separation and Distribution Agreement of 2004. Notwithstanding any other provision of the Plan to the contrary but subject to the provisions of this **Section 13.13**, if an Eligible Employee who is a Participant in the Plan transfers from employment with the Company or an Employer to Hospira, Inc. or to a subsidiary of Hospira, Inc. (collectively, the "Hospira Companies") as a result of the transactions contemplated by that certain Separation and Distribution Agreement by and between Abbott Laboratories and Hospira, Inc., dated as of April 12, 2004 (the "Distribution Agreement"), and such transfer of employment is made in accordance with and subject to the terms of the Employee Benefits Agreement as described in the Distribution Agreement (each such transferred Participant referred to herein as a "Transferred Hospira Participant"), then the following provisions shall apply to each such Transferred Hospira Participant:

- (a) A Transferred Hospira Participant's transfer of employment to the Hospira Companies will not be considered as a termination of employment as a result of Termination of Employment, Retirement or Disability for purposes of determining eligibility for distributions under **Article 8** of the Plan. Such Transferred Hospira Participant's termination of employment resulting from Termination of Employment, Retirement or Disability shall occur only upon his or her subsequent termination of employment from the Hospira Companies (and Termination of Employment, Retirement and Disability with respect to such Transferred Hospira Participants shall mean such events in relation to the Hospira Companies rather than in relation to the Company and the Employers);
- (b) Following his or her transfer to employment with the Hospira Companies, a Transferred Hospira Participant will remain a Participant but may no longer make Deferral Elections. A Transferred Hospira Participant shall remain a Participant until (i) his or her death or (ii) his or her Accounts have been distributed in accordance with the Plan and in accordance with the Transferred Hospira Participant's elections regarding the manner of distribution of such Accounts.
- (c) Notwithstanding the foregoing provisions of this **Section 13.13**, a Participant who will transfer to employment with the Hospira Companies on the Distribution Date may elect, prior to the Distribution Date as defined in the Distribution Agreement, to have his or her transfer of

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employment treated as a termination of employment with the Company and the Employer, in which case such Participant will be treated as having a Termination of Employment on the Distribution Date and his or her Accounts will be distributed in accordance with **Article 8**; provided, however, that such Accounts shall be distributed as soon as practicable following the one-year anniversary of the Distribution Date. Any election made by a Participant in accordance with this **Section 13.13(c)** shall be made in such form and at such time as required by the Plan Administrator.

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Amended and Restated effective
January 1, 2008

ABBOTT LABORATORIES 401(K) SUPPLEMENTAL PLAN

SECTION 1 INTRODUCTION

1-1. **PURPOSE.** This Abbott Laboratories 401(k) Supplemental Plan (the “Plan”) is being established by Abbott Laboratories (“Abbott”) to provide eligible management employees of Abbott an opportunity to accumulate capital for their retirement or other termination of employment in excess of the contributions allowed under the Abbott Laboratories Stock Retirement Plan (“Stock Plan”).

1-2. **EFFECTIVE DATE; GRANDFATHERED AMOUNTS.** The Plan became effective as of October 1, 1993 and is hereby amended and restated, effective as of January 1, 2008, in accordance with the requirements of Section 409A (“Code Section 409A”) of the Internal Revenue Code of 1986, as amended (the “Code”). Notwithstanding anything in the Plan to the contrary, any amounts under the Plan that were earned and vested before January 1, 2005 (as determined in accordance with Code Section 409A) with respect to participants who retired before January 1, 2005 (“Grandfathered Amounts”) shall be subject to the terms and conditions of the Plan as administered and as in effect on December 31, 2004, provided that the provisions of the Plan, as amended effective December 9, 2005 in accordance with Code Section 409A, shall also apply to Grandfathered Amounts. Except as expressly provided above or elsewhere herein, amendments made to the Plan pursuant to this amendment and restatement or otherwise shall not affect the Grandfathered Amounts. The terms and conditions applicable to the Grandfathered Amounts are set forth in Exhibit A attached hereto.

1-3. **ADMINISTRATION.** The Plan shall be administered by the Compensation Committee (the “Committee”) appointed by the Board of Directors of Abbott (the “Board of Directors”).

SECTION 2 ELIGIBILITY AND PARTICIPATION

2-1. **PERSONS ELIGIBLE TO PARTICIPATE.** Participation in the Plan shall be limited to employees who are serving as corporate officers of Abbott as of October 1, 1993 or who become corporate officers thereafter. The term “corporate officer” for purposes of the Plan shall mean an individual elected an officer of Abbott by its Board of Directors (or designated as such for purposes of the Plan by the Committee), but shall not include assistant officers. In the event an employee should cease to be a corporate officer of Abbott due to demotion or otherwise while remaining in the employ of Abbott, (a) such employee’s elective deferral in effect for such year shall remain irrevocable, (b) Abbott’s matching contributions under Section 4 shall immediately cease and (c) such employee shall no longer be eligible to participate in the Plan as of the end of such calendar year. In the event an employee should cease to be a corporate officer of Abbott due to termination of employment, such employee shall cease to be eligible to

participate in the Plan and any contributions then being made on behalf of such employee shall immediately cease.

2-2. **PARTICIPANT.** An eligible employee may elect to participate in the Plan by electing to have contributions made on the employee’s behalf as provided in Section 5.

SECTION 3 EMPLOYEE CONTRIBUTIONS

3-1. **ALLOWABLE CONTRIBUTIONS.** An eligible employee may elect to have his employer make “pre-tax contributions” on his behalf in an amount not greater than 18% in total of his compensation in any calendar year for services rendered to his employer. A pre-tax contribution made by an employer on behalf of a participant shall reduce the participant’s compensation at the time of payment of such compensation. Each election hereunder shall be in writing, and shall be in multiples of 1% of compensation.

3-2. **COMPENSATION.** A participant’s “compensation” shall have the same meaning as that term is used in subsection 7-2 of the Stock Plan.

3-3. **MAXIMUM EMPLOYEE CONTRIBUTIONS.** Notwithstanding subsection 3-1, in no event shall the sum of:

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

for any calendar year, exceed 18% of the employee’s compensation for such year. In the event the limitation described in this subsection 3-3 would be exceeded for any participant, the participant’s pre-tax contributions made under this Plan shall be reduced until the limit is not exceeded.

3-4. **CHANGE IN STOCK PLAN.** Notwithstanding anything to the contrary contained in Sections 3-1 and 3-3 above, no action or inaction by an employee under the Stock Plan may result in a change in amounts contributed to the Plan in excess of the limit with respect to elective deferrals under Section 402(g)(1)(A), (B) and (C) of the Code in effect for the year in which the action or inaction occurs.

SECTION 4 EMPLOYER CONTRIBUTIONS

For the calendar year ending December 31, 1993, and for each subsequent calendar year, Abbott shall make a contribution on behalf of each participant in the Plan who makes pre-tax contributions (“basic contributions”) under the Plan during such year at the rate of two percent (2%) of compensation in excess of, for calendar year 1993, Two Hundred Thousand Dollars (\$200,000), and for calendar years subsequent to 1993, the limit in effect

respect to such basic contributions had such basic contributions been made under subsection 7-1 of the Stock Plan.

To the extent applicable, a contribution made by a participant under subsection 5-4 shall be considered a basic contribution for purposes of this Section 4 to the extent it includes contributions at the rate of two percent (2%) of compensation for 1993 in excess of Two Hundred Thousand Dollars (\$200,000).

SECTION 5 ELECTIONS

5-1. ANNUAL ELECTIONS REQUIRED. Except as provided in Section 5-3, a participant shall elect to make pre-tax contributions with respect to compensation earned in any calendar year on or prior to December 31st of the prior calendar year. Each such election shall be in writing, shall be filed with the Committee, shall be effective only for the calendar year for which made and shall be irrevocable. An employee who fails to make a timely election under this subsection 5-1 for a calendar year may not contribute to the Plan during the following year.

5-2. [Section intentionally omitted.]

5-3. NEWLY ELIGIBLE AND NEWLY HIRED EMPLOYEES. A newly hired corporate officer described in Section 2-1 shall become eligible to participate in the Plan on the first day of the month next following the month after the individual's date of hire; provided, that in no event may such individual begin to participate in the Plan later than 90 days following his or her date of hire. An eligible employee described in the preceding sentence (who was not eligible to participate in any other plan that would be aggregated with the Plan under Treasury Regulation §1.409A-1(c)) shall make the election described in Section 5-1 within thirty (30) days of the date on which he first becomes eligible under the Plan. Any such election shall become effective for compensation earned no earlier than the first payroll period commencing after receipt of the election by the Committee and shall be irrevocable for the remainder of the calendar year. Any other newly eligible employee shall make the election described in Section 5-1 no later than December 31st of the year in which such employee first becomes eligible under the Plan. Any such election shall become effective for compensation earned in the calendar year following the year in which the election is made.

5-4. SPECIAL CONTRIBUTION FOR 1993. Employees who are serving as corporate officers of Abbott and who have established "Grantor Trusts" under the 1986 Abbott Laboratories Management Incentive Plan ("MIP") as of October 1, 1993, may elect to make a lump-sum contribution based on compensation earned during the period of January 1, 1993 through September 30, 1993 (the "Make-Up Period") by filing an election with the Administrator and tendering payment in cash to such Grantor Trust of the amount of the contribution, not later than October 31, 1993. Any such contribution shall not exceed the maximum contribution allowed under subsection 3-3 based on the employee's Stock Plan contributions made, and compensation earned, during the Make-Up Period.

5-5. GRANTOR TRUST ELECTION. At the time of the annual elections described in subsection 5-1, each participant may elect to have his pre-tax and employer contributions for the following year deposited in a "Grantor Trust" established by the participant under the

circumstances and on the terms described in subsection 6-1, rather than defer such contributions under subsection 5-1. Any such election shall be irrevocable and shall apply to all pre-tax contributions made during, and employer contributions made for, such calendar year on behalf of such participant. If the participant fails to make an election under this subsection 5-5, the participant's pre-tax contributions made during, and employer contribution made for, such calendar year shall be retained by Abbott and shall not be deposited in a Grantor Trust in the future. In no event shall such contributions be paid to the Grantor Trust later than the last day of the "applicable 2 ½ month period", as such term is defined in Treasury Regulation § 1.409A-1(b)(4)(i)(A).

SECTION 6 FUNDING EMPLOYER AND EMPLOYEE CONTRIBUTIONS

6-1. CONTRIBUTIONS TO BE DEPOSITED IN GRANTOR TRUSTS. Each participant's pre-tax contributions and employer contributions which the participant has filed an election under subsection 5-5 shall be deposited in a "Grantor Trust" established by the participant, as described in subsection 6-3, provided such trust is in a form which the Committee determines is substantially similar to the trust attached to this Plan as Exhibit B.

6-2. CONTRIBUTIONS TO BE RETAINED BY ABBOTT. Each participant's pre-tax contributions and employer contributions for which the participant has not filed an election under subsection 5-5 shall be retained by Abbott and credited to a Deferred Account established under subsection 7-1.

6-3. AFTER ESTABLISHMENT OF GRANTOR TRUST. After a Grantor Trust has been established by a participant under subsection 6-1, all pre-tax contributions and employer contributions made thereafter for which the participant has filed an election under subsection 5-5, shall be deposited in such Grantor Trust (less the aggregate federal, state and local individual income and employment taxes (determined under subsection 8-5) attributable to such contributions). Such deposits shall be made as soon as practicable after the last complete payroll period of the calendar quarter in which the contributions are made. The appropriate aggregate federal, state and local individual income and employment taxes attributable to the contributions shall be paid directly to the participant. In no event shall such contributions be paid to the Grantor Trust or the participant later than the last day of the "applicable 2 ½ month period", as such term is defined in Treasury Regulation § 1.409A-1(b)(4)(i)(A).

6-4. [Section intentionally omitted.]

6-5. ELIMINATION OF GRANTOR TRUST FUNDING THRESHOLD. Notwithstanding anything contained in the Plan to the contrary, effective as of January 1, 2005, the Grantor Trust established by the participant shall be funded in accordance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.

6-6. UTILIZATION OF TRANSITION RELIEF UNDER SECTION 409A OF THE CODE. Notwithstanding anything contained in the Plan to the contrary, pursuant to Q&A-20 of Internal Revenue Service Notice 2005-1 (the "Notice"), Abbott shall cause the amount of all pre-tax and employer contributions and all associated earnings, including guaranteed rate payments, for the periods ended on or prior to December 31, 2005 for each participant who has made a

Grantor Trust election under subsection 5-5, to the extent not previously contributed to a Grantor Trust established by the participant, to be deposited in such Grantor Trust on or prior to December 31, 2005. Such contribution is intended to result in a partial termination of participation in the Plan as permitted by the Notice. Each participant who has established a Grantor Trust and who receives such contribution shall include the full amount of such Grantor Trust contribution in the participant's income in 2005.

SECTION 7 ACCOUNTING

7-1. SEPARATE ACCOUNTS. The Committee shall establish accounts for participants who have made elections pursuant to subsection 5-1 or 5-5 as follows:

- (a) The Committee shall maintain a "Deferred Account" in the name of each participant who has elected to defer payment of all or a portion of his or her pre-tax contributions under subsection 5-1. The Deferred Account shall be comprised of any pre-tax contributions made on behalf of the participant under subsection 3-1 and any other allocations made on behalf of the participant under Section 4, in each case, for which the participant has not made an election under subsection 5-5, and any adjustments made pursuant to subsection 7-2.
- (b) The Committee shall maintain two separate Accounts, a "Pre-Tax Account" and an "After-Tax Account", in the name of each participant who has declined to defer allocations by electing to have a portion of his or her pre-tax and employer contributions deposited in cash to a Grantor Trust according to subsection 5-5. The Pre-Tax Account shall consist of the aggregate of all pre-tax contributions contemplated by subsection 3-1, whether deposited to the participant's Grantor Trust or made in cash to the participant, and any adjustments in accordance with subsection 7-3. The After-Tax Account shall consist of employer contributions deposited to the participant's Grantor Trust in cash according to subsection 5-5 and any adjustments made in accordance with subsection 7-4.

7-2. ADJUSTMENT OF DEFERRED ACCOUNTS. No later than as of the end of each calendar year, each participant's Deferred Account shall be adjusted by the Committee as follows:

- (a) FIRST, reduced by an amount equal to any distribution made to the participant during that year pursuant to subsections 7-11 or 7-12;
- (b) NEXT, increased by an amount equal to any pre-tax contributions and employer contributions made on behalf of such participant for that year for which the participant has not made an election under subsection 5-5; and
- (c) FINALLY, increased by an amount equal to the Interest earned for that year pursuant to subsection 7-5.

7-3. ADJUSTMENT OF PRE-TAX ACCOUNTS. No later than as of the end of each calendar year, each participant's Pre-Tax Account shall be adjusted by the Committee as follows:

- (a) FIRST, reduced, in any year in which the participant is entitled to receive a distribution from his or her Grantor Trust, by an amount equal to the distribution that would have been made to the participant if the aggregate amounts allocated according to subsection 5-5 had instead been deferred under subsection 5-1;
- (b) NEXT, increased by an amount equal to any pre-tax contributions and employer contributions made on behalf of the participant for that year that are paid to the participant (including any contributions paid to the participant's Grantor Trust) according to subsection 5-5;
- (c) FINALLY, increased by an amount equal to the Interest earned for that year pursuant to subsection 7-5.

7-4. ADJUSTMENT OF AFTER-TAX ACCOUNTS. No later than as of the end of each calendar year, each participant's After-Tax Account shall be adjusted by the Committee as follows:

- (a) FIRST, reduced, in any year in which the participant is in receipt of a benefit distribution from his or her Grantor Trust, by an amount calculated as provided by subsection 7-16 which represents the distribution for such year;
- (b) NEXT, increased by an amount equal to any pre-tax contributions and employer contributions made on behalf of the participant for that year that are deposited in the participant's Grantor Trust according to subsection 5-5;
- (c) FINALLY, increased by an amount equal to the After-Tax Interest earned for that year pursuant to subsection 7-5.

7-5. INTEREST ACCRUALS ON ACCOUNTS.

- (a) No later than as of the end of each calendar year, a participant's Deferred Account or Pre-Tax Account, as applicable, shall be credited with interest ("Interest") at the following rate:

- (i) the average of the “prime rate” of interest published by the Wall Street Journal (Mid-West Edition) or comparable successor quotation service on the first business day of January and the last business day of each month of the calendar year; plus
 - (ii) two hundred twenty-five (225) basis points.
- (b) No later than as of the end of each calendar year, a participant’s After-Tax Account shall be credited with the amount of Interest set forth above, multiplied by the aggregate of the federal, state and local individual income tax rates determined in accordance with subsection 8-5 (the “After-Tax Interest”).
 - (c) The Interest and After-Tax Interest, as applicable, shall be credited on the conditions established by the Committee.

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7-6. **GUARANTEED RATE PAYMENTS.** In addition to any employer contribution made on behalf of a participant for any calendar year pursuant to section 4, Abbott shall also make a payment to a participant’s Grantor Trust (a “Guaranteed Rate Payment”) for each year in which the Grantor Trust is in effect. The Guaranteed Payment shall equal the excess, if any, of the participant’s “Net Interest Accrual” (as defined below) over the net earnings of the participant’s Grantor Trust for the year, and shall be paid within the thirty (30) days beginning April 1 of the following calendar year. A participant’s Net Interest Accrual for a year is an amount equal to: the After-Tax Interest credited to the participant’s After-Tax Account for that year in accordance with subsection 7-5.

7-7. **GRANTOR TRUST ASSETS.** Each participant’s Grantor Trust assets shall be invested solely in the instruments specified by investment guidelines established by the Committee. Such investment guidelines, once established, may be changed by the Committee, provided that any change shall not take effect until the year following the year in which the change is made and provided further that the instruments specified shall be consistent with the provisions of Section 3(b) of the form of Grantor Trust attached hereto as Attachment A.

7-8. **DESIGNATION OF BENEFICIARIES.** Subject to the conditions and limitations set forth below, each participant, and after a participant’s death, each primary beneficiary designated by a participant in accordance with the provisions of this subsection 7-6, shall have the right from time to time to designate a primary beneficiary or beneficiaries and, successive or contingent beneficiary or beneficiaries to receive unpaid amounts from the participant’s Deferred Account under the Plan. Beneficiaries may be a natural person or persons or a fiduciary, such as a trustee of a trust or the legal representative of an estate. Any such designation shall take effect upon the death of the participant or such beneficiary, as the case may be, or in the case of any fiduciary beneficiary, upon the termination of all of its duties (other than the duty to dispose of the right to receive amounts remaining to be paid under the Plan). The conditions and limitations relating to the designation of beneficiaries are as follows:

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

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

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

7-9. **NON-ASSIGNABILITY AND FACILITY OF PAYMENT.** Amounts payable to participants and their beneficiaries under the Plan are not in any way subject to their debts and other obligations, and may not be voluntarily or involuntarily sold, transferred or assigned; provided that the preceding provisions of this section shall not be construed as restricting in any way a designation right granted to a beneficiary pursuant to the terms of subsection 7-6. When a participant or the beneficiary of a participant is under legal disability, or in the Committee’s opinion is in any way incapacitated so as to be unable to manage his or her financial affairs, the Committee may direct that payments shall be made to the participant’s or beneficiary’s legal representative, or to a relative or friend of the participant or beneficiary for the benefit of the participant or beneficiary, or the Committee may direct the payment or distribution for the benefit of the participant or beneficiary in any manner that the Committee determines.

7-10. **PAYER OF AMOUNTS ALLOCATED TO PARTICIPANTS.** Any employer contribution made on behalf of a participant in the Plan and any interest credited with respect thereto will be paid by the employer (or such employer’s successor) by whom the participant was employed during the calendar year for which any amount was contributed, and for that purpose, if a participant shall have been employed by two or more employers during any calendar year the amount allocated under this Plan for that year shall be an obligation of each of the respective employers in proportion to the respective amounts of compensation paid by each of them in that calendar year.

7-11. **MANNER OF PAYMENT OF DEFERRED ACCOUNTS.** Subject to subsection 7-12, a participant shall elect to receive payment of his Deferred Account in substantially equal annual installments over a minimum period of ten years, or a longer period, at the time of his election for such calendar year under subsection 5-1. Payment of a participant’s Deferred Account shall commence on the first business day of January of the year following the year in which the participant incurs a termination of employment.

7-12. PAYMENT UPON TERMINATION FOLLOWING CHANGE IN CONTROL. Notwithstanding any other provision of the Plan, if a participant incurs a termination of employment with Abbott and its subsidiaries for any reason within two (2) years following the date of a Change in Control, provided that the event constituting a Change in Control is also a "change in control event", as such term is defined in Treasury Regulation § 1.409A-3(i)(5): (a) with respect to a participant whose contributions under the Plan are deferred in accordance with subsection 5-1, the aggregate unpaid balance of the participant's Deferred Account shall be paid to such participant in a lump sum within thirty (30) days following the date of such termination of employment, and (b) with respect to a participant whose contributions under the Plan are made pursuant to subsection 5-5, (i) the aggregate of the participant's unpaid contributions under subsection 5-5 (if any) for the fiscal year in which the termination occurs and (ii) a pro rata portion of the unpaid Guaranteed Rate Payment under subsection 7-6 attributable to the portion of the year elapsed prior to the date of termination, shall be paid to such participant's Grantor

Trust in a lump sum within thirty (30) days following the date of such termination of employment.

7-13. CHANGE IN CONTROL. A "Change in Control" shall be deemed to have occurred on the earliest of the following dates:

- (a) the date any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Abbott (not including in the securities beneficially owned by such Person any securities acquired directly from Abbott or its Affiliates) representing 20% or more of the combined voting power of Abbott's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (c) below; or
- (b) the date the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Abbott) whose appointment or election by the Board of Directors or nomination for election by Abbott's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or
- (c) the date on which there is consummated a merger or consolidation of Abbott or any direct or indirect subsidiary of Abbott with any other corporation or other entity, other than (i) a merger or consolidation (A) immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the Board of Directors of Abbott, the entity surviving such merger or consolidation or, if Abbott or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof and (B) which results in the voting securities of Abbott outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any subsidiary of Abbott, at least 50% of the combined voting power of the securities of Abbott or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of Abbott (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Abbott (not including in the securities Beneficially Owned by such Person any securities acquired directly from Abbott or its Affiliates) representing 20% or more of the combined voting power of Abbott's then outstanding securities; or
- (d) the date the shareholders of Abbott approve a plan of complete liquidation or dissolution of Abbott or there is consummated an agreement for the sale or

disposition by Abbott of all or substantially all of Abbott's assets, other than a sale or disposition by Abbott of all or substantially all of Abbott's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of Abbott, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any subsidiary of Abbott, in substantially the same proportions as their ownership of Abbott immediately prior to such sale.

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

For purposes of this Plan: "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act; "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act; "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time; and "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) Abbott or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Abbott in substantially the same proportions as their ownership of stock of Abbott.

7-14. POTENTIAL CHANGE IN CONTROL. A "Potential Change in Control" shall exist during any period in which the circumstances described in paragraphs (a), (b), (c) or (d), below, exist (provided, however, that a Potential Change in Control shall cease to exist not later than the occurrence of a Change in Control):

- (a) Abbott enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, provided that a Potential Change in Control described in this paragraph (a) shall cease to exist upon the expiration or other termination of all such agreements.

- (b) Any Person (without regard to the exclusions set forth in subsections (i) through (iv) of such definition) publicly announces an intention to take or to consider taking actions the consummation of which would constitute a Change in Control; provided that a Potential Change in Control described in this paragraph (b) shall cease to exist upon the withdrawal of such intention, or upon a determination by the Board of Directors that there is no reasonable chance that such actions would be consummated.

- (c) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of Abbott representing 10% or more of either the then outstanding shares of common stock of Abbott or the combined voting power of Abbott's then outstanding securities (not including any securities beneficially owned by such Person which are or were acquired directly from Abbott or its Affiliates).
- (d) The Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control exists; provided that a Potential Change in Control described in this paragraph (d) shall cease to exist upon a determination by the Board of Directors that the reasons that gave rise to the resolution providing for the existence of a Potential Change in Control have expired or no longer exist.

7-15. PROHIBITION AGAINST AMENDMENT. The provisions of subsections 7-12, 7-13, 7-14 and this subsection 7-15 may not be amended or deleted, nor superseded by any other provision of this Plan, (i) during the pendency of a Potential Change in Control and (ii) during the period beginning on the date of a Change in Control and ending on the date five (5) years following such Change in Control.

7-16. ADMINISTRATOR'S CALCULATION OF GRANTOR TRUST DISTRIBUTIONS. The Administrator shall calculate the amount to be distributed from a participant's Grantor Trust in any year in which the participant is entitled to a benefit distribution by multiplying (i) the amount of the reduction determined in accordance with subsection 7-3(a), by (ii) a fraction, the numerator of which is the balance in the participant's After-Tax Account as of the end of the prior calendar year and the denominator of which is the balance of the participant's Pre-Tax Account as of that same date.

SECTION 8 MISCELLANEOUS

8-1. RULES. The Committee may establish such rules and regulations as it may consider necessary or desirable for the effective and efficient administration of the Plan.

8-2. TAXES. Any employer shall be entitled, if necessary or desirable, to pay, or withhold the amount of any federal, state or local tax, attributable to any amounts payable by it under the Plan after giving the person entitled to receive such amount notice as far in advance as practicable, and may require payment from the participant in an amount necessary to satisfy such taxes prior to remitting such taxes.

8-3. RIGHTS OF PARTICIPANTS. Employment rights of participants with Abbott and its subsidiaries shall not be enlarged or affected by reason of establishment of or inclusion as a participant in the Plan. Nothing contained in the Plan shall require Abbott or any subsidiary to segregate or earmark any assets, funds or property for the purpose of payment of any amounts which may have been deferred. The Deferred, Pre-Tax and After-Tax Accounts established pursuant to subsection 7-1 are for the convenience of the administration of the Plan and no trust relationship with respect to such Accounts is intended or should be implied. Participant's rights shall be limited to payment to them at the time or times and in such amounts as are contemplated

by the Plan. Any decision made by the Committee which is within his sole and uncontrolled discretion, shall be conclusive and binding upon all persons whomsoever.

8-4. TAX GROSS UP. In addition to the employer contribution provided under Section 4, each participant who has established a Grantor Trust (or, if the participant is deceased, the beneficiary designated under the participant's Grantor Trust) shall be entitled to a Tax Gross Up payment for each year in which the Grantor Trust is in effect. Payment of the Tax Gross Up (as defined below) shall be made by the employers (in such proportions as Abbott shall designate) directly from their general corporate assets, no later than the end of the calendar year in which the participant remits the related taxes. The "Tax Gross Up" shall equal:

- (a) the amount necessary to compensate the participant (or beneficiary) for the net increase in the participant's (or beneficiary's) federal, state and local income taxes as a result of the inclusion in his taxable income of the income of the participant's Grantor Trust and any Guaranteed Rate Payment for that year; plus
- (b) an amount necessary to compensate the participant (or beneficiary) for the net increase in the taxes described in (a) above as a result of the inclusion in his taxable income of any payment made pursuant to this subsection 8-4.

8-5. INCOME TAX ASSUMPTIONS. For purposes of Sections 7 and 8, a participant's federal income tax rate shall be deemed to be the highest marginal rate of federal individual income tax in effect in the calendar year in which a calculation under those Sections is to be made, and state and local tax rates shall be deemed to be the highest marginal rates of individual income tax in effect in the state and locality of the participant's residence on the date such a calculation is made, net of any federal tax benefits without a benefit for any net capital losses.

8-6. GENDER. For purposes of the Plan, words in the masculine gender shall include the feminine and neuter genders, the singular shall include the plural and the plural shall include the singular.

8-7. MANNER OF ACTION BY COMMITTEE. A majority of the members of the Committee qualified to act on any particular question may act by meeting or by writing signed without meeting, and may execute any instrument or document required or delegate to one of its members authority to sign. The Committee from time to time may delegate the performance of certain ministerial functions in connection with the Plan, such as the keeping of records, to such person or persons as the Committee may select. Except as otherwise expressly provided in the Plan, the costs of administration of the Plan will be paid by Abbott. Any notice required to be given to, or any document required to be filed with the Committee, will be properly given or filed if mailed or delivered in writing to the Secretary of Abbott.

8-8. **RELIANCE UPON ADVICE.** The Board of Directors and the Committee may rely upon any information or advice furnished to it by any Officer of Abbott or by Abbott's independent auditors, or other consultants, and shall be fully protected in relying upon such information or advice. No member of the Board of Directors or the Committee shall be liable for any act or failure to act on their part, excepting only any acts done or omitted to be done in bad faith, nor shall they be liable for any act or failure to act of any other member.

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8-9. **CHANGE OF CONDITIONS RELATING TO PAYMENTS.** No change to the time of payment or the time of commencement of payment and any period over which payment shall be made shall be effected except in strict compliance with the subsequent election requirements of Treasury Regulation § 1.409A-2(b), to the extent subject thereto.

8-10. **SECTION 409A.** To the extent applicable, it is intended that the Plan comply with the provisions of Code Section 409A. The Plan will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Plan to fail to satisfy Code Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Code Section 409A). Notwithstanding anything contained herein to the contrary, for all purposes of the Plan, a participant shall not be deemed to have had a termination of employment until the participant has incurred a separation from service as defined in Treasury Regulation §1.409A-1(h) and, to the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A and applicable guidance issued thereunder, payment of the amounts payable under the Plan that would otherwise be payable during the six-month period after the date of termination shall instead be paid on the first business day after the expiration of such six-month period, plus interest thereon, at a rate equal to the rate of Interest provided in subsection 7-5(a) (to the extent that such interest is not already provided to the participant under subsection 7-6), from the respective dates on which such amounts would otherwise have been paid until the actual date of payment. In addition, for purposes of the Plan, each amount to be paid and each installment payment shall be construed as a separate identified payment for purposes of Code Section 409A.

**SECTION 9
AMENDMENT, TERMINATION AND CHANGE OF
CONDITIONS RELATING TO PAYMENTS**

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

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EXHIBIT A

ABBOTT LABORATORIES 401(k) SUPPLEMENTAL PLAN

[Abbott Laboratories 401(k) Supplemental Plan, as amended, as filed as Exhibit 10.1 to the Abbott Laboratories Current Report on Form 8-K dated December 9, 2005.]

EXHIBIT B

IRREVOCABLE GRANTOR TRUST AGREEMENT

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

WITNESSETH THAT:

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

NOW, THEREFORE, IT IS AGREED as follows:

**ARTICLE I
INTRODUCTION**

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

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

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

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

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

ARTICLE II DISTRIBUTION OF THE TRUST FUND

II-1. DEFERRED ACCOUNT. The administrator shall maintain a “deferred account” under the trust. As of the end of each calendar year, the administrator shall charge the deferred account with all distributions made from such account during that year; and credit such account with income and realized gains and charge such account with expenses and realized losses for the year.

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

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

Notwithstanding the foregoing, the final installment distribution made to the grantor under this paragraph II-3 shall equal the total principal and accumulated income then held in the trust fund. The grantor, by writing filed with the trustee and the administrator on or before the end of the calendar year in which the grantor’s settlement date occurs, may select either the lump-sum or an installment payment method and, if an installment method is selected, may select both the period (which may not be less than ten years from the end of the calendar year in which the grantor’s settlement date occurred) over which the installment distributions are to be made and the method of computing the amount of each installment. In the absence of such a written direction by the grantor, installment distributions shall be made over a period of ten years, and the amount of each installment shall be computed by using the method described in subparagraph (a) next above. Installment distributions under this Paragraph II-2 shall be made as of January 1 of each year, beginning with the calendar year following the year in which the grantor’s settlement date occurs. The administrator shall inform the trustee of the amount of each installment distribution under this paragraph II-2, and the trustee shall be fully protected in relying on such information received from the administrator.

II-3. DISTRIBUTIONS AFTER THE GRANTOR’S DEATH. The grantor, from time to time may name any person or persons (who may be named contingently or successively and who may be natural persons or fiduciaries) to whom the principal of the trust fund and all accrued or undistributed income thereof shall be distributed in a lump sum or, if the beneficiary is the grantor’s spouse (or a trust for which the grantor’s spouse is the sole income beneficiary), in installments, as directed by the grantor, upon the grantor’s death. If the grantor directs an installment method of distribution to the spouse as beneficiary, 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. If the grantor directs an installment method of distribution to a trust for which the grantor’s spouse is the sole income beneficiary, any amounts remaining at the death of the spouse shall be distributed in a lump sum to such trust. Despite the foregoing, if (i) the beneficiary is a trust for which the grantor’s spouse is the sole income beneficiary, (ii) payments are being made pursuant to this paragraph II-3 other than in a lump sum and (iii) income earned by the trust fund for the year exceeds the amount of the annual installment payment, then such trust may elect to withdraw such excess income by written notice to the trustee. Each designation shall revoke all prior designations, shall be in writing and shall be effective only when filed by the grantor with the administrator during the grantor’s lifetime. If the grantor fails to direct a method of distribution, the distribution shall be made in a lump sum. If the grantor fails to designate a beneficiary as provided above, then on the grantor’s death, the trustee shall distribute the balance of the trust fund in a lump sum to the executor or administrator of the grantor’s estate.

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

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

ARTICLE III MANAGEMENT OF THE TRUST FUND

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

- (a) Subject to the limitations of subparagraph (b) next below, to sell, contract to sell, purchase, grant or exercise options to purchase, and otherwise deal with all assets of the trust fund, in such way, for such considerations, and on such terms and conditions as the trustee decides.

- (b) To retain in cash such amounts as the trustee considers advisable; and to invest and reinvest the balance of the trust fund, without distinction between principal and income, in obligations of the United States Government and its agencies or which are backed by the full faith and credit of the United States Government or in any mutual fund, common trust fund or collective investment fund which invests solely in such obligations; and any such investment made or retained by the trustee in good faith shall be proper despite any resulting risk or lack of diversification or marketability.
- (c) To deposit cash in any depository (including the banking department of the bank acting as trustee) without liability for interest, and to invest cash in savings accounts or time certificates of deposit bearing a reasonable rate of interest in any such depository.
- (d) To invest, subject to the limitations of subparagraph (b) above, in any common or commingled trust fund or funds maintained or administered by the trustee solely for the investment of trust funds.
- (e) To borrow from anyone, with the administrator's approval, such sum or sums from time to time as the trustee considers desirable to carry out this trust, and to mortgage or pledge all or part of the trust fund as security.
- (f) To retain any funds or property subject to any dispute without liability for interest and to decline to make payment or delivery thereof until final adjudication by a court of competent jurisdiction or until an appropriate release is obtained.
- (g) To begin, maintain or defend any litigation necessary in connection with the administration of this trust, except that the trustee shall not be obliged or required to do so unless indemnified to the trustee's satisfaction.
- (h) To compromise, contest, settle or abandon claims or demands.
- (i) To give proxies to vote stocks and other voting securities, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, liquidations, or other changes in the financial structure of any corporation, and to exercise or sell stock subscription or conversion rights.
- (j) To hold securities or other property in the name of a nominee, in a depository, or in any other way, with or without disclosing the trust relationship.
- (k) To divide or distribute the trust fund in undivided interests or wholly or partly in kind.
- (l) To pay any tax imposed on or with respect to the trust; to defer making payment of any such tax if it is indemnified to its satisfaction in the premises; and to require before making any payment such release or other document from any lawful taxing authority and such indemnity from the intended payee as the trustee considers necessary for its protection.

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

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

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

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

ARTICLE IV
GENERAL PROVISIONS

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

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

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

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

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

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

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

ARTICLE V
CHANGES IN TRUSTEE

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

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

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

ARTICLE VI
AMENDMENT AND TERMINATION

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

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

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

* * *

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

Grantor

The Northern Trust Company, as Trustee

By _____

Its _____

ABBOTT LABORATORIES SUPPLEMENTAL PENSION PLAN**(As amended and restated effective January 1, 2008)****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 ABBOTT LABORATORIES SUPPLEMENTAL PENSION PLAN (this "Supplemental Plan") clarified, restated and superseded the prior resolutions and is hereby amended and restated in accordance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A").

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 (the "Board of Directors") shall have the sole authority to terminate the Supplemental Plan.

1-5. Notwithstanding anything in the Supplemental Plan to the contrary, any amounts under the Supplemental Plan that were earned and vested before January 1, 2005 (as determined in accordance with Code Section 409A) with respect to participants who retired before January 1, 2005 ("Grandfathered Amounts") shall be subject to the terms and conditions of the Supplemental Plan as administered and as in effect on December 31, 2004. Amendments made to the Supplemental Plan pursuant to this amendment and restatement or otherwise shall not affect the Grandfathered Amounts unless expressly provided for in the amendment. The terms and conditions applicable to the Grandfathered Amounts are set forth in Appendix A attached hereto.

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 (calculated as if such pension had been payable based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4), will equal the amount the participant would be entitled to under the Annuity Plan as in effect from time to time, calculated as if such pension had been payable based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4, 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 hypothetical monthly benefit that would have been payable under the Annuity Plan based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4 plus any supplement provided by Section 2; and
 - ii. the hypothetical monthly benefit that would have been payable under the Annuity Plan, calculated based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4, (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 COMPENSATION PLAN 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 January 1, 2002 and who made a Deferral Election under the Abbott Laboratories Deferred Compensation Plan (the "Deferred Compensation Plan") with respect to any calendar month during the one hundred twenty consecutive calendar months immediately preceding 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 hypothetical monthly benefit that would have been payable under the Annuity Plan based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4 plus any supplement provided by Section 2 and Section 3; and
 - ii. the hypothetical monthly benefit that would have been payable under the Annuity Plan, calculated based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4, (without regard to the limits imposed by Section 415, Internal Revenue Code) if the participant's "base earnings", as defined in the Annuity Plan, included deferrals made under the Deferred Compensation Plan and any compensation in excess of the limits imposed by Section 401(a)(17), Internal Revenue Code.

Section 5
DEFERRED MIP ANNUITY PLAN 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, 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.

5-2. 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 hypothetical monthly benefit that would have been payable under the Annuity Plan based on the distribution rules established hereunder and the pension form selected by the

participant as permitted by subsections 8-3 and 8-4 plus any supplement provided by Section 2, Section 3, and Section 4; and

- ii. the hypothetical monthly benefit that would have been payable under the Annuity Plan, calculated based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4, (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 of the Board of Directors of Abbott ("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 5-2. "Final earnings" for purposes of this subsection 5-2 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 5-2(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 5-2(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.

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), 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 date determined in accordance with subsection 8-2 and payable as a life annuity, equal to 6/10 of 1 percent (.006) of the participant's final earnings (as determined under subsection 5-2) 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) of the participant's aggregate percentage of final earnings calculated under subsection 5-1 of the Annuity Plan, excluding 5-1(a)(ii)(B), exceed the maximum aggregate percentage of final earnings allowed under subsection 5-1 (also excluding 5-1(a)(ii)(B)) 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 hypothetical benefits that would be payable to such participant under the Annuity Plan, based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4, and this Supplemental Plan exceeds
- (b) the hypothetical maximum benefit that would be payable to the participant under the Annuity Plan, calculated based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4, (without regard to the limits imposed by Section 415, Internal Revenue Code) based on the participant's final earnings (as

determined under subsection 5-2), if the participant had accrued the maximum benefit service recognized by the Annuity Plan.

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 as permitted by subsections 8-3 and 8-4 and the participant's age at commencement of the pension as provided in Section 7.

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 in accordance with the rules 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 hypothetical reduction made in such participant's Annuity Plan pension in accordance with the rules provided in 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, calculated as if the participant had commenced receipt of the participant's Annuity Plan pension on the same date on which the participant commences receipt of the participant's supplemental pension based on the distribution rules established hereunder and the pension form selected by the participant as permitted by subsections 8-3 and 8-4.

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 monthly vested supplemental pension described in Sections 2, 3, 4, 5, 6 and 7 shall commence to be paid to the participant or his or her beneficiary on the last day of the month following the month in which:

- (a) For the participant hired before 2004, the later of the date on which such participant attains age 50 and the date such participant's employment is terminated; or

- (b) For the participant hired after 2003, the later of the date on which such participant attains age 55 and the date such participant's employment is terminated.

Notwithstanding the foregoing provisions of subsection 8-2, any participant eligible to make an election under Section 9 may make such election with respect to any accruals for services performed in the year following the year such election is made.

Notwithstanding the foregoing provisions of subsection 8-2, in the event that the present value of participant's supplemental pension under Sections 2, 3, 4, 5, 6 and 7 does not exceed in the aggregate \$25,000 as of the commencement date of the pension payable to such participant or his or her beneficiary, and payment of such supplemental pension has not been previously made under Section 9, the present value of such supplemental pension shall be paid to such participant in a lump-sum on such commencement date.

8-3. Except as otherwise specifically provided, payment of the monthly vested supplemental pension described in Sections 2, 3, 4, 5, 6, and 7 shall be made to a participant as follows:

- (a) Life Annuity. A participant who is not legally married on the date as of which such payments commence shall receive a monthly retirement income or monthly deferred vested benefit in accordance with the plan payable on a life annuity basis, with the last payment to be made for the month in which his or her death occurs.
- (b) 50% Joint and Survivor Annuity. A participant who is legally married on the date as of which such payments commence shall receive a 50% joint and survivor annuity which is actuarially equivalent to the amount of monthly retirement income or monthly deferred vested benefit otherwise payable to him or her in accordance with the plan on a life annuity basis. Such joint and survivor annuity shall consist of a reduced monthly retirement income or monthly deferred vested benefit continuing during the participant's lifetime, and if the participant's spouse is living at the date of the participant's death, payment of one-half of such reduced monthly retirement income or monthly deferred vested benefit to such spouse until the spouse's death occurs, with the last payment to be made for the month of the death of the last to die of the participant and his or her spouse. The joint and survivor annuity payable hereunder to or with respect to a participant who retires on a late retirement date shall be computed as if such participant had retired on his or her normal retirement date using for the age of his or her spouse as of his or her late retirement date, that spouse's age as of his or her normal retirement date.

8-4. In lieu of the form and amount of supplemental pension benefit specified in subsection 8-3, a participant may elect, prior to commencement, a supplemental pension benefit, which is actuarially equivalent to the form of payment specified in subsection 8-3(a), in the annuity forms permitted by the Board of Review, provided that the scheduled date for the first annuity payment is not changed as a result of such election. For purposes of this provision, the term "actuarially equivalent" shall have the meaning provided by Treasury Regulation § 1.409A-2(b)(2)(ii)(A), applying reasonable actuarial methods and assumptions, which must be the same for each annuity payment option and otherwise comply with the rules provided by Treasury Regulation § 1.409A-2(b)(2)(ii)(D).

An election under this subsection 8-4 must be in writing, signed by the participant, and filed with the Board of Review at such time and in such manner as the Board of Review shall determine; and will be effective only if the participant's spouse, if any, consents to the election in writing, and such consent acknowledges the effect of the election and is witnessed by a plan representative or a notary public. In any case where a participant elects an optional form of benefit, the option shall be designed so that more than 50 percent of the actuarial reserve required to provide the participant's monthly vested supplemental pension benefit in the normal form will be applied to provide the participant's benefits under the option during the period of the participant's life expectancy. Payment of an optional form of benefit will commence no later than the date on which the participant's monthly supplemental pension benefit would otherwise commence. An election under this subs 8-4 may not be changed after payment of the participant's supplemental pension benefit has commenced.

8-5. Notwithstanding any other provision of this Supplemental Plan, if a participant terminates employment within two (2) years following the occurrence of a Change in Control, the present value of his or her supplemental pension under Sections 2, 3, 4 and 5, but excluding any amounts with respect to which an election under Section 9 has been made, whether or not then payable or vested) shall be paid to such participant in a lump sum, calculated using reasonable actuarial assumptions and methods, within thirty (30) days following the date of such termination of employment; provided that the event constituting a Change in Control is also a "change in control event", as such term is defined in Treasury Regulation § 1.409A-3(i)(5). The supplemental pension under Section 2 shall be computed using as the applicable limit under Section 415 of the 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 supplemental pension in the form of a straight life annuity with no ancillary benefits. The present values of the supplemental pensions under Sections 2, 3, 4 and 5 shall be computed as of the date of payment 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.

8-6. For purposes of subsection 8-5, a "Change in Control" shall be deemed to have occurred on the earliest of the following dates:

- (a) the date any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Abbott (not including in the securities beneficially owned by such Person any securities acquired directly from Abbott or its Affiliates) representing 20% or more of the combined voting power of Abbott's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (c) below; or
- (b) the date the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Abbott) whose appointment or election by the Board of Directors or nomination for election by Abbott's shareholders

was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

- (c) the date on which there is consummated a merger or consolidation of Abbott or any direct or indirect subsidiary of Abbott with any other corporation or other entity, other than (i) a merger or consolidation (A) immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the Board of Directors of Abbott, the entity surviving such merger or consolidation or, if Abbott or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof and (B) which results in the voting securities of Abbott outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any subsidiary of Abbott, at least 50% of the combined voting power of the securities of Abbott or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of Abbott (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Abbott (not including in the securities Beneficially Owned by such Person any securities acquired directly from Abbott or its Affiliates) representing 20% or more of the combined voting power of Abbott's then outstanding securities; or
- (d) the date the shareholders of Abbott approve a plan of complete liquidation or dissolution of Abbott or there is consummated an agreement for the sale or disposition by Abbott of all or substantially all of Abbott's assets, other than a sale or disposition by Abbott of all or substantially all of Abbott's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of Abbott, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any subsidiary of Abbott, in substantially the same proportions as their ownership of Abbott immediately prior to such sale.

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

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For purposes of this Supplemental Plan: "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act; "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act; "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time; and "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) Abbott or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Abbott in substantially the same proportions as their ownership of stock of Abbott.

8-7. **POTENTIAL CHANGE IN CONTROL.** A "Potential Change in Control" shall exist during any period in which the circumstances described in paragraphs (a), (b), (c) or (d), below, exist (provided, however, that a Potential Change in Control shall cease to exist not later than the occurrence of a Change in Control):

- (a) Abbott enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, provided that a Potential Change in Control described in this paragraph (a) shall cease to exist upon the expiration or other termination of all such agreements.
- (b) Any Person (without regard to the exclusions set forth in subsections (i) through (iv) of such definition) publicly announces an intention to take or to consider taking actions the consummation of which would constitute a Change in Control; provided that a Potential Change in Control described in this paragraph (b) shall cease to exist upon the withdrawal of such intention, or upon a determination by the Board of Directors that there is no reasonable chance that such actions would be consummated.
- (c) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of Abbott representing 10% or more of either the then outstanding shares of common stock of Abbott or the combined voting power of Abbott's then outstanding securities (not including any securities beneficially owned by such Person which are or were acquired directly from Abbott or its Affiliates).
- (d) The Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control exists; provided that a Potential Change in Control described in this paragraph (d) shall cease to exist upon a determination by the Board of Directors that the reasons that gave rise to the resolution providing for the existence of a Potential Change in Control have expired or no longer exist.

8-8. The provisions of subsections 8-5, 8-6, 8-7 and this subsection 8-8 may not be amended or deleted, nor superseded by any other provision of this Supplemental Plan, (i) during

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the pendency of a Potential Change in Control and (ii) during the period beginning on the date of a Change in Control and ending on the date five (5) years following such Change in Control.

8-9. 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.

8-10. 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.

8-11. 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.

8-12. Upon adoption of this Supplemental Plan, the prior resolutions shall be deemed rescinded.

8-13. A participant shall not become vested in the participant's supplemental pension under Sections 2, 3, 4, 5, 6 and 7 until the participant has attained sixty (60) months of vesting service. For purposes of the Supplemental Plan, beginning January 1, 1987, a participant shall be entitled to 1/12th of a year of vesting service for each calendar month (or portion thereof) during which the participant is employed by an employer; provided, however, that a participant employed by an employer on December 31, 1986 shall receive the greater of vesting service calculated in accordance with the terms of the Annuity Plan in effect on December 31, 1986 or vesting service calculated in accordance with the rule immediately above, for service with an employer after 1986. The payments required by Section 8 or Section 9 of the Supplemental Plan shall, in each case, relate only to the vested portion of a participant's supplemental pension.

8-14. To the extent applicable, it is intended that the Supplemental Plan comply with the provisions of Code Section 409A. The Supplemental Plan will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Supplemental Plan to fail to satisfy Code Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Code Section 409A). Notwithstanding anything contained herein to the contrary, a participant shall not be considered to have terminated employment with Abbott or any employer hereunder for purposes of the Supplemental Plan and no payments shall be due under Supplemental Plan which are payable upon the participant's termination of employment unless the participant would be considered to have incurred a "separation from service" from Abbott within the meaning of Section 409A. To the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A and applicable guidance issued thereunder, amounts that would otherwise be payable pursuant to the Supplemental Plan during the six-month period immediately following the participant's termination of employment shall instead be paid on the first business day after the date that is six months following the participant's termination of employment (or upon the participant's death, if earlier), plus interest thereon, at a rate equal to the applicable "Federal short-term rate" (as defined in Section 1274(d) of the Code) for the month in which such termination of employment

occurs (to the extent that such interest is not already provided to the participant under subsection 9.10), from the respective dates on which such amounts would otherwise have been paid until the actual date of payment. With respect to expenses eligible for reimbursement under the terms of the Supplemental Plan, (i) the amount of such expenses eligible for reimbursement in any taxable year shall not affect the expenses eligible for reimbursement in another taxable year and (ii) any reimbursements of such expenses shall be made no later than the end of the calendar year following the calendar year in which the related expenses were incurred, except, in each case, to the extent that the right to reimbursement does not provide for a "deferral of compensation" within the meaning of Code Section 409A.

Section 9 ALTERNATE PAYMENT OF SUPPLEMENTAL PENSIONS

9-1. A participant who is actively employed by Abbott as a corporate officer as of December 31 of his or her first year as a corporate officer shall elect to receive payment of the present value of the vested supplemental pension described in Sections 2, 3, 4, 5, 6 and 7 which accrues with respect to the subsequent year 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 in cash for the participant directly to a Grantor Trust established by the participant, determined to be substantially similar to the form of Grantor Trust attached hereto as Appendix B, 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 be equal to the aggregate federal, state and local individual income and employment taxes attributable to the amount paid pursuant to this subsection 9-1(b) (as determined in accordance with subsection 9-12). Such election shall be made by the participant on or before December 31 of the calendar year prior to the year in which the present value shall be accrued. The payment of any amount provided under this subsection 9-1 shall be made to the Grantor Trust established by the participant within the thirty (30) days beginning April 1 of the year following the year in which such present value is accrued.

9-2. If the present value of a participant's vested and accrued 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 January 1, 2005 that applied to corporate officers with a present value in excess of \$100,000, or as currently in effect for all corporate officers who are participants as of the applicable December 31) then, with respect to each subsequent year of active participation, as of that December 31, a 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 vested 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 (if any). Each year on or before December 31, a participant who is a corporate officer may elect to receive payment of the amounts described in subparagraphs (i) and (ii) above for the subsequent calendar year 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 a 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 equal the aggregate federal, state and local individual income and employment taxes attributable to the amount paid pursuant to this subsection 9-2(b) (as determined in accordance with subsection 9-12). The payment of any amount provided under this subsection

9-2 shall be made to the Grantor Trust established by the participant within the thirty (30) days beginning April 1 of the year following the year in which such present value is accrued. 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 and 9-2 shall be determined using reasonable actuarial assumptions specified for this purpose by Abbott and consistently applied in accordance with the requirements of Treasury Regulation §1.409A-2(b)(2)(ii)(D). The “current value” of the payments previously made to a participant under subsection 9-2 means the aggregate amount of such payments, with interest thereon (at the rate specified in subsection 9-9). For purposes of subsections 9-4 and 9-5, “Taxes” with respect to any payment of supplemental pension benefits under subsections 9-1 or 9-2, shall mean the taxes which Abbott calculates 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 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. In calculating such Taxes, Abbott shall use the aggregate of the current federal, state and local tax rates specified by subsection 9-12.

9-4. As a result of any payment made to a participant eligible for payments under this Article 9 for any calendar year pursuant to subsection 9-1 or 9-2, Abbott shall also make a corresponding payment to such participant in the amount of the Taxes. The payment for Taxes under this subsection 9-4 shall be made to the participant in the identical manner that the payment under subsection 9-1 or 9-2 was made. For example, (a) if the participant elected to receive the payment under subsection 9-1 directly in cash, then Abbott shall also pay the Taxes on such payment in cash directly to the participant, and (b) if the participant elected to receive the payment under subsection 9-1 into a Grantor Trust established by the participant, then Abbott shall pay the Taxes on such payment as follows: current payment of a portion of such Taxes in cash for such participant directly to a Grantor Trust established by such participant, and current payment of the balance of such Taxes in cash directly to such participant, provided that the payment made directly to such participant shall equal the aggregate federal, state and local individual income taxes attributable to the amount paid pursuant to this subsection 9-4(b) (as determined in accordance with subsection 9-12). Such amount shall be paid by Abbott directly to the participant in cash no later than the end of the calendar year in which the participant remits the related taxes.

9-5.

- (a) In the event that Abbott has made any payment for Taxes in a particular year under subsection 9-4 in cash directly to the participant and there is a subsequent increase in the tax rates for such participant in such year, Abbott shall make a further cash payment to such participant in the amount of (a) the Taxes on the payments that were made under subsections 9-1 and 9-2 in cash directly to such participant calculated using the actual tax rates for the year less (b) the amount of such Taxes previously paid. Such amount shall be paid by Abbott directly to the participant in cash no later than the end of the calendar year in which the participant remits the related taxes.

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- (b) In the event that Abbott has made any payment for Taxes in a particular year under subsection 9-4 to the participant’s Grantor Trust, then Abbott shall as of December 31 of the following year, make a further payment to the participant in the amount of (a) the Taxes on the payments that were made under subsections 9-1 and 9-2 into the participant’s Grantor Trust and in cash directly to the participant calculated using the actual tax rates for the year less (b) the amount of the Taxes previously paid. Such payment shall be paid by Abbott as follows: the current payment of a portion of such amount in cash directly to the participant’s Grantor Trust and the current payment of the balance of such amount in cash directly to such participant; provided, that the payments made directly to such participant shall equal the aggregate federal, state and local individual income taxes attributable to the amount paid pursuant to this subsection 9-5 (as determined in accordance with subsection 9-12). Such amount shall be paid by Abbott directly to the participant in cash no later than the end of the calendar year in which the participant remits the related taxes.

9-6. For each participant whose Grantor Trust has received a payment pursuant to subsections 9-4 or 9-5, 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 9-12).

9-7. Except as provided in subsection 9-11, 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 Appendix B. 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.

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 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

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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 the rate of eight percent (8%) per year. 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 the product of (a) the Interest Accrual credited to the participant’s Supplemental

Pension Account for such year multiplied by (b) the aggregate of the federal, state and local income tax rates (determined in accordance with subsection 9-12).

9-10. In addition to any payment made to a participant for a calendar year pursuant to subsections 9-1, 9-2, 9-4 and 9-5, a participant shall also be entitled to a payment to the participant's Grantor Trust (a "Guaranteed Rate Payment") for each year in which the Grantor Trust is in effect. The Guaranteed Rate Payment shall equal the excess of the participant's After-Tax Interest Accrual over the net income of the participant's Grantor Trust for the year and shall be paid by Abbott directly to the participant's Grantor Trust within the thirty (30) days beginning April 1 of the year following the year in which the Guaranteed Rate Payment is earned. No payments shall be made under this subsection 9-10 for any year following the year in which the participant dies, retires or otherwise terminates employment with Abbott.

9-11. In addition and notwithstanding the payments made to a participant's Grantor Trust under subsections 9-1 and 9-2 and subject only to the subsequent election requirements of Treasury Regulation § 1.409A-2(b), Abbott shall make the monthly vested supplemental pension payments that would have been payable to the participant had no payments been made to the participant's Grantor Trust under subsections 9-1 and 9-2 in the form provided by subsection 8-3. The monthly vested supplemental pension payments hereunder shall commence on the first business day of February following the sixth anniversary of the participant's termination of employment and ending with the month of the participant's (or surviving spouse's) death. By way of example, (i) if a participant terminated employment on June 1, 2008, the commencement date would be the first business day in February, 2015 and (ii) if a participant terminated employment on January 15, 2008, the commencement date would be the first business day in February, 2014. For purposes of determining the commencement date under this subsection 9-11, a participant who retired prior to January 1, 2009 but after December 31, 2004 shall be deemed to have terminated employment on March 1, 2008. 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. Payment of the annuity required by this subsection 9.11 may be deferred by Abbott in compliance with the subsequent election requirements of Treasury Regulation § 1.409A-2(b). Any election to defer payment hereunder shall not take effect until at least 12 months after the election is made; shall be made not less than 12 months before the annuity commencement date; and shall require payment to be deferred for a period of no less than five years from such annuity commencement date.

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9-12. 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 without a benefit for any net capital losses.

9-13. Each participant's Grantor Trust assets shall be invested solely in the instruments specified by investment guidelines established by the Committee. Such investment guidelines, once established, may be changed by the Committee, provided that any change shall not take effect until the year following the year in which the change is made and provided further that the instruments specified shall be consistent with the provisions of Section 3(b) of the form of Grantor Trust attached hereto as Appendix B.

9-14. Notwithstanding anything contained in the Supplemental Plan to the contrary, effective as of January 1, 2005, (a) with respect to each participant who is actively employed by Abbott as a corporate officer, the Grantor Trust funding threshold of \$100,000 formerly referenced in subsections 8-2, 9-1 and 9-2 of the Plan shall no longer be applied or have any force or effect and (b) the Grantor Trusts established by the participants under the Supplemental Plan shall be funded in accordance with the requirements of Code Section 409A.

9-15. Notwithstanding anything contained in the Supplemental Plan to the contrary, pursuant to Q&A-20 of Internal Revenue Service Notice 2005-1 (the "Notice"), Abbott shall cause the present value of accrued benefits under the Supplemental Plan for the periods ended on or prior to December 31, 2005 for each participant who has made a Grantor Trust election under Section 9-1, to the extent not previously paid to a Grantor Trust established by the participant, to be deposited in such Grantor Trust on or prior to December 31, 2005. Such payment is intended to result in a partial termination of participation in the Supplemental Plan as permitted by the Notice. Each participant who has established a Grantor Trust and who receives such payment shall include the full amount of such payment to the Grantor Trust in the participant's income in 2005.

9-16. Notwithstanding anything contained in the Supplemental Plan to the contrary, with respect to each participant who (a) has made a Grantor Trust election under Section 9-1 and (b) first became a corporate officer in 2006, 2007 or 2008, Abbott shall cause such participant's Pre-Officer Benefit (as defined below) to be deposited in the Grantor Trust established by the participant in 2009, to the extent not previously subject to an election under Section 9-1 and paid to such Grantor Trust. For purposes of the Supplemental Plan, "Pre-Officer Benefit" means the present value of such participant's accrued supplemental pension benefits which (i) accrued prior to 2007 in the case of a participant who first became a corporate officer in 2006; (ii) accrued prior to 2008 in the case of a participant who first became a corporate officer in 2007; or (iii) accrued prior to 2009 in the case of a participant who first became a corporate officer in 2008. The foregoing amendment is made in accordance with and pursuant to Q&A-19(c) of the Notice and the guidance extending the same for the transition period ending on December 31, 2008. For the avoidance of doubt, the amounts deposited in the participant's Grantor Trusts hereunder shall

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no longer be payable pursuant to subsection 8-2, as such amounts will have been distributed to the respective participants pursuant to the transition relief described in the preceding sentence.

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APPENDIX A

ABBOTT LABORATORIES SUPPLEMENTAL PENSION PLAN

APPENDIX B

**SUPPLEMENTAL BENEFIT
GRANTOR TRUST**

THIS AGREEMENT, made this day of , 20 , 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.

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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 [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 to the spouse as beneficiary, 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. If the grantor directs the same method of distribution as the pension payable to the surviving spouse under the Abbott Laboratories Annuity Retirement Plan to a Trust for which the grantor’s spouse is the sole income beneficiary, any amounts remaining at the death of the spouse shall be distributed in a lump sum to such Trust. Despite the foregoing, if (i) the beneficiary is a Trust for which the grantor’s spouse is the sole income beneficiary, (ii) payments are being made pursuant to this paragraph II-3 other than in a lump sum and (iii) income earned by the trust fund for the year exceeds the amount of the annual installment payment, then such Trust may elect to withdraw such excess income by written notice to the trustee. 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. Disagreements 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 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 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 _____

**1986
ABBOTT LABORATORIES
MANAGEMENT INCENTIVE PLAN
(as amended and restated effective January 1, 2008)**

SECTION 1

INTRODUCTION

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

(a) To provide greater incentive for participants in the Plan to attain and maintain the highest standards of managerial performance by rewarding them for services rendered with compensation, in addition to their base salaries, in proportion to the success of Abbott and to the participants’ respective contribution to such success; and

(b) To attract and retain in the employ of Abbott and its subsidiaries persons of outstanding competence.

1.2 **EFFECTIVE DATE AND FISCAL YEAR.** The Plan became effective as of January 1, 1986 and is hereby amended and restated as of January 1, 2008, in accordance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (“Code Section 409A”). The term “fiscal year,” as used in this Plan, means the fiscal period from time to time employed by Abbott for the purpose of reporting earnings to shareholders.

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

1.4 **GRANDFATHERED AMOUNTS.** Notwithstanding anything in the Plan to the contrary, any amounts under the Plan that were earned and vested before January 1, 2005 (as determined in accordance with Code Section 409A) with respect to participants who retired before January 1, 2005 (“Grandfathered Amounts”) shall be subject to the terms and conditions of the Plan as administered and as in effect on December 31, 2004. Amendments made to the Plan pursuant to this amendment and restatement or otherwise shall not affect the Grandfathered Amounts unless expressly provided for in the amendment. The terms and conditions applicable to the Grandfathered Amounts are set forth in Exhibit A attached hereto.

SECTION 2

ELIGIBILITY AND PARTICIPATION

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

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

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

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

SECTION 3

MANAGEMENT INCENTIVE PLAN FUND

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

(a) The existence, issuance, sale, exchange, conversion or

retirement of any securities, other than common shares, of Abbott (whether involving preferred stock, debt, convertible preferred stock or convertible debt securities); and

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

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

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

(a) The exclusion of any charges for amortization or goodwill arising out of acquisitions made for securities which, as a result of adjustments made in determining Abbott Common Shareholders' Equity pursuant to subsection 3.1, are treated as common share equivalents; and

(b) The exclusion of any interest on debt securities which are convertible into common shares of Abbott and which shall have been considered as common share equivalents in determining Abbott Common Shareholders' Equity pursuant to subsection 3.1 hereof; and

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

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

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

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(a) an amount which, when treated as an expense currently deductible for income tax purposes in such year, would cause a 5 percent reduction in such year's excess of consolidated net income over the base earnings for such year; and

(b) an amount which, when treated as an expense currently deductible for income tax purposes in such year, would cause a 1-1/2 percent reduction in such year's consolidated net income; and

(c) an amount which equals 200 percent of the aggregate base salaries of all active participants for such year.

For purposes of the Plan "base salary" means the amount of salary paid to each active participant by Abbott and its subsidiaries for such year plus the includible portion (as described below) of any "Eligible Restricted Stock Award," as defined in Section 5-2 of the Abbott Laboratories Supplemental Pension Plan and does not include bonuses, other awards or any other compensation of any kind. The includible portion of a participant's Eligible Restricted Stock Award shall be the portion of the participant's Eligible Restricted Stock Award that is included in the participant's final earnings under the Abbott Laboratories Supplemental Pension Plan for such year. Following determination of such tentative Management Incentive Plan Amount, the Committee shall report in writing the amount of such tentative amount to the Board of Directors. At the meeting of the Board of Directors coincident with or next following receipt by it of the Committee's determination, the Board of Directors shall have the power to approve or reduce, but not to increase, the tentative amount reported to it by the Committee. The amount approved by the Board of Directors shall be the Management Incentive Plan Amount for such year.

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

SECTION 4

ALLOCATION OF MANAGEMENT INCENTIVE FUND

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

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(a) First, if the Chairman of the Board of Abbott shall be an active participant for such year, the members of the Committee, other than the Chairman of the Board, shall determine the amount, if any, to be allocated to the Chairman of the Board from such Fund for such year; and

(b) Next, all or a part of the balance of such Fund may be allocated among the active participants (other than the Chairman of the Board) for such year, in such amounts and proportions as the Committee shall determine provided, however, that the amount allocated to any active participant for any year shall not exceed 200 percent of such participant's base salary for that year.

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

SECTION 5

PAYMENT OF AMOUNTS ALLOCATED TO PARTICIPANTS

5.1 TIME OF PAYMENT. For fiscal years beginning after December 31, 1988, a participant shall direct the payment or deferral of an allocation made to him pursuant to subsection 4.1 at the time specified in subsection 5.2 (subject to such conditions relating to the right of the participant to receive payment of such amount as established by the Committee) by one or more of the following methods:

(a) current payment in cash to the participant, which payment shall be made no later than the last day of the "applicable 2 ½ month period", as such term is defined in Treasury Regulation § 1.409A-1(b)(4)(i)(A);

(b) current payment of a portion in cash and deposited to a grantor trust (the "Grantor Trust") established by the participant (in a form which the Committee determines is substantially similar to the trust in Exhibit B) and the balance paid to the participant approximately equal to the participant's aggregate federal, state and local individual income and employment taxes (determined in accordance with subsection 6.7); provided that all payments or contributions to the Grantor Trust and participant contemplated by this subsection 5.1(b) shall be made no later than the last day of the "applicable 2 ½ month period", as such term is defined in Treasury Regulation § 1.409A-1(b)(4)(i)(A); or

(c) deferral of payment until such time and in such manner as determined in accordance with subsection 5.14.

5.2 TIME OF ELECTION.

(a) A participant must make the election described in subsection 5.1 by filing it with the Committee or its delegate on or before December 31

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of the year prior to the fiscal year during which the incentive compensation is earned under the Plan.

(b) Notwithstanding the timing requirements described above, an individual who newly becomes eligible to participate in the Plan by being designated as a participant under subsection 2.1 (and who was not eligible to participate in any other plan that would be aggregated with the Plan under Treasury Regulation §1.409A-1(c)) may make the an initial deferral election described in subsection 5.1 by filing it with the Committee or its delegate within the thirty (30) day period immediately following the date he or she first is designated as participant, provided, that the compensation deferred pursuant to such election relates solely to services performed after the date of such election. For this purpose, an election shall be deemed to apply to compensation paid for services performed after the election if the election applies to no more than the amount prescribed by Treasury Regulation §1.409A-2(a)(7)(i).

(c) Any election described in subsection 5.1 shall be irrevocable for the fiscal year to which the election applies.

5.3 SEPARATE ACCOUNTS. The Committee shall establish accounts for participants who have made elections pursuant to subsection 5.1(b) or 5.1(c) as follows.

(a) The Committee will maintain a "Deferred Account" in the name of each participant who has elected to defer payment of all or a portion of his or her MIP award under subsection 5.1(c). The Deferred Account shall consist of allocations deferred according to subsection 5.1(c) and any adjustments made in accordance with subsection 5.4.

(b) The Committee will maintain two separate Accounts, a "Pre-Tax Account" and an "After-Tax Account", in the name of each participant who has elected to have a portion of his or her MIP award deposited in cash to a Grantor Trust according to subsection 5.1(b). The Pre-Tax Account shall consist of the aggregate of all allocations contemplated by subsection 5.1(b), whether deposited to the participant's Grantor Trust or made in cash to the participant, and any adjustments made in accordance with subsection 5.5. The After-Tax Account shall consist of allocations deposited to the participant's Grantor Trust in cash according to subsection 5.1(b) and any adjustments made in accordance with subsection 5.6.

5.4 ADJUSTMENT OF DEFERRED ACCOUNTS. As of the end of each fiscal year, each participant's Deferred Account shall be adjusted by the Committee as follows:

(a) FIRST, reduced by an amount equal to any distributions made to the participant during that year pursuant to subsections 5.14 or 5.15;

(b) NEXT, increased by an amount equal to the allocation for that year that is deferred pursuant to subsection 5.1(c); and

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(c) FINALLY, increased by an amount equal to the interest earned for that year according to subsection 5.7.

5.5 ADJUSTMENT OF PRE-TAX ACCOUNTS. As of the end of each fiscal year, each participant's Pre-Tax Account shall be adjusted by the Committee as follows:

(a) FIRST, reduced, in any year in which the participant is entitled to receive a distribution from his or her Grantor Trust, by an amount equal to the distribution that would have been made to the participant if the aggregate amounts allocated according to subsection 5.1(b) had instead been deferred under subsection 5.1(c);

(b) NEXT, increased by an amount equal to any allocation for that year that is paid to the participant (including the amount deposited in the participant's Grantor Trust) according to subsection 5.1(b); and

(c) FINALLY, increased by an amount equal to the interest earned for that year according to subsection 5.7.

5.6 ADJUSTMENT OF AFTER-TAX ACCOUNTS. As of the end of each fiscal year, each participant's After-Tax Account shall be adjusted by the Committee as follows:

(a) FIRST, reduced, in any year in which the participant is in receipt of a benefit distribution from his or her Grantor Trust, by an amount calculated as provided in subsection 5.19 which represents the distribution for such year;

(b) NEXT, increased by an amount equal to the allocation for that year that is deposited in the participant's Grantor Trust according to subsection 5.1(b); and

(c) FINALLY, increased by an amount equal to the interest earned for that year according to subsection 5.7.

5.7 INTEREST ACCRUALS ON ACCOUNTS.

(a) As of the end of each fiscal year, a participant's Deferred Account or Pre-Tax Account, as applicable, shall be credited with interest ("Interest") at the following rate:

- (i) the average of the "prime rate" of interest published by the Wall Street Journal (Mid-West Edition) or comparable successor quotation service on the first business day of January and the last business day of each month of the fiscal year;

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- (ii) plus two hundred twenty-five (225) basis points.

(b) As of the end of each fiscal year, a participant's After-Tax Account shall be credited with the amount of Interest provided above, multiplied by the aggregate of the federal, state and local individual income tax rates determined in accordance with subsection 6.7 (the "After-Tax Interest").

(c) This Interest and After-Tax Interest, as applicable, shall be credited on the conditions established by the Committee, provided that any award allocation shall be considered to have been made and credited to a participant's Account as of the first day of the fiscal year in which the award is made.

5.8 GUARANTEED RATE PAYMENTS. In addition to any allocation made to a participant for any fiscal year in accordance with subsection 5.1(b), Abbott shall also make a payment to a participant's Grantor Trust (a "Guaranteed Rate Payment") for each year in which the Grantor Trust is in effect. The Guaranteed Rate Payment shall equal the excess, if any, of the participant's Net Interest Accrual (as defined below) over the net earnings of the participant's Grantor Trust for the year and shall be paid within the thirty (30) days beginning April 1 of the following fiscal year. A participant's Net Interest Accrual for the year is an amount equal to the After-Tax Interest credited to the participant's After-Tax Account for that year in accordance with subsection 5.7.

5.9 GRANTOR TRUST ASSETS. Each participant's Grantor Trust assets shall be invested solely in the instruments specified by investment guidelines established by the Committee. Such investment guidelines, once established, may be changed by the Committee, provided that any change shall not take effect until the year following the year in which the change is made and provided further that the instruments specified shall be consistent with the provisions of subsection 3(b) of the form of Grantor Trust attached hereto as Exhibit B.

5.10 DESIGNATION OF BENEFICIARIES. Subject to the conditions and limitations set forth below, each participant, and after a participant's death, each primary beneficiary designated by a participant in accordance with the provisions of this subsection 5.10, shall have the right from time to time to designate a primary beneficiary or beneficiaries and, successive or contingent beneficiary or beneficiaries to receive unpaid amounts from the participant's Deferred Account under the Plan and the Predecessor Plans. Beneficiaries may be a natural person or persons or a fiduciary, such as a trustee of a trust or the legal representative of an estate. Any such designation shall take effect upon the death of the participant or such beneficiary, as the case may be, or in the case of any fiduciary beneficiary, upon the termination of all of its duties (other than the duty to dispose of the right to receive amounts remaining to be paid under the Plan or a Predecessor Plan). The conditions and limitations relating to the designation of beneficiaries are as follows:

(a) A nonfiduciary beneficiary shall have the right to designate a further beneficiary or beneficiaries only if the original participant or the next preceding

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primary beneficiary, as the case may be, shall have expressly so provided in writing; and

(b) A fiduciary beneficiary shall designate as a further beneficiary or beneficiaries only those persons or other fiduciaries who are entitled to receive the amounts payable from the participant's account under the trust or estate of which it is a fiduciary.

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

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

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

5.12 NON-ASSIGNABILITY AND FACILITY OF PAYMENT. Amounts payable to participants and their beneficiaries under the Plan are not in any way subject to their debts and other obligations, and may not be voluntarily or involuntarily sold, transferred or assigned; provided that the preceding provisions of this subsection shall not be construed as restricting in any way a designation right granted to a beneficiary pursuant to the terms of subsection 5.10. When a participant or the beneficiary of a participant is under legal disability, or in the Committee's opinion is in any way incapacitated so as to be unable to manage his or her financial affairs, the Committee may direct that payments shall be made to the participant's or beneficiary's legal representative, or to a relative or friend of the participant or beneficiary for the benefit of the participant or beneficiary, or the Committee may direct the payment or distribution for the benefit of the participant or beneficiary in any manner that the Committee determines.

5.13 PAYER OF AMOUNTS ALLOCATED TO PARTICIPANTS. Any amount allocated to a participant in the Plan and any interest credited thereto will be

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

5.14 MANNER OF PAYMENT OF DEFERRED ACCOUNTS. Subject to subsection 5.15, a participant shall elect to receive payment of his Deferred Account in substantially equal annual installments over a minimum period of ten years, or a longer period, at the time of his deferral election under subsection 5.1(c). Payment of a participant's Deferred Account shall commence on the first business day of January of the year following the year in which the participant incurs a termination of employment.

5.15 PAYMENTS UPON TERMINATION FOLLOWING CHANGE IN CONTROL. Notwithstanding any other provision of the Plan or the provisions of any award made under the Plan, if a participant incurs a termination of employment with Abbott and its subsidiaries for any reason within two (2) years following the date of a Change in Control, provided that the event constituting a Change in Control is also a "change in control event", as such term is defined in Treasury Regulation § 1.409A-3(i)(5): (a) with respect to a participant whose allocations under the Plan are deferred in accordance with subsection 5.1(c), the aggregate unpaid balance of the participant's Deferred Account shall be paid to such participant in a lump sum within thirty (30) days following the date of such termination of employment, and (b) with respect to a participant whose allocations under the Plan are made pursuant to subsection 5.1(b), (i) the aggregate of the participant's unpaid allocation under subsection 5.1(b) (if any) for the fiscal year in which the termination occurs and (ii) a pro rata portion of the unpaid Guaranteed Rate Payment under subsection 5.8 attributable to the portion of the year elapsed prior to the date of termination, shall be paid to such participant's Grantor Trust in a lump sum within thirty (30) days following the date of such termination of employment.

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

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

(b) the date the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election

contest, including but not limited to a consent solicitation, relating to the election of directors of Abbott) whose appointment or election by the Board of Directors or nomination for election by Abbott's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) the date on which there is consummated a merger or consolidation of Abbott or any direct or indirect subsidiary of Abbott with any other corporation or other entity, other than (i) a merger or consolidation (A) immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the Board of Directors of Abbott, the entity surviving such merger or consolidation or, if Abbott or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof and (B) which results in the voting securities of Abbott outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any subsidiary of Abbott, at least 50% of the combined voting power of the securities of Abbott or such surviving entity

or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of Abbott (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Abbott (not including in the securities Beneficially Owned by such Person any securities acquired directly from Abbott or its Affiliates) representing 20% or more of the combined voting power of Abbott's then outstanding securities; or

(d) the date the shareholders of Abbott approve a plan of complete liquidation or dissolution of Abbott or there is consummated an agreement for the sale or disposition by Abbott of all or substantially all of Abbott's assets, other than a sale or disposition by Abbott of all or substantially all of Abbott's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of Abbott, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any subsidiary of Abbott, in substantially the same proportions as their ownership of Abbott immediately prior to such sale.

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

For purposes of this Plan: "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act; "Beneficial Owner" shall have the

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meaning set forth in Rule 13d-3 under the Exchange Act; "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time; and "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) Abbott or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Abbott in substantially the same proportions as their ownership of stock of Abbott.

5.17 POTENTIAL CHANGE IN CONTROL. A "Potential Change in Control" shall exist during any period in which the circumstances described in paragraphs (a), (b), (c) or (d), below, exist (provided, however, that a Potential Change in Control shall cease to exist not later than the occurrence of a Change in Control):

(a) Abbott enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, provided that a Potential Change in Control described in this paragraph (a) shall cease to exist upon the expiration or other termination of all such agreements.

(b) Any Person (without regard to the exclusions set forth in subsections (i) through (iv) of such definition) publicly announces an intention to take or to consider taking actions the consummation of which would constitute a Change in Control; provided that a Potential Change in Control described in this paragraph (b) shall cease to exist upon the withdrawal of such intention, or upon a determination by the Board of Directors that there is no reasonable chance that such actions would be consummated.

(c) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of Abbott representing 10% or more of either the then outstanding shares of common stock of Abbott or the combined voting power of Abbott's then outstanding securities (not including any securities beneficially owned by such Person which are or were acquired directly from Abbott or its Affiliates).

(d) The Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control exists; provided that a Potential Change in Control described in this paragraph (d) shall cease to exist upon a determination by the Board of Directors that the reasons that gave rise to the resolution providing for the existence of a Potential Change in Control have expired or no longer exist.

5.18 PROHIBITION AGAINST AMENDMENT. The provisions of subsections 5.15, 5.16, 5.17 and this subsection 5.18 may not be amended or deleted, nor superseded by any other provision of this Plan, (i) during the pendency of a Potential Change in Control and (ii) during the period beginning on the date of a Change in Control and ending on the date five (5) years following such Change in Control.

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5.19 ADMINISTRATOR'S CALCULATION OF GRANTOR TRUST DISTRIBUTIONS. The Administrator shall calculate the amount to be distributed from a participant's Grantor Trust in any year in which the participant is entitled to a benefit distribution by multiplying (i) the amount of the reduction determined in accordance with subsection 5.5(a), by (ii) a fraction, the numerator of which is the balance in the participant's After-Tax Account as of the end of the prior fiscal year and the denominator of which is the balance of the participant's Pre-Tax Account as of that same date.

SECTION 6

MISCELLANEOUS

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

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

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

6.4 TAXES. Any employer shall be entitled, if necessary or desirable, to pay, or withhold the amount of any federal, state or local tax, attributable to any amounts payable by it under the Plan after giving the person entitled to receive such amount notice as far in advance as practicable, and may require payment or indemnification from the participant in an amount necessary to satisfy such taxes prior to remitting such taxes.

6.5 RIGHTS OF PARTICIPANTS. Employment rights of participants with Abbott and its subsidiaries shall not be enlarged or affected by reason of establishment of or inclusion as a participant in the Plan. Nothing contained in the Plan shall require Abbott or any subsidiary to segregate or earmark any assets, funds or property for the purpose of payment of any amounts which may have been deferred. The Deferred Account, Pre-Tax Account and After-Tax Account with respect to any

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participant established pursuant to subsection 5.2 are for the convenience of the administration of the Plan and no trust relationship with respect to such Accounts is intended or should be implied. Participant's rights shall be limited to payment to them at the time or times and in such amounts as are contemplated by the Plan. Any decision made by the Board of Directors or the Committee, which is within the sole and uncontrolled discretion of either, shall be conclusive and binding upon the other and upon all other persons whomsoever.

6.6 TAX GROSS UP. In addition to the allocations provided under subsection 4.1, each participant who has established a Grantor Trust (or, if the participant is deceased, the beneficiary designated under the participant's Grantor Trust) shall be entitled to a Tax Gross Up payment for each year in which the Grantor Trust is in effect. The "Tax Gross Up" shall equal: (a) the amount necessary to compensate the participant (or beneficiary) for the net increase in the participant's (or beneficiary's) federal, state and local income taxes as a result of the inclusion in his or her taxable income of the income of the participant's Grantor Trust and any Guaranteed Rate Payment for that year; plus (b) an amount necessary to compensate the participant (or beneficiary) for the net increase in the taxes described in (a) above as a result of the inclusion in his or her taxable income of any payment made pursuant to this subsection 6.6. Payment of the Tax Gross Up shall be made by the employers (in such proportions as Abbott shall designate) directly from their general corporate assets, no later than the end of the calendar year in which the participant remits the related taxes.

6.7 INCOME TAX ASSUMPTIONS. For purposes of Sections 5 and 6, a participant's federal income tax rate shall be deemed to be the highest marginal rate of federal income individual tax in effect in the calendar year in which a calculation under those Sections is to be made, and state and local tax rates shall be deemed to be the highest marginal rates of individual income tax in effect in the state and locality of the participant's residence on the date such a calculation is made, net of any federal tax benefits without a benefit for any net capital losses.

6.8 SECTION 409A. To the extent applicable, it is intended that the Plan comply with the provisions of Code Section 409A. The Plan will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Plan to fail to satisfy Code Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Code Section 409A). Notwithstanding anything contained herein to the contrary, for all purposes of the Plan, a participant shall not be deemed to have had a termination of employment until the participant has incurred a separation from service as defined in Treasury Regulation §1.409A-1(h) and, to the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A and applicable guidance issued thereunder, payment of the amounts payable under the Plan that would otherwise be payable during the six-month period after the date of termination shall instead be paid on the first business day after the expiration of such six-month period, plus interest thereon, at a rate equal to the rate specified in subsection 5.7 (to the extent that such interest is not already provided to the participant under subsection 5.6), from the respective dates on which such amounts would otherwise have been paid until the actual date of payment. In

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addition, for purposes of the Plan, each amount to be paid and each installment payment shall be construed as a separate identified payment for purposes of Code Section 409A.

SECTION 7

AMENDMENT, TERMINATION AND CHANGE OF CONDITIONS RELATING TO PAYMENTS

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

7.2 CHANGE OF CONDITIONS RELATING TO PAYMENTS. No change to the time or payment or the time of commencement of payment and any period over which payment shall be made shall be effected except in strict compliance with the subsequent election requirements of Treasury Regulation § 1.409A-2(b) to the extent subject thereto.

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1986
ABBOTT LABORATORIES
MANAGEMENT INCENTIVE PLAN

[The 1986 Abbott Laboratories Management Incentive Plan, as amended, as filed as Exhibit 10.5 to the Abbott Laboratories Quarterly Report for the quarter ended June 30, 2003 on Form 10-Q.]

Exhibit B

IRREVOCABLE GRANTOR TRUST AGREEMENT

THIS AGREEMENT, made this day of , 20 , by and between of , Illinois (the “grantor”), and The Northern Trust Company located at Chicago, Illinois, as trustee (the “trustee”),

WITNESSETH THAT:

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

NOW, THEREFORE, IT IS AGREED as follows:

ARTICLE I

INTRODUCTION

I-1 NAME. This agreement and the trust hereby evidenced (the “trust”) may be referred to as the “ 20 Grantor Trust”.

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

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

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

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

ARTICLE II

DISTRIBUTION OF THE TRUST FUND

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

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

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

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

- (b) The amount of each installment shall be determined by dividing the amount credited to the deferred account as of the end of the preceding year by the difference between (i) the total number of years over which installments are to be distributed, and (ii) the number of annual installment distributions previously made from the deferred account.
- (c) Each installment (after the first installment) shall be approximately equal, with the amount comprised of the sum of:
 - (i) the amount of the first installment, plus interest thereon at the rate determined under the 1986 Abbott Laboratories Management Incentive Plan, compounded annually; and (ii) the net earnings credited to the deferred account for the preceding year.
 - (i) the foregoing, the final installment distribution made to the grantor under this paragraph II-3 shall equal the total principal and accumulated income then held in the trust fund. The grantor, by writing filed with the trustee and the administrator on or before the end of the calendar year in which the grantor's settlement date occurs (or the end of the calendar year in which this trust is established, if the grantor's settlement date has already occurred), may select both the period (which may not be less than

ten years from the end of the calendar year in which the grantor's settlement date occurred) over which the installment distributions are to be made and the method of computing the amount of each installment. In the absence of such a written direction by the grantor, installment distributions shall be made over a period of ten years, and the amount of each installment shall be computed by using the method described in subparagraph (a) next above. Installment distributions under this Paragraph II-3 shall be made as of January 1 of each year, beginning with the calendar year following the year in which the grantor's settlement date occurs. The administrator shall inform the trustee of the amount of each installment distribution under this paragraph II-3, and the trustee shall be fully protected in relying on such information received from the administrator.

II-4. DISTRIBUTIONS FROM THE TRUST FUND AFTER THE GRANTOR'S DEATH. The grantor, from time to time may name any person or persons (who may be named contingently or successively and who may be natural persons or fiduciaries) to whom the principal of the trust fund and all accrued or undistributed income therefrom shall 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 installments, as directed by the grantor, upon the grantor's death. If the grantor directs an installment method of distribution to the spouse as beneficiary, 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. If the grantor directs an installment method of distribution to a trust for which the grantor's spouse is the sole income beneficiary, any amounts remaining at the death of the spouse shall be distributed in a lump sum to such trust. Despite the foregoing, if (i) the beneficiary is a trust for which the grantor's spouse is the sole income beneficiary, (ii) payments are being made pursuant to this paragraph II-4 other than in a lump sum and (iii) income earned by the trust fund for the year exceeds the amount of the annual installment payment, then such trust may elect to withdraw such excess income by written notice to the trustee. Each designation shall revoke all prior designations, shall be in writing and shall be effective only when filed by the grantor with the administrator during the grantor's lifetime. If the grantor fails to direct a method of distribution, the distribution shall be made in a lump sum. If the grantor fails to designate a beneficiary as provided above, then on the grantor's death, the trustee shall distribute the balance of the trust fund in a lump sum to the executor or administrator of the grantor's estate.

II-5 FACILITY OF PAYMENT. When a person entitled to a distribution hereunder is under legal disability, or, in the trustee's opinion, is in any way incapacitated so as to be unable to manage his or her financial affairs, the trustee may

make such distribution to such person's legal representative, or to a relative or friend of such person for such person's benefit. Any distribution made in accordance with the preceding sentence shall be a full and complete discharge of any liability for such distribution hereunder.

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

ARTICLE III MANAGEMENT OF THE TRUST FUND

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

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

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

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

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

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

III-4. COMPENSATION AND EXPENSES. All reasonable costs, charges and expenses incurred in the administration of this trust, including compensation to the trustee, any compensation to agents, attorneys, accountants and other persons

employed by the trustee, and expenses incurred in connection with the sale, investment and reinvestment of the trust fund shall be paid from the trust fund.

ARTICLE IV GENERAL PROVISIONS

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

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

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

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

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

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

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

**ARTICLE V
CHANGES IN TRUSTEE**

V-1. RESIGNATION OR REMOVAL OF TRUSTEE. The trustee may resign at any time by giving thirty (30) days’ advance written notice to the administrator

and the grantor. The administrator may remove a trustee by written notice to the trustee and the grantor.

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

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

**ARTICLE VI
AMENDMENT AND TERMINATION**

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

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

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

* * *

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

Grantor

The Northern Trust Company as Trustee
By

Its

Amended and Restated effective January 1, 2008

ABBOTT LABORATORIES NON-EMPLOYEE DIRECTORS' FEE PLAN

SECTION 1. PURPOSE

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

SECTION 2. DIRECTORS COVERED

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

SECTION 3. FEES PAYABLE TO DIRECTORS

3.1 Each Director shall be entitled to a deferred monthly fee of Eight Thousand Dollars (\$8,000.00) for each calendar month or portion thereof (excluding the month in which he is first elected a Director) that he holds such office with the Company.

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

3.3 Audit Committee Fees

- (a) A Director who serves as Chairman of the Audit Committee of the Board of Directors shall be entitled to a deferred monthly fee of One Thousand Five Hundred Dollars (\$1,500.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.
- (b) Each Director who serves on the Audit Committee of the Board of Directors (other than the Chairman of the Audit Committee) shall be entitled to a deferred monthly fee of Five Hundred Dollars (\$500.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.

3.4 A Director who serves as Chairman of the Compensation Committee of the Board of Directors shall be entitled to a deferred monthly fee of One Thousand Dollars (\$1,000.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.

3.5 A Director who serves as Chairman of the Nominations Committee of the Board of Directors shall be entitled to a deferred monthly fee of One Thousand Dollars (\$1,000.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.

3.6 A Director who serves as Chairman of any other Committee created by this Board of Directors shall be entitled to a deferred monthly fee of One Thousand Dollars (\$1,000.00) for each calendar month or portion thereof (excluding the month in which he is first elected to such position) that he holds such position.

3.7 A Director's Deferred Fee Account shall be credited with interest annually. During the calendar years 1968 and prior, the rate of interest credited to deferred fees shall be four (4) percent per annum. During the calendar years 1969 through 1992, the rate of interest credited to deferred fees shall be the average of the prime rates being charged by the two largest commercial banks in the City of Chicago as of the end of the month coincident with or last preceding the date upon which said interest is so credited. During the calendar years 1993 through 2007, the rate of interest credited to deferred fees shall be equal to: (a) the average of the prime rates being charged by the two largest commercial banks in the City of Chicago as of the end of the month coincident with or last preceding the date upon which said interest is so credited; plus (b) two hundred twenty-five (225) basis points. For the calendar year 2008 and subsequent years, the rate of interest credited to deferred fees shall be equal to: (a) the average of the "prime rate" of interest published by The Wall Street Journal (Mid-West Edition) or comparable successor quotation service on the first business day of January and the last business day of each month of the fiscal year; plus (b) two hundred twenty-five (225) basis points. For purposes of this provision, the term "deferred fees" shall include "deferred monthly fees," and "deferred meeting fees," and shall also include any such interest credited thereon.

3.8 For purposes of Sections 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6, the automatic deferral of the fees specified therein shall be subject to a Director's election to receive such fees currently pursuant to Section 4.1 or Section 9.1 of the Plan.

SECTION 4. PAYMENT OF DIRECTORS' FEES

4.1 Any Director may, by written notice filed with the Secretary of the Company no later than December 31 in a calendar year, elect to receive current payment of all or any portion of the monthly and meeting fees earned by him in calendar years subsequent to the calendar year in which he files such notice, in which case such fees shall not be deferred but shall be paid quarterly as earned and no interest shall be credited thereon. Such election shall be

irrevocable as of December 31 of the year prior to the year in which the fees will be earned. Notwithstanding the timing requirements described above, an individual who is newly elected as a Director may make the election described above by filing it with the Secretary of the Company

within the thirty (30) day period immediately following the date he or she first becomes a Director eligible to participate in the Plan (and all plans that would be aggregated with the Plan pursuant to Treasury Regulation §1.409A-1(c)(2)(i)), provided, that the compensation subject to such election relates solely to services performed after the date of such election and provided further, that such election shall become irrevocable on the thirtieth day following the date he or she first becomes a Director eligible to participate in the Plan. In no event shall the fees subject to an election under this Section 4.1 be paid later than the last day of the “applicable 2 ½ month period”, as such term is defined in Treasury Regulation § 1.409A-1(b)(4)(i)(A). Any Director who has previously provided notice pursuant to this Section 4.1 may, by written notice filed with the Secretary of the Company no later than December 31 in a calendar year, elect to defer payment of all or a portion of the monthly and meeting fees earned by him in calendar years subsequent to the year in which he files such notice, in which case such fees shall be paid to him in accordance with Section 4.2 below.

4.2 A Director’s deferred fees earned pursuant to the Plan shall commence to be paid on the first day of the calendar month next following the earlier of his death or his attainment of age sixty-five (65) if he is not then serving as a Director, or the termination of his service as a Director if he serves as a Director after the attainment of age sixty-five (65).

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

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

4.5 If a Director incurs a termination of service as a Director within two (2) years following the occurrence of a Change in Control (as defined below), the aggregate unpaid balance of such Director’s deferred fees plus all unpaid interest credited thereon, shall be paid to such Director in a lump sum within thirty (30) days following the date of such termination of service; provided, however, that if such Change in Control does not constitute a “change in control event” (as defined in Treasury Regulation § 1.409A-3(i)(5)), then the aggregate unpaid balance of such Director’s deferred fees shall be paid in accordance with Sections 4.2 and 4.3.

Notwithstanding any other provision of the Plan, if a Director has made the alternative election set forth in Section 9.1, and if such Director incurs a termination of service as a Director within five (5) years following the occurrence of a Change in Control, the aggregate unpaid balance of such Director’s fees deposited to the Director’s Grantor Trust (as defined below) plus all unpaid interest credited thereon, shall be paid to such Director from the Director’s Grantor Trust in a lump sum within thirty (30) days following the date of such termination of service.

4.6 A “Change in Control” shall be deemed to have occurred on the earliest of the following dates:

- (i) the date any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (a) of paragraph (iii) below; or
- (ii) the date the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board of Directors or nomination for election by the Company’s shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or
- (iii) the date on which there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity, other than (a) a merger or consolidation (I) immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the Board of Directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof and (II) which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the

Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities; or

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

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

For purposes of this Plan: "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act; "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act; "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time; and "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

4.7 A "Potential Change in Control" shall exist during any period in which the circumstances described in paragraphs (i), (ii), (iii) or (iv), below, exist (provided, however, that a Potential Change in Control shall cease to exist not later than the occurrence of a Change in Control):

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- (i) The Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, provided that a Potential Change in Control described in this paragraph (i) shall cease to exist upon the expiration or other termination of all such agreements.
- (ii) Any Person (without regard to the exclusions set forth in subsections (i) through (iv) of such definition) publicly announces an intention to take or to consider taking actions the consummation of which would constitute a Change in Control; provided that a Potential Change in Control described in this paragraph (ii) shall cease to exist upon the withdrawal of such intention, or upon a determination by the Board of Directors that there is no reasonable chance that such actions would be consummated.
- (iii) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including any securities beneficially owned by such Person which are or were acquired directly from the Company or its Affiliates).
- (iv) The Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control exists; provided that a Potential Change in Control described in this paragraph (iv) shall cease to exist upon a determination by the Board of Directors that the reasons that gave rise to the resolution providing for the existence of a Potential Change in Control have expired or no longer exist.

4.8 The provisions of Sections 4.5, 4.6, 4.7 and this Section 4.8 may not be amended or deleted, nor superseded by any other provision of this Plan, (i) during the pendency of a Potential Change in Control and (ii) during the period beginning on the date of a Change in Control and ending on the date five (5) years following such Change in Control.

SECTION 5. DIRECTORS' RETIREMENT BENEFIT

5.1 Effective April 30, 1998, each of the persons serving as a Director on December 12, 1997 shall be credited with a retirement benefit of \$4,167 a month for 120 months of continuous service and no additional retirement benefits shall accrue under the Plan. Each of the persons serving as a Director on December 12, 1997 may elect: (a) to have his or her retirement benefit under the Plan treated as provided in Section 5.2 of the Plan; or (b) to have the present value of that retirement benefit credited to an unfunded phantom stock account and converted into phantom stock units based on the closing price of the Company's common stock on April 30, 1998, with those phantom stock units then being credited with the same cash and stock dividends,

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stock splits and other distributions and adjustments as are paid on the Company's common stock. The phantom stock units shall be payable to the Director in annual payments commencing on the first day of the calendar month next following the earlier of the Director's death or termination of service as a Director, in an amount determined by the closing price of the Company's common stock on the first business day preceding the payment date. Unless the retirement

benefit is terminated, the annual benefit shall continue to be paid on the anniversary of the day on which the first such retirement benefit payment was made, until the benefit has been paid for ten years, or until the death of the Director or surviving spouse, if earlier. If a Director should die with such benefit still in effect, prior to receipt of all payments due hereunder, the annual benefit shall continue to be paid to the surviving spouse of such Director until all payments due hereunder have been made or until the death of the surviving spouse, if earlier.

5.2 Any person serving as a Director on December 12, 1997 who elects to have his or her retirement benefit paid pursuant to this Section 5.2 shall receive a monthly benefit equal to \$4,167. Payment of the monthly benefit shall commence on the first day of the calendar month next following the earlier of the Director's death or termination of service as a Director. Unless the retirement benefit is terminated, the monthly benefit shall continue to be paid on the first day of each calendar month thereafter, until the benefit has been paid for one hundred and twenty (120) months, or until the death of the Director or surviving spouse, if earlier. If a Director should die with such benefit still in effect, prior to receipt of all payments due hereunder, the monthly benefit shall continue to the surviving spouse of such Director until all payments due hereunder have been made or until the death of the surviving spouse, if earlier.

5.3 Directors who retired on or before December 12, 1997 will receive the form and amount of retirement benefit payable under the terms of the Plan in effect at the time of their retirement.

5.4 Each Director who is granted a retirement benefit hereunder shall make him or herself available for such consultation with the Board of Directors or any committee or member thereof, as may be reasonably requested from time to time by the Chairman of the Board of Directors, following such Director's termination of service as a Director. The Company shall reimburse each such Director for all reasonable travel, lodging and subsistence expenses incurred by the Director at the request of the Company in rendering such consultation. The Company may terminate the retirement benefit if the Director should fail to render such consultation, unless prevented by disability or other reason beyond the Director's control.

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

5.6 An individual will be considered a Director's "surviving spouse" for purposes of Section 5 only if the Director and such individual were married in a religious or civil ceremony

recognized under the laws of the state where the marriage was contracted and the marriage remained legally effective at the date of the Director's death.

SECTION 6. CONVERSION TO COMMON STOCK UNITS

6.1 Any Director who is then serving as a director may, by written notice filed with the Secretary of the Company, irrevocably elect to have all or any portion of deferred fees previously earned but not yet paid, transferred from the Director's Deferred Fee Account to a Stock Account established under this Section 6. Any election as to a portion of such fees shall be expressed as a percentage and the same percentage shall be applied to all such fees regardless of the calendar year in which earned or to all deferred fees earned in designated calendar years, as specified by the Director. A Director may make no more than one notional investment election under this Section 6.1 in any calendar year. All such elections may apply only to deferred fees for which an election has not previously been made and shall be irrevocable.

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

6.3 Deferred fees credited to a Stock Account under Section 6.1 shall be converted to Common Stock Units by dividing the deferred fees so credited by the closing price of common shares of the Company on the date the notice of election under Section 6 is received by the Company (or the next business day, if there are no sales on such date) as reported on the New York Stock Exchange Composite Reporting System. Deferred fees credited to a Stock Account under Section 6.2 shall be converted to Common Stock Units by dividing the deferred fees so credited by the closing price of common shares of the Company as of the last business day of the calendar quarter for which the credit is made, as reported on the New York Stock Exchange Composite Reporting System.

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

6.5 The value of the Common Stock Units credited each Director shall be paid the Director in cash on the dates specified in Section 4.3 (or, if applicable, Section 4.5). The amount of each payment shall be determined by multiplying the Common Stock Units payable on each date specified in Section 4.3 (or, if applicable, Section 4.5) by the closing price of common

shares of the Company on the day prior to the payment date (or the next preceding business day if there are no sales on such date), as reported by the New York Stock Exchange Composite Reporting System.

SECTION 7.
MISCELLANEOUS

7.1 Each Director or former Director entitled to payment of deferred fees hereunder, from time to time may name any person or persons (who may be named contingently or successively) to whom any deferred Director's fees earned by him and payable to him are to be paid in case of his death before he receives any or all of such deferred Director's fees. Each designation will revoke all prior designations by the same Director or former Director, shall be in form prescribed by the Company, and will be effective only when filed by the Director or former Director in writing with the Secretary of the Company during his lifetime. If a deceased Director or former Director shall have failed to name a beneficiary in the manner provided above, or if the beneficiary named by a deceased Director or former Director dies before him or before payment of all the Director's or former Director's deferred Directors' fees, the Company, in its discretion, may direct payment of the remaining installments required by Section 4.3 to either:

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

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

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

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

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

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7.5 Notwithstanding anything in the Plan to the contrary, any amounts under the Plan that were earned and vested before January 1, 2005 (as determined in accordance with Code Section 409A) with respect to a Director who retired before January 1, 2005 ("Grandfathered Amounts") shall be subject to the terms and conditions of the Plan as administered and as in effect on December 31, 2004. Amendments made to the Plan pursuant to this amendment and restatement or otherwise shall not affect the Grandfathered Amounts unless expressly provided for in the amendment. The terms and conditions applicable to the Grandfathered Amounts are set forth in Exhibit A attached hereto.

7.6 To the extent applicable, it is intended that the Plan comply with the provisions of Section 409A of the Code. The Plan will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Plan to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code). Notwithstanding anything contained herein to the contrary, for all purposes of this Plan, a Director shall not be deemed to have had a termination of service as a Director until the Director has incurred a separation from service as defined in Treasury Regulation §1.409A-1(h) and, to the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A and applicable guidance issued thereunder, payment of the amounts payable under the Plan that would otherwise be payable during the six-month period after the date of termination shall instead be paid on the first business day after the expiration of such six-month period, plus interest thereon, at a rate equal to the rate specified in Section 9-8 (to the extent that such interest is not already provided to the participant under subsection 9.10), from the respective dates on which such amounts would otherwise have been paid until the actual date of payment. In addition, for purposes of the Plan, each amount to be paid and each installment payment shall be construed as a separate identified payment for purposes of Section 409A of the Code.

SECTION 8.
AMENDMENT AND DISCONTINUANCE

While the Company expects to continue the Plan, it must necessarily reserve, and does hereby reserve, the right to amend or discontinue the Plan at any time; provided, however, that any amendment or discontinuance of the Plan shall be prospective in operation only, and shall not affect the payment of any deferred Directors' fees theretofore earned by any Director, or the conditions under which any such fees are to be paid or forfeited under the Plan. Any discontinuance of the Plan by the Company shall comply with the requirements of Section 409A of the Code.

SECTION 9.
ALTERNATE PAYMENT OF FEES

9.1 By written notice filed with the Secretary of the Company prior to each calendar year beginning after December 31, 1988, a Director may elect to receive all or a portion of his fees earned in the following calendar year in accordance with the provisions of Section 9. An election under this Section 9.1 shall become irrevocable as of December 31 of the calendar year prior to the year in which such monthly and meeting fees will be earned (or, in the case of a new Director, on the 30th day following the Director's first participation in the Plan and all plans that

would be aggregated with the Plan pursuant to Treasury Regulation §1.409A-1(c)(2)(i), provided, that the compensation subject to such election relates solely to services performed after the date of such election).

9.2 If payment of a Director's fees is made pursuant to Section 9.1, such fees shall not be deferred and a portion of such fees shall be paid currently in cash for the Director directly to a "Grantor Trust" established by the Director, provided such trust is in a form which the Company determines to be substantially similar to the trust attached to this plan as Exhibit B; and the balance of the fees shall be paid currently in cash directly to the Director, provided that the payment made directly to the Director shall equal the aggregate federal, state and local individual income taxes attributable to the fees paid pursuant to this Section 9.2 (determined in accordance with Section 9.14). In no event shall such fees be paid to the Grantor Trust or directly to the Director later than the last day of the "applicable 2 ½ month period", as such term is defined in Treasury Regulation § 1.409A-1(b)(4)(i)(A).

9.3 The Company will establish and maintain four separate accounts in the name of each Director who has made an election under Section 9.1 as follows: a "Pre-Tax Fee Account", an "After-Tax Fee Account", a "Pre-Tax Stock Account" and an "After-Tax Stock Account" (collectively, the "Accounts").

- (a) The Pre-Tax Fee Account shall reflect any fees paid in cash to a Director (including amounts deposited to a Director's Grantor Trust) pursuant to Section 9.2, and interest to be credited to a Director pursuant to Section 9.8. The After-Tax Fee Account shall also reflect such amounts but shall be maintained on an after-tax basis.
- (b) The Pre-Tax Stock Account shall reflect the total amount of fees converted to Common Stock Units pursuant to Section 6 and any adjustments made pursuant to that Section and Section 9.9. The After-Tax Stock Account shall also reflect such amounts but shall be maintained on an after-tax basis.
- (c) The Accounts established pursuant to this Section 9.3 are for the convenience of the administration of the Plan and no trust relationship with respect to such Accounts is intended or should be implied.

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

(a) FIRST, charge, in any year in which the Director is entitled to receive a distribution from his or her Grantor Trust, an amount equal to the distribution from the fee account maintained thereunder that would have been made to the Director if the aggregate amounts paid according to Section 9.2 had instead been deferred under Section 3;

(b) NEXT, credit an amount equal to any fees for that year, not converted to Common Stock Units, that are paid to the Director (including the amount deposited in the participant's Grantor Trust) according to Section 9.2; and

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(c) FINALLY, credit an amount equal to the Interest earned for that year according to Section 9.8.

9.5 As of the end of each calendar year, the Company shall adjust each Director's After-Tax Fee Account as follows:

- (a) FIRST, charge, in any year in which the Director is in receipt of a benefit distribution from his or her Grantor Trust, an amount equal to the product of (i) the distribution that would have been made to the Director if the aggregate amounts paid according to Section 9.2 had instead been deferred under Section 3, multiplied by (ii) a fraction, the numerator of which is the balance in the Director's After-Tax Fee Account as of the end of the prior fiscal year and the denominator of which is the balance of the Director's Pre-Tax Fee Account as of that same date;
- (b) NEXT, credit an amount equal to the fees not converted to Common Stock Units that are paid that year to the Director directly to the Director's Grantor Trust according to Section 9.2; and
- (c) FINALLY, credit an amount equal to the After-Tax Interest earned for that year according to Section 9.8

9.6 As of the end of each calendar year, the Company shall adjust each Director's Pre-Tax Stock Account as follows:

(a) FIRST, charge, in any year in which the Director is entitled to receive a distribution from his or her Grantor Trust, an amount equal to the distribution that would have been made to the Director if the aggregate amount of fees paid according to Section 9.2 had instead been deferred under Section 3 and the adjustments had been made under Section 6;

(b) NEXT, credit an amount equal to any fees for that year that are converted to Common Stock Units and paid to the Director (including the amount deposited in the Director's Grantor Trust to the stock account maintained thereunder) according to Section 9.2; and

(c) FINALLY, credit an amount equal to the Book Value Adjustments to be made for that year according to Section 9.9.

9.7 As of the end of each calendar year, the Company shall adjust each Director's After-Tax Stock Account as follows:

- (a) FIRST, charge, in any year in which the Director is entitled to receive a distribution from his or her Grantor Trust, an amount equal to the product of (i) the distribution that would have been made to the Director if the aggregate amounts paid according to Section 9.2 had instead been deferred under Section 3 and the adjustments had been made under Section 6, multiplied by (ii) a fraction, the numerator of which is the balance in the Director's After-Tax Stock Account as of the end of the prior fiscal year

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and the denominator of which is the balance of the Director's Pre-Tax Stock Account as of that same date;

- (b) NEXT, credit an amount equal to the fees converted to Common Stock Units that are paid that year to the Director directly to the Director's Grantor Trust and allocated to the stock account maintained thereunder according to Section 9.2; and
- (c) FINALLY, credit an amount equal to the Book Value Adjustments to be made for that year according to Section 9.9.

9.8

- (a) As of the end of each calendar year, a Director's Pre-Tax Fee Account shall be credited with interest ("Interest") at the following rate:
 - (i) the average of the "prime rate" of interest published by the Wall Street Journal (Mid-West Edition) or comparable successor quotation service on the first business day of January and the last business day of each month of the fiscal year;
 - (ii) plus two hundred twenty-five (225) basis points.
- (b) As of the end of each calendar year, a Director's After-Tax Fee Account shall be credited with the amount of Interest set forth above, multiplied by the aggregate of the federal, state and local individual income tax rates determined in accordance with subsection 9.14 (the "After-Tax Interest").

9.9 As of the end of each calendar year, a Director's Pre-Tax Stock Account and After-Tax Stock Account shall be adjusted as provided in Section 6.4, to the extent applicable, and shall also be adjusted to reflect the increase or decrease in the fair market value of the Company's common stock determined in accordance with Section 6.5, except that (i) any reference to the payment date in such Section shall mean December 31 of the applicable calendar year for purposes of this Section, and (ii) adjustments to the After-Tax Stock Account shall be made on an after-tax basis. Such adjustments shall be referred to as "Book Value Adjustments."

9.10 In addition to any fees paid to a Director's Grantor Trust under Section 9.2 during the year, the Company shall also make a payment to a Director's Grantor Trust (a "Guaranteed Rate Payment") for each year in which the Grantor Trust is in effect. The Guaranteed Rate Payment shall equal the excess, if any, of the Director's Net Interest Accrual (as defined below) over the net earnings of the Director's deferred account maintained under the Director's Grantor Trust for the year, and shall be paid within the thirty (30) days beginning April 1 of the following calendar year. A Director's Net Interest Accrual for a year is an amount equal to the After-Tax Interest credited to the Director's After-Tax Fee Account for that year in accordance with Section 9.8(b).

9.11 In addition to the fees paid under Section 9.2 during the year and the Guaranteed Rate Payment described above, the Company shall also make a payment to a Director's Grantor

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Trust (a "Guaranteed Principal Payment") for each year in which the Grantor Trust is in effect, to be credited to the stock account maintained thereunder. The "Guaranteed Principal Payment" shall equal the excess, if any, of 75 percent of the balance of the Director's After-Tax Stock Account on December 31 over the balance in the stock account maintained under the Director's Grantor Trust as of that same date. For the calendar year in which the last installment distribution is made from the Director's Grantor Trust (meaning, the year that is X years following the year of the event triggering the payments, where X is the same number of years served by the Director), the payment made under this Section 9.11 shall equal the excess, if any, of 100 percent of the balance of the Director's After-Tax Stock Account over the balance in the stock account maintained under the Director's Grantor Trust as of that same date. Any Guaranteed Principal Payment required under this Section 9.11 shall be made within the thirty (30) days beginning April 1 of the following calendar year.

9.12 Each Director's Grantor Trust assets shall be invested solely in the instruments specified by investment guidelines established by the Committee. Such investment guidelines, once established, may be changed by the Committee, provided that any change shall not take effect until the year following the year in which the change is made and provided further that the instruments specified shall be consistent with the provisions of Section 3(b) of the form of Grantor Trust attached hereto as Exhibit B.

9.13 In addition to the fees paid under Section 9.2 and the payments provided by Section 9.10 and 9.11, each Director (or, if the Director is deceased, the beneficiary designated under the Director's Grantor Trust) shall be entitled to a Tax Gross Up payment for each year in which the Grantor Trust is in effect. The "Tax Gross Up" shall equal: (a) the amount necessary to compensate the Director (or beneficiary) for the net increase in his or her federal, state and local income taxes as a result of the inclusion in the Director's (or beneficiary's) taxable income of the income of his or her Grantor Trust and any Guaranteed Rate and Guaranteed Principal Payments for that year; plus (b) an amount necessary to compensate the Director (or beneficiary) for the net increase in the taxes described in (a) above as a result of the inclusion in his or her taxable income of any payment made pursuant to this Section 9.13. Any Tax Gross-Up payments shall be made no later than the end of the calendar year in which the Director remits the related taxes.

9.14 For purposes of Section 9, a Director's federal income tax rate shall be deemed to be the highest marginal rate of federal individual income tax in effect in the calendar year in which a calculation under this Section is to be made and state and local tax rates shall be deemed to be the highest marginal rates of individual income tax in effect in the state and locality of the Director's residence on the date such a calculation is made, net of any federal tax benefits without a benefit for any net capital losses. Notwithstanding the preceding sentence, if a Director is not a citizen or resident of the United States, his or her income tax rates shall be deemed to be the highest marginal income tax rates actually imposed on the Director's benefits under this Plan or earnings under his or her Grantor Trust without a benefit for any net capital losses.

9.15 If a portion of a Director's fees have been paid to a Grantor Trust pursuant to Section 9.2, then those fees and earnings thereon shall be paid to him or her from the Grantor Trust in the order in which they were earned (i.e., the fees for the earliest year of service as a Director will be the first fees distributed from the Grantor Trust(s), the fees for the next earliest year of service as a Director will be paid on the anniversary of the payment of the first

Exhibit A

ABBOTT LABORATORIES NON-EMPLOYEE DIRECTORS' FEE PLAN

[Abbott Laboratories Non-Employee Directors' Fee Plan, as amended, as filed as Exhibit 10.1 to the Abbott Laboratories Current Report on Form 8-K dated February 17, 2006.]

Exhibit B

IRREVOCABLE GRANTOR TRUST AGREEMENT

THIS RESTATED AGREEMENT, made this _____ day of _____, 2008, by and between _____ of _____, (the "grantor"), and The Northern Trust Company located at Chicago, Illinois, as trustee (the "trustee"),

WITNESSETH THAT:

WHEREAS, the grantor has established a trust known as the "_____ Grantor Trust", dated _____, to hold certain benefits received by the grantor under the Abbott Laboratories Non-Employee Directors' Fee Plan, as it may be amended from time to time; and

WHEREAS, the grantor, with the consent of the administrator of the referenced trust, desires to amend the agreement creating the referenced trust ("trust agreement") in many respects and believes the trust agreement, as so amended, would be easier to understand if restated.

NOW, THEREFORE, the grantor amends the trust agreement by substituting for it and all prior amendments the following provisions which set forth all of the terms and conditions relating to the administration, investment and distribution of the trust property after this date:

ARTICLE I

Introduction

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

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

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

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

I-5. Acceptance. The trustee accepts the duties and obligations of the "trustee" hereunder, agrees to accept funds delivered to it by the grantor or the administrator, and agrees to hold such

funds (and any proceeds from the investment of such funds) in trust in accordance with this agreement.

ARTICLE II

Distribution of the Trust Fund

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

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

II-3. Distributions After the Grantor's Death. The grantor, from time to time may name any person or persons (who may be named contingently or successively and who may be natural persons or fiduciaries) to whom the principal of the trust fund and all accrued or undistributed income thereof shall be distributed in a lump sum or, if the beneficiary is the grantor's spouse (or a trust for which the grantor's spouse is the sole income beneficiary), in installments, as directed by the grantor, upon the grantor's death. If the grantor directs an installment method of distribution to the spouse as beneficiary, 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. If the grantor directs an installment method of distribution to a trust for which the grantor's spouse is the sole income beneficiary, any amounts remaining at the death of the spouse shall be distributed in a lump sum to such trust. Despite the foregoing, if (i) the beneficiary is a trust for which the grantor's spouse is the sole income beneficiary, (ii) payments are being made pursuant to this paragraph II-3 other than in a lump sum and (iii) income earned by the trust fund for the year exceeds the amount of the annual installment payment, then such trust may elect to withdraw such excess income by written notice to the trustee. Each designation shall revoke all prior designations, shall be in writing and shall be effective only when filed by the grantor with the administrator during the grantor's lifetime. If the grantor fails to direct a method of distribution, the distribution shall be made in a lump sum. If the grantor fails to designate a beneficiary as provided above, then on the grantor's death, the trustee shall

distribute the balance of the trust fund in a lump sum to the executor or administrator of the grantor's estate.

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

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

ARTICLE III Management of the Trust Fund

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

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

- (f) To retain any funds or property subject to any dispute without liability for interest and to decline to make payment or delivery thereof until final adjudication by a court of competent jurisdiction or until an appropriate release is obtained.
- (g) To begin, maintain or defend any litigation necessary in connection with the administration of this trust, except that the trustee shall not be obliged or required to do so unless indemnified to the trustee's satisfaction.
- (h) To compromise, contest, settle or abandon claims or demands.
- (i) To give proxies to vote stocks and other voting securities, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, liquidations, or other changes in the financial structure of any corporation, and to exercise or sell stock subscription or conversion rights.
- (j) To hold securities or other property in the name of a nominee, in a depository, or in any other way, with or without disclosing the trust relationship.
- (k) To divide or distribute the trust fund in undivided interests or wholly or partly in kind.
- (l) To pay any tax imposed on or with respect to the trust; to defer making payment of any such tax if it is indemnified to its satisfaction in the premises; and to require before making any payment such release or other document from any lawful taxing authority and such indemnity from the intended payee as the trustee considers necessary for its Protection.

- (m) To deal without restriction with the legal representative of the grantor's estate or the trustee or other legal representative of any trust created by the grantor or a trust or estate in which a beneficiary has an interest, even though the trustee, individually, shall be acting in such other capacity, without liability for any loss that may result.
- (n) To appoint or remove by written instrument any bank or corporation qualified to act as successor trustee, wherever located, as special trustee as to part or all of the trust fund, including property as to which the trustee does not act, and such special trustee, except as specifically limited or provided by this or the appointing instrument, shall have all of the rights, titles, powers, duties, discretions and immunities of the trustee, without liability for any action taken or omitted to be taken under this or the appointing instrument.
- (o) To appoint or remove by written instrument any bank, wherever located, as custodian of part or all of the trust fund, and each such custodian shall have such rights, powers, duties and discretions as are delegated to it by the trustee.
- (p) To employ agents, attorneys, accountants or other persons, and to delegate to them such powers as the trustee considers desirable, and the trustee shall be

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protected in acting or refraining from acting on the advice of persons so employed without court action.

- (q) To perform any and all other acts which in the trustee's judgment are appropriate for the proper management, investment and distribution of the trust fund.

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

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

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

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ARTICLE IV General Provisions

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

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

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

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

IV-5. Waiver of Notice. Any notice required under this agreement may be waived by the person entitled to such notice.

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

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

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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 has executed this amending instrument as of the day and year first above written.

Grantor

The undersigned, as trustee, acknowledges receipt of the foregoing amending instrument as of the day and year first above written.

The Northern Trust Company as Trustee

By _____

Its _____

The undersigned, as a duly authorized representative of the administrator of the trust, hereby consents to the foregoing amending instrument as of the day and year first above written.

Abbott Laboratories

By _____

Its _____

1998 ABBOTT LABORATORIES PERFORMANCE INCENTIVE PLAN

SECTION 1. ESTABLISHMENT AND PURPOSES

1.1 ESTABLISHMENT OF THE PLAN. Abbott Laboratories ("Abbott") established the "1998 Abbott Laboratories Performance Incentive Plan" (the "Plan"), as set forth in this document.

The Plan became effective as of January 1, 1998 (the "Effective Date") with the approval of Abbott's shareholders at the 1998 Annual Meeting of the Shareholders, and shall remain in effect as provided in Section 6.1 hereof. The Plan was amended and restated for documentary compliance with Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code") as of January 1, 2008. Notwithstanding anything in the Plan to the contrary, any amounts under the Plan that were earned and vested before January 1, 2005 (as determined in accordance with Code Section 409A) with respect to participants who retired before January 1, 2005 ("Grandfathered Amounts") shall be subject to the terms and conditions of the Plan as administered and as in effect on December 31, 2004. Amendments made to the Plan pursuant to this amendment and restatement or otherwise shall not affect the Grandfathered Amounts unless expressly provided for in the amendment. The terms and conditions applicable to the Grandfathered Amounts are set forth in Exhibit A attached hereto.

1.2 PURPOSES OF THE PLAN. The purposes of the Plan are to:

- (a) Prove flexibility to Abbott in its ability to attract, motivate, and retain the services of participants in the Plan ("Participants") who make significant contributions to Abbott's success and to allow Participants to share in the success of Abbott.
- (b) Optimize the profitability and growth of Abbott through incentives which are consistent with Abbott's goals and which link the performance objectives of Participants to those of Abbott's shareholders; and
- (c) Provide Participants with an incentive for excellence in individual performance.

SECTION 2. ADMINISTRATION

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

2.2 AUTHORITY OF THE COMMITTEE. The Committee will have full authority to administer the Plan, including the authority to interpret and construe any provision of the Plan, and all rules, regulations and interpretations shall be conclusive and binding on all persons. The Committee has sole responsibility for selecting Participants, establishing performance objectives, setting award targets, and determining award amounts.

2.3 DELEGATION BY THE COMMITTEE. The Committee from time to time may delegate the performance of certain ministerial functions in connection with the Plan, such as the

keeping of records, to such person or persons as the Committee may select. The cost of administration of the Plan will be paid by Abbott.

SECTION 3. ELIGIBILITY AND PARTICIPATION

3.1 ELIGIBILITY AND PARTICIPATION. Eligibility for participation in the Plan shall be limited to senior officers of Abbott and its subsidiaries. Participants in the Plan will be determined annually by the Committee from those senior officers eligible to participate in the Plan.

SECTION 4. PERFORMANCE OBJECTIVES

4.1 PERFORMANCE OBJECTIVES. The Plan's performance objectives (the "Performance Objectives") shall be determined with reference to Abbott's consolidated net earnings prepared in accordance with generally accepted accounting principles.

4.2 INDIVIDUAL BASE AWARD ALLOCATION--DEFINED. The base award allocation for the Chief Executive Officer, if a Participant for such fiscal year, shall be .0015 of the consolidated net earnings of Abbott for that fiscal year. The base award allocation for the Chief Operating Officer, if a Participant for such fiscal year, shall be .0010 of the consolidated net earnings of Abbott for that fiscal year. The base award allocation for any other Participant shall be .00075 of the consolidated net earnings of Abbott for that fiscal year. Each such base award will be increased by interest, at prevailing market rates, accrued on awards deferred or paid to grantor trusts.

SECTION 5. FINAL AWARDS

5.1 FINAL AWARD ALLOCATION. As soon as practical after the close of each fiscal year, a Participant's final award allocation will be determined solely on the basis of the Performance Objectives. In determining a Participant's final award allocation, the Committee will have the discretion to reduce but not increase a Participant's base award allocation (as increased by the last sentence of Section 4.2), provided that a Participant's individual performance will be considered by the Committee in exercising that discretion.

5.2 PAYMENT OF AWARDS. A Participant's final award allocation will be paid or deferred in accordance with rules adopted by the Committee which, with respect to amounts other than Grandfathered Amounts, comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.

SECTION 6. DURATION, AMENDMENT, AND TERMINATION

6.1 DURATION OF THE PLAN. The Plan shall commence on the Effective Date, as described in Section 1.1 hereof, and shall remain in effect until terminated by the Board.

6.2 AMENDMENT AND TERMINATION. The Board, in its sole discretion, may modify or amend any or all of the provisions of the Plan at any time and, without notice, may suspend or terminate it entirely. However, no such modification may, without the consent of the

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Participant, reduce the right of a Participant to a payment or distribution to which the Participant is entitled by reason of an outstanding award allocation.

SECTION 7. SUCCESSORS

7.1 OBLIGATIONS. All obligations of Abbott under the Plan with respect to awards granted hereunder shall be binding on any successor to Abbott, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of Abbott.

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Exhibit A

1998 ABBOTT LABORATORIES PERFORMANCE INCENTIVE PLAN

[1998 Abbott Laboratories Performance Incentive Plan, as filed as Exhibit 10.1 to the Abbott Laboratories Quarterly Report for the quarter ended March 31, 1998 on Form 10-Q; and, Rules for the 1998 Abbott Laboratories Performance Incentive Plan, as filed as Exhibit 10.17 to the 2004 Abbott Laboratories Annual Report on Form 10-K.]

1998 PERFORMANCE INCENTIVE PLAN (PIP) RULES
409A DOCUMENT

The following rules shall govern the administration of the 1998 Abbott Laboratories Performance Incentive Plan (PIP) and any comparable successor plan with respect to all amounts that are not Grandfathered Amounts. Capitalized terms used but not otherwise defined in these Rules shall have the meaning provided in the PIP. These rules shall remain in effect until amended by the Committee:

1. Fiscal Year. The term “fiscal year”, as used in the PIP, means the fiscal period from time to time employed by Abbott for the purpose of reporting earnings to shareholders.
2. Consolidated Net Income. “Consolidated Net Income” shall be the consolidated net income for such fiscal year as stated in Abbott’s Audited Financial Statements. Excluded from the calculation of consolidated net income will be the effect of changes in GAAP and the tax effects thereon, and extraordinary gains and losses and the tax effects thereon if presented in the audited Consolidated Statement of Earnings.
3. Naming of Participants. For any fiscal year, all participants in the PIP must be named by the Committee prior to the completion of the immediately preceding fiscal year. A PIP participant may not be an active participant in the MIP in the same fiscal year.
4. Inclusion in Pensionable Earnings. The full amount of any PIP award earned under Rule 5 will be included in the participant’s pensionable earnings.
5. Time of Payment. Beginning with any award allocation paid after December 31, 1998, a participant must direct payment or deferral of an allocation made to the participant under the PIP by one or more of the following methods:
 - (a) In cash to the participant, which payment shall be made no later than the last day of the “applicable 2 ½ month period”, as such term is defined in Treasury Regulation § 1.409A-1(b)(4)(i)(A);
 - (b) A portion in cash and deposited to a grantor trust (the “Grantor Trust”) established by the participant (in a form which the Committee determines is substantially similar to the trust in Exhibit A) and the balance paid to the participant approximately equal to the participant’s aggregate federal, state and local individual income and employment taxes; provided that all payments or contributions

to the Grantor Trust and participant contemplated by this Section 5(b) shall be made no later than the last day of the “applicable 2 ½ month period”, as such term is defined in Treasury Regulation § 1.409A-1(b)(4)(i)(A); or

- (c) Deferral of payment until the time, and in the manner determined in Rule 17.

Amounts paid under the PIP will not be considered amounts paid under the MIP for purposes of subsections 3.3 and 3.4 and Section 4 of the MIP. The base salaries of PIP participants will not be considered for determination of the MIP amount in subsection 3.3 of the MIP.

6. Time of Election.
 - (a) A participant must make the election described in Rule 5 by filing it with the Committee before expiration of the election period established by the Committee, which period shall end no later than December 31 of the fiscal year prior to the year during which the performance incentive compensation is earned under the PIP.
 - (b) Notwithstanding the timing requirements of Rule 6(a), an individual who newly becomes eligible to participate in the PIP by being designated as a participant under Section 3.1 of the PIP (and who was not eligible to participate in any other plan that would be aggregated with the Plan under Treasury Regulation §1.409A-1(c)) may make the an initial deferral election described in Rule 5 by filing it with the Committee or its delegate within the thirty (30) day period immediately following the date he or she first is designated as participant, provided, that the compensation deferred pursuant to such election relates solely to services performed after the date of such election. For this purpose, an election shall be deemed to apply to compensation paid for services performed after the election if the election applies to no more than the amount prescribed by Treasury Regulation §1.409A-2(a)(7)(i).
 - (c) Any election described in Rule 5 shall be irrevocable for the fiscal year to which the election applies.
7. Accounts. The Committee shall establish accounts for participants who have made elections pursuant to Rule 5(b) or 5(c) as follows.
 - (a) The Committee will maintain a “Deferred Account” in the name of each participant who has elected to defer payment of all or a portion of his or her PIP award under Rule 5(c). The Deferred Account shall consist of allocations deferred according to Rule 5(c) and any adjustments made in accordance with Rule 8.

- (b) The Committee will maintain two separate Accounts, a “Pre-Tax Account” and an “After-Tax Account”, in the name of each participant who has declined to defer allocations by electing to have a portion of his or her PIP award deposited in cash to a Grantor Trust according to Rule 5(b). The Pre-Tax Account shall consist of the aggregate of all allocations contemplated by Rule 5(b), whether deposited to the participant’s Grantor Trust

or made in cash to the participant, and any adjustments made in accordance with Rule 9. The After-Tax Account shall consist of allocations deposited to the participant's Grantor Trust in cash according to Rule 5(b) and any adjustments made in accordance with Rule 10.

8. Adjustment of Deferred Accounts. At the end of each fiscal year, a participant's Deferred Account will be adjusted as follows:
- (a) First, reduced by an amount equal to any distribution made to the participant during the year according to Rule 17 or Rule 18;
 - (b) Next, increased by an amount equal to any allocation for that year that is deferred according to Rule 5(c); and
 - (c) Last, increased by an amount equal to the interest earned for that year according to Rule 11.
9. Adjustment of Pre-Tax Accounts. At the end of each fiscal year, a participant's Pre-Tax Account will be adjusted as follows:
- (a) First, reduced, in any year in which the participant is entitled to receive a distribution from his or her Grantor Trust, by an amount equal to the distribution that would have been made to the participant if the aggregate amounts allocated according to Rule 5(b) had instead been deferred under Rule 5(c);
 - (b) Next, increased by an amount equal to any allocation for that year that is paid to the participant (including the amount paid to the participant's Grantor Trust) according to Rule 5(b); and
 - (c) Last, increased by an amount equal to the interest earned for that year according to Rule 11.
10. Adjustment of After-Tax Accounts. At the end of each fiscal year, a participant's After-Tax Account will be adjusted as follows:
- (a) First, reduced, in any year in which the participant is in receipt of a distribution from his or her Grantor Trust, by an amount calculated as provided in Rule 28 which represents the distribution for such year;

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- (b) Next, increased by an amount equal to the allocation for that year that is deposited in the participant's Grantor Trust according to Rule 5(b); and
 - (c) Last, increased by an amount equal to the interest earned for that year according to Rule 11.
11. Interest Accruals on Accounts.
- (a) As of the end of each fiscal year, a participant's Deferred Account or Pre-Tax Account, as applicable, shall be credited with interest ("Interest") at the following rate:
 - (i) the average of the "prime rate" of interest published by The Wall Street Journal (Mid-West Edition) or comparable successor quotation service on the first business day of January and the last business day of each month of the fiscal year; plus
 - (ii) two hundred twenty-five (225) basis points.
 - (b) As of the end of each fiscal year, a participant's After-Tax Account shall be credited with the amount of Interest set forth above, multiplied by the aggregate of the federal, state and local individual income tax rates determined in accordance with Rule 26 (the "After-Tax Interest").
 - (c) The Interest and After-Tax Interest, as applicable, shall be credited on the conditions established by the Committee, provided that any award allocation shall be considered to have been made and credited to a participant's Account as of the first day of the fiscal year in which the award is made.
12. Guaranteed Rate Payments. In addition to any allocation made to a participant for any fiscal year in accordance with Rule 5(b), Abbott shall also make a payment to a participant's Grantor Trust (a "Guaranteed Rate Payment") for each year in which the Grantor Trust is in effect. The Guaranteed Rate Payment shall equal the excess, if any, of the participant's Net Interest Accrual (as defined below) over the net earnings of the participant's Grantor Trust for the year, and shall be paid within the thirty (30) days beginning April 1 of the following fiscal year. A participant's Net Interest Accrual for a year is an amount equal to the After-Tax Interest credited to the participant's After-Tax Account for that year in accordance with Rule 11(b).
13. Grantor Trust Assets. Each participant's Grantor Trust assets shall be invested solely in the instruments specified by investment guidelines established by the Committee. Such investment guidelines, once established, may be changed by the Committee, provided that any change shall not take effect until the year following the year in which the change is made and provided further that the instruments

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specified shall be consistent with the provisions of Section 3(b) of the form of Grantor Trust attached hereto as Attachment A.

14. Designation of Beneficiaries. Subject to the conditions and limitations set forth below, each participant, and after a participant's death, each primary beneficiary designated by a participant in accordance with the provisions of this Rule 14, shall have the right from time to time to designate a primary beneficiary or beneficiaries and, successive or contingent beneficiary or beneficiaries to receive unpaid amounts from the participant's Deferred Account under the PIP. Beneficiaries may be a natural person or persons or a fiduciary, such as a trustee of a trust or the legal representative of an estate. Any such designation shall take effect upon the death of the participant or such beneficiary, as the case may be, or in the case of any fiduciary beneficiary, upon the termination of all of its duties (other than the duty to dispose of the right to receive amounts remaining to be paid under the PIP). The conditions and limitations relating to the designation of beneficiaries are as follows:

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

Any beneficiary designation or grant of any power to any beneficiary under this Rule 14 may be exercised only by an instrument in writing, executed by the person making the designation or granting such power and filed with the Secretary of Abbott during the person's lifetime or prior to the termination of a fiduciary's duties. If a deceased participant or a deceased nonfiduciary beneficiary who had the right to designate a beneficiary as provided above dies without having designated a further beneficiary, or if no beneficiary designated as provided above is living or qualified and acting, the Committee, in its discretion, may direct distribution of the amount remaining from time to time to either: (i) any one or more or all of the next of kin (including the surviving spouse) of the participant or the deceased beneficiary, as the case may be, and in such proportions as the Committee determines; or (ii) the legal representative of the estate of the deceased participant or deceased beneficiary as the case may be.

15. Non-assignability and Facility of Payment. Amounts payable to participants and their beneficiaries under the PIP are not in any way subject to their debts and other obligations, and may not be voluntarily or involuntarily sold, transferred or assigned; provided that the provisions of these Rules shall not be construed as restricting

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in any way a designation right granted to a beneficiary under Rule 14. When a participant or the beneficiary of a participant is under legal disability, or in the Committee's opinion is in any way incapacitated so as to be unable to manage his or her financial affairs, the Committee may direct that payments shall be made to the participant's or beneficiary's legal representative, or to a relative or friend of the participant or beneficiary for the benefit of the participant or beneficiary, or the Committee may direct the payment or distribution for the benefit of the participant or beneficiary in any manner that the Committee determines.

16. Payer of Amounts Allocated to Participants. Any amount allocated to a participant in the PIP and any interest credited thereto will be paid by the employer (or such employer's successor) by whom the participant was employed during the fiscal year for which any amount was allocated, and for that purpose, if a participant shall have been employed by two or more employers during any fiscal year the amount allocated under the PIP for that year shall be an obligation of each of the respective employers in proportion to the respective amounts of base salary paid by each of them in that fiscal year.
17. Manner of Payment of Deferred Accounts. Subject to Rule 18, a participant shall elect to receive payment of his Deferred Account in substantially equal annual installments over a minimum period of ten years, or a longer period, at the time of his deferral election under Rule 5. Payment of a participant's Deferred Account shall commence on the first business day of January of the year following the year in which the participant incurs a termination of employment.
18. Payment Upon Termination Following Change in Control. Notwithstanding any other provision of the PIP or the provisions of any award made under the PIP, if a participant incurs a termination of employment with Abbott and its subsidiaries for any reason within two (2) years following the date of a Change in Control, provided that the event constituting a Change in Control is also a "change in control event", as such term is defined in Treasury Regulation § 1.409A-3(i)(5): (a) with respect to a participant whose allocations under the PIP are deferred in accordance with Section 5(c), the aggregate unpaid balance of the participant's Deferred Account shall be paid to such participant in a lump sum within thirty (30) days following the date of such termination of employment, and (b) with respect to a participant whose allocations under the PIP are made pursuant to Section 5(b), (i) the aggregate of the participant's unpaid allocation under Section 5(b) (if any) for the fiscal year in which the termination occurs and (ii) a pro rata portion of the unpaid Guaranteed Rate Payment under Rule 12 attributable to the portion of the year elapsed prior to the date of termination, shall be paid to such participant's Grantor Trust in a lump sum within thirty (30) days following the date of such termination of employment.
19. Change in Control. A "Change in Control" shall be deemed to have occurred on the earliest of the following dates:

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- (a) the date any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Abbott (not including in the securities beneficially owned by such Person any securities acquired directly from Abbott or its Affiliates) representing 20% or more of the combined voting power of Abbott's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (c) below; or
 - (b) the date the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Abbott) whose appointment or election by the Board or nomination for election by Abbott's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or
 - (c) the date on which there is consummated a merger or consolidation of Abbott or any direct or indirect subsidiary of Abbott with any other corporation or other entity, other than (i) a merger or consolidation (A) immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the Board of Directors of Abbott, the entity surviving such merger or consolidation or, if Abbott or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof and (B) which results in the voting securities of Abbott outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any subsidiary of Abbott, at least 50% of the combined voting power of the securities of Abbott or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of Abbott (or similar transaction) in which no Person is or becomes the Beneficial

Owner, directly or indirectly, of securities of Abbott (not including in the securities Beneficially Owned by such Person any securities acquired directly from Abbott or its Affiliates) representing 20% or more of the combined voting power of Abbott's then outstanding securities; or

- (d) the date the shareholders of Abbott approve a plan of complete liquidation or dissolution of Abbott or there is consummated an agreement for the sale or disposition by Abbott of all or substantially all of Abbott's assets, other than a sale

or disposition by Abbott of all or substantially all of Abbott's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of Abbott, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any subsidiary of Abbott, in substantially the same proportions as their ownership of Abbott immediately prior to such sale.

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

For purposes of these Rules: "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act; "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act; "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time; and "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) Abbott or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Abbott or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Abbott in substantially the same proportions as their ownership of stock of Abbott.

20. Potential Change in Control. A "Potential Change in Control" shall exist during any period in which the circumstances described in paragraphs (a), (b), (c) or (d), below, exist (provided, however, that a Potential Change in Control shall cease to exist not later than the occurrence of a Change in Control):
- (a) Abbott enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, provided that a Potential Change in Control described in this paragraph (a) shall cease to exist upon the expiration or other termination of all such agreements.
- (b) Any Person (without regard to the exclusions set forth in subsections (i) through (iv) of such definition) publicly announces an intention to take or to consider taking actions the consummation of which would constitute a Change in Control; provided that a Potential Change in Control described in this paragraph (b) shall cease to exist upon the withdrawal of such intention, or upon a

determination by the Board that there is no reasonable chance that such actions would be consummated.

- (c) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of Abbott representing 10% or more of either the then outstanding shares of common stock of Abbott or the combined voting power of Abbott's then outstanding securities (not including any securities beneficially owned by such Person which are or were acquired directly from Abbott or its Affiliates).
- (d) The Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control exists; provided that a Potential Change in Control described in this paragraph (d) shall cease to exist upon a determination by the Board that the reasons that gave rise to the resolution providing for the existence of a Potential Change in Control have expired or no longer exist.
21. Prohibition Against Amendment. The provisions of Rules 18, 19, 20 and this Rule 21 may not be amended or deleted, nor superseded by any other Rule, (i) during the pendency of a Potential Change in Control and (ii) during the period beginning on the date of a Change in Control and ending on the date five (5) years following such Change in Control.
22. Reliance Upon Advice. The Board and the Committee may rely upon any information or advice furnished to it by any Officer of Abbott or by Abbott's independent auditors, or other consultants, and shall be fully protected in relying upon such information or advice. No member of the Board or the Committee shall be liable for any act or failure to act on their part, excepting only any acts done or omitted to be done in bad faith, nor shall they be liable for any act or failure to act of any other member.
23. Taxes. Any employer shall be entitled, if necessary or desirable, to pay, or withhold the amount of any federal, state or local tax, attributable to any amounts payable by it under the PIP after giving the person entitled to receive such amount notice as far in advance as practicable, and may require payment from the participant in an amount necessary to satisfy such taxes prior to remitting such taxes.
24. Rights of Participants. Employment rights of participants with Abbott and its subsidiaries shall not be enlarged or affected by reason of establishment of or inclusion as a participant in the PIP. Nothing contained in the PIP shall require Abbott or any subsidiary to segregate or earmark any assets, funds or property for the purpose of payment of any amounts which may have been deferred. The Deferred, Pre-Tax and After-Tax Accounts established in accordance with Rule 7 are for the convenience of the administration of the PIP and no trust relationship with respect to such Accounts is intended or should be implied. Participant's rights shall be limited to payment to them at the time or times and in such amounts as are contemplated by the PIP and these Rules. Any decision made by the Board or the Committee, which is

within the sole and uncontrolled discretion of either, shall be conclusive and binding upon the other and upon all other persons whomsoever.

25. Tax Adjustment Payment. In addition to the allocations provided in accordance with Rule 5, each participant who has established a Grantor Trust (or, if the participant is deceased, the beneficiary designated under the participant's Grantor Trust) shall be entitled to a Tax Adjustment Payment for each year in which the Grantor Trust is in effect. Payment of the Tax Adjustment Payment shall be made by the employers (in such proportions as Abbott shall designate) directly from their general corporate assets, no later than the end of the calendar year in which the participant remits the related taxes. The "Tax Adjustment Payment" shall equal:
- (a) the amount necessary to compensate the participant (or beneficiary) for the net increase in the participant's (or beneficiary's) federal, state and local income taxes as a result of the inclusion in his or her taxable income of the income of the participant's Grantor Trust and any Guaranteed Rate Payment for that year; plus
 - (b) an amount necessary to compensate the participant (or beneficiary) for the net increase in the taxes described in (a) above as a result of the inclusion in his or her taxable income of any payment made pursuant to this Rule 25.
26. Income Tax Assumptions. For purposes of these Rules, a participant's federal income tax rate shall be deemed to be the highest marginal rate of federal income individual tax in effect in the calendar year in which a calculation under the Rules is to be made, and state and local tax rates shall be deemed to be the highest marginal rates of individual income tax in effect in the state and locality of the participant's residence on the date such a calculation is made, net of any federal tax benefits without a benefit for any net capital losses.
27. Change of Conditions Relating to Payments. No change to the time of payment or the time of commencement of payment and any period over which payment shall be made shall be effected except in strict compliance with the subsequent election requirements of Treasury Regulation § 1.409A-2(b) to the extent subject thereto.
28. Administrator's Calculation of Grantor Trust Distributions. The Administrator shall calculate the amount to be distributed from a participant's Grantor Trust in any year in which the participant is entitled to a benefit distribution by multiplying (i) the amount of the reduction determined in accordance with Rule 9(a), by (ii) a fraction, the numerator of which is the balance in the participant's After-Tax Account as of the end of the prior fiscal year and the denominator of which is the balance of the participant's Pre-Tax Account as of that same date
29. Section 409A. To the extent applicable, it is intended that these Rules comply with the provisions of Code Section 409A. The Rules will be administered and interpreted

in a manner consistent with this intent, and any provision that would cause the Rules to fail to satisfy Code Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Code Section 409A). Notwithstanding anything contained herein to the contrary, for all purposes of these Rules, a participant shall not be deemed to have had a termination of employment until the participant has incurred a separation from service as defined in Treasury Regulation §1.409A-1(h) and, to the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A and applicable guidance issued thereunder, payment of the amounts payable under the Rules that would otherwise be payable during the six-month period after the date of termination shall instead be paid on the first business day after the expiration of such six-month period, plus interest thereon, at a rate equal to the rate specified in Rule 11 (to the extent that such interest is not already provided to the participant under Rule 12), from the respective dates on which such amounts would otherwise have been paid until the actual date of payment. In addition, for purposes of these Rules, each amount to be paid and each installment payment shall be construed as a separate identified payment for purposes of Code Section 409A.

ABBOTT LABORATORIES
1996 INCENTIVE STOCK PROGRAM
(as amended and restated through the
5th Amendment January 1, 2008)

1. **PURPOSE.** The purpose of the Abbott Laboratories 1996 Incentive Stock Program (the "Program") is to attract and retain outstanding directors, officers and other employees of Abbott Laboratories (the "Company") and its subsidiaries, and to furnish incentives to such persons by providing opportunities to acquire common shares of the Company, or monetary payments based on the value of such shares or the financial performance of the Company, or both, on advantageous terms as herein provided and to further align such persons' interests with those of the Company's other shareholders through compensation that is based on the value of the Company's common shares.
2. **ADMINISTRATION.** The Program will be administered by a committee (the "Committee") of at least two persons which shall be either the Compensation Committee of the Board of Directors of the Company (the "Board of Directors") or such other committee comprised entirely of persons who are both: (i) "disinterested persons" as defined in Rule 16b-3 of the Securities and Exchange Commission; and (ii) "outside directors" as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision; as the Board of Directors may from time to time designate. The Committee shall interpret the Program, prescribe, amend and rescind rules and regulations relating thereto and make all other determinations necessary or advisable for the administration of the Program. A majority of the members of the Committee shall constitute a quorum and all determinations of the Committee shall be made by a majority of its members. Any determination of the Committee under the Program may be made without notice of meeting of the Committee by a writing signed by all of the Committee members. The Committee may, from time to time, delegate any or all of its duties, powers and authority to any officer or officers of the Company, except to the extent such delegation would be inconsistent with Rule 16b-3 of the Securities and Exchange Commission or other applicable law, rule or regulation. The Chief Executive Officer of the Company may, on behalf of the Committee, grant stock options, restricted stock awards, and restricted stock units under the Program, other than to persons subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All such grants by the Chief Executive Officer must be reported to, and ratified by, the Committee within twelve months of the grant date but, if ratified, shall be effective as of the grant date.
3. **PARTICIPANTS.** Participants in the Program will consist of such officers and other employees of the Company and its subsidiaries as the Committee in its sole discretion may designate from time to time to receive Benefits hereunder. The Committee's designation of a participant in any year shall not require the Committee to designate such person to receive a Benefit in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Benefits, including without limitation (i) the financial condition of the Company; (ii) anticipated profits for the current or future years; (iii) contributions of participants to the profitability and development of the Company; (iv) prior awards to participants; and (v) other compensation

provided to participants. Non-Employee Directors shall also be participants in the Program solely for purposes of receiving Restricted Stock Awards and Restricted Stock Units under paragraph 13 and Non-qualified Stock Options under paragraph 14. The term "Non-Employee Director" shall mean a member of the Board of Directors who is not a full-time employee of the Company or any of its subsidiaries.

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

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

6. **INCENTIVE STOCK OPTIONS.** Incentive Stock Options will consist of options to purchase common shares at purchase prices not less than One Hundred percent (100%) of the Fair Market Value of such common shares on the date of grant. An Incentive Stock Option will not be exercisable after the expiration of ten (10) years from the date such option is

granted. In the event of termination of employment for any reason other than retirement, disability or death, the right of the optionee to exercise an Incentive Stock Option shall terminate upon the earlier of the end of the original term of the option or three (3) months after the optionee's last day of work for the

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

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

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

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

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- (b) Stock Appreciation Rights will permit the holder to surrender any related stock option or portion thereof which is then exercisable and to elect to receive in exchange therefor cash in an amount equal to:
 - (i) The excess of the Fair Market Value on the date of such election of one common share over the option price multiplied by
 - (ii) The number of shares covered by such option or portion thereof which is so surrendered.
- (c) A Stock Appreciation Right granted to a participant who is subject to Section 16 of the Exchange Act may be exercised only after six (6) months from its grant date (unless such exercise would not affect the exemption under Rule 16b-3 of the Securities and Exchange Commission).
- (d) A Stock Appreciation Right may be granted to a participant regardless of whether such participant has been granted a Limited Stock Appreciation Right with respect to the same stock option. However, a Stock Appreciation Right may not be exercised during any period that a Limited Stock Appreciation Right with respect to the same stock option may be exercised.
- (e) In the event of the exercise of a Stock Appreciation Right, the number of shares reserved for issuance hereunder shall be reduced by the number of shares covered by the stock option or portion thereof surrendered.

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

- (a) A Limited Stock Appreciation Right may be granted with respect to a stock option at the time of its grant or at any time thereafter up to six (6) months prior to its expiration.
- (b) A Limited Stock Appreciation Right will permit the holder to surrender any related stock option or portion thereof which is then exercisable and to receive in exchange therefor cash in an amount equal to:
 - (i) The excess of the Fair Market Value on the date of such election of one common share over the option price multiplied by
 - (ii) The number of shares covered by such option or portion thereof which is so surrendered.
- (c) A Limited Stock Appreciation Right granted to a participant who is subject to Section 16 of the Exchange Act may be exercised only after six (6) months from its grant date (unless such exercise would not affect the exemption under

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Rule 16b-3 of the Securities and Exchange Commission) and only during the sixty (60) day period commencing on the later of:

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

- (d) A Limited Stock Appreciation Right may be granted to a participant regardless of whether such participant has been granted a Stock Appreciation Right with respect to the same stock option.
- (e) In the event of the exercise of a Limited Stock Appreciation Right, the number of shares reserved for issuance hereunder shall be reduced by the number of shares covered by the stock option or portion thereof surrendered.

10. RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNITS

- (a) **RESTRICTED STOCK AWARDS.** Restricted Stock Awards will consist of common shares transferred to participants without other payment therefor as additional compensation for their services to the Company or any of its subsidiaries. Restricted Stock Awards granted under this paragraph 10 shall be satisfied from the Company's available treasury shares. Restricted Stock Awards shall be subject to such terms and conditions as the Committee determines appropriate, including, without limitation, restrictions on the sale or other disposition of such shares and rights of the Company to reacquire such shares upon termination of the participant's employment within specified periods. Subject to such other restrictions as are imposed by the Committee, the common shares covered by a Restricted Stock Award granted to a participant who is subject to Section 16 of the Exchange Act may be sold or otherwise disposed of only after six (6) months from the grant date of the award (unless such sale would not affect the exemption under Rule 16b-3 of the Securities and Exchange Commission).
- (b) **RESTRICTED STOCK UNITS.** Restricted Stock Units will consist of an unfunded promise to deliver shares of stock at some future date to participants without other payment therefor as additional compensation for their services to the Company or any of its subsidiaries. Stock delivered under this paragraph 10(b) shall be satisfied from the Company's available treasury shares. Restricted Stock Units granted under this paragraph 10(b) shall be subject to such terms and conditions as the Committee determines appropriate, including, without limitation, restrictions on the sale or other disposition of such stock units, the rights of the Company to provide for the forfeiture of such stock units upon termination of the participant's employment within specified periods and the right to receive dividend equivalent payments.
- (c) No more than ten percent (10%) of the total number of shares available for grant in any calendar year may be granted as Restricted Stock Units or

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Restricted Stock Awards (in the aggregate) under paragraphs 10 and 13 in that year.

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

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

13. RESTRICTED STOCK UNIT AWARDS FOR NON-EMPLOYEE DIRECTORS.

- (a) Each year, on the date of the annual shareholders meeting, each person who is elected a Non-Employee Director at the annual shareholders meeting shall be awarded both: (i) Restricted Stock Units covering a number of common shares with a Fair Market Value on the date of the award closest to, but not in excess of, an amount equal to six times the monthly fee in effect under Section 3.1 of the Abbott Laboratories Non-Employee Director's Fee Plan on the date of the award and (ii) Restricted Stock Units covering a number of common shares with a Fair Market Value on the date of the award closest to, but not in excess of, Fifty Thousand Dollars (\$50,000).

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- (b) **VESTING AND PAYMENT.** The Restricted Stock Units granted under this paragraph 13 shall be fully vested on the date of the award. The Non-Employee Director receiving the Restricted Stock Units shall be entitled to receive one common share for each common share subject to the award upon the earliest of the following events (the "Termination Event"):
 - (i) The date the director terminates or retires from the Board;
 - (ii) The date the director dies; or
 - (iii) The date of occurrence of a Change in Control (as defined in paragraph 2(c)) which also qualifies as a "change in control event," as such term is defined in Treasury Regulation §1.409A-3(i)(5).

- (c) **DIVIDENDS.** The Non-Employee Director receiving the Restricted Stock Units shall be entitled to receive cash payments equal to the dividends and distributions paid on shares of stock (other than dividends or distributions of securities of the Company which may be issued with respect to its shares by virtue of any stock split, combination, stock dividend or recapitalization) to the same extent as if each Restricted Stock Unit was a share of stock, and those shares were not subject to the restrictions imposed by this Program, provided that the record date with respect to such dividend or distribution occurs within the period commencing with the date of the award and ending upon the date of the Termination Event (the "Restricted Period").
- (d) **RESTRICTIONS.** All Restricted Stock Units granted under this paragraph 13 shall be subject to the following restrictions during the Restricted Period:
 - (i) The Restricted Stock Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of.
 - (ii) Any additional common shares of the Company or other securities or property issued with respect to shares covered by awards granted under this paragraph 13 as a result of any stock split, combination, stock dividend or recapitalization, shall be subject to the restrictions and other provisions of this paragraph 13.
 - (iii) A director shall not be entitled to receive any shares prior to completion of all actions deemed appropriate by the Company to comply with federal or state securities laws and stock exchange requirements.

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- (e) Except in the event of conflict, all provisions of the Program shall apply to this paragraph 13. In the event of any conflict between the provisions of the Program and this paragraph 13, this paragraph 13 shall control. Restricted Stock Units granted under this paragraph 13 shall be satisfied from the Company's available treasury shares.

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

- (a) Each Non-Employee Director may elect to receive any or all of his or her fees earned during the second half of 1996 and each subsequent calendar year under Section 3 of the Abbott Laboratories Non-Employee Directors' Fee Plan (the "Directors' Fee Plan") in the form of Non-qualified Stock Options under this Section 14. Each such election shall be irrevocable, and must be made in writing and filed with the Secretary of the Company by December 31, 1995 (for fees earned in the second half of 1996) and (for fees earned in subsequent calendar years) by June 30 of the calendar year preceding the calendar year in which such fees are earned (or such later date as may be permissible under Rule 16b-3 of the Securities and Exchange Commission, but in no event later than December 31 of such preceding calendar year).
- (b) A Non-Employee Director may file a new election each calendar year applicable to fees earned in the immediately succeeding calendar year. If no new election or revocation of a prior election is received by June 30 of any calendar year (or such later date as may be permissible under paragraph (a)), the election, if any, in effect for such calendar year shall continue in effect for the immediately succeeding calendar year. Any election made under this Section 14 shall take precedence over any election made by the director for the same period, under the Directors' Fee Plan, to the extent necessary to resolve any conflict between such elections. If a director does not elect to receive his or her fees in the form of Non-qualified Stock Options, the fees due such director shall be paid or deferred as provided in the Directors' Fee Plan and any applicable election thereunder by the director.
- (c) The number of common shares covered by each Non-qualified Stock Option granted in any year under this Section 14 shall be determined based on an independent appraisal for such year of the intrinsic value of options granted hereunder and the amount of fees covered by the director's election for such year. The number of common shares covered by options granted in 1996 (as determined under this procedure) shall be the number of whole shares equal to (i) the product of three (3) times the amount of fees which the director has elected under paragraph (a) to receive in the form of Non-qualified Stock Options, divided by (ii) One Hundred percent (100%) of the Fair Market Value of one common share on the grant date. Any fraction of a share shall be disregarded, and the remaining amount of the fees corresponding to such option shall be paid as provided in the Directors' Fee Plan and any applicable election thereunder by the director.

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

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

16. **OTHER PROVISIONS.** The award of any Benefit under the Program may also be subject to other provisions (whether or not applicable to the Benefit awarded to any other participant) as the Committee determines appropriate, including, without limitation, provisions for the purchase of common shares under stock options in installments, provisions for the payment of the purchase price of shares under stock options by delivery of other common shares

of the Company having a then market value equal to the purchase price of such shares, restrictions on resale or other disposition, such provisions as may be appropriate to comply with federal or state securities laws and stock exchange requirements and understandings or conditions as to the participant's employment in addition to those specifically provided for under the Program.

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

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

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

To the extent applicable, it is intended that the Program comply with the provisions of Code Section 409A. The Program will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Program to fail to satisfy Code Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Code Section 409A). Notwithstanding anything contained herein to the contrary, for all purposes of the Program, a participant shall not be deemed to have had a termination of employment until the participant has incurred a separation from service as defined in Treasury Regulation §1.409A-1(h) and, to the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A and applicable guidance issued thereunder, payment of the amounts payable under the Program that would otherwise be payable during the six-month period after the date of termination shall instead be paid on the first business day after the expiration of such six-month period. In addition, for purposes of the Program, each amount to be paid and each installment payment shall be construed as a separate identified payment for purposes of Code Section 409A.

17. **TERM OF PROGRAM AND AMENDMENT, MODIFICATION, CANCELLATION OR ACCELERATION OF BENEFITS.** The Program shall continue in effect until terminated by the Board of Directors, except that no Incentive Stock Option shall be granted after October 13, 2005 and that no other Benefits shall be granted after April 27, 2010. The terms and conditions applicable to any Benefits may at any time be amended, modified or canceled by mutual agreement between the Committee and the participant or such other persons as may then have an interest therein, so long as any amendment or modification does not increase the number of common shares issuable under this Program; and provided further, that the Committee may, at any time and in its sole discretion, declare any or all stock options and

stock appreciation rights then outstanding under the Program or the Prior Programs to be exercisable and any or all the then outstanding Restricted Stock Awards or Restricted Stock Units to be vested, whether or not such options, rights or awards are then otherwise exercisable or vested. Notwithstanding the foregoing, except as provided in paragraph 22, the Committee shall neither lower the purchase price of any option granted under the Program nor grant any option under the Program in replacement of a cancelled option which had previously been granted at a higher purchase price, without shareholder approval.

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

19. **INDIVIDUAL LIMIT ON OPTIONS AND STOCK APPRECIATION RIGHTS; AGGREGATE LIMIT ON INCENTIVE STOCK OPTIONS.** The maximum number of shares with respect to which Incentive Stock Options, Non-qualified Stock Options, Stock Appreciation Rights and Limited Stock Appreciation Rights may be granted to any one participant, in aggregate in any one calendar year, shall be Two Million (2,000,000) shares. Incentive Stock Options with respect to no more than the lesser of (i) One Hundred and Fifty Million (150,000,000) shares (plus any shares acquired by the Company pursuant to payment of the purchase price of shares under incentive stock options by delivery of other common shares of the Company), or (ii) the total number of shares reserved under paragraph 5 may be issued under the Plan.

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

21. **DEFINITIONS.**

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

- (i) The highest daily closing price of the Company's common shares during the sixty (60) day period following the Change in Control; or
 - (ii) The highest gross price paid or to be paid for the Company's common shares in any of the transactions described in paragraphs 21(c)(i) and 21(c)(ii).
- (b) **SUBSIDIARY.** The term "subsidiary" for all purposes other than the Incentive Stock Option provisions in paragraph 6, shall mean any corporation, partnership, joint venture or business trust, fifty percent (50%) or more of the control of which is owned, directly or indirectly, by the Company. For

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Incentive Stock Option purposes the term "subsidiary" shall be defined as provided in Internal Revenue Code Section 424(f).

- (c) **CHANGE IN CONTROL.** A "Change in Control" shall be deemed to have occurred on the earliest of the following dates:
- (i) the date any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (a) of paragraph (iii) below; or
 - (ii) the date the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board of Directors or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or
 - (iii) the date on which there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity, other than (a) a merger or consolidation (I) immediately following which the individuals who comprise the Board of Directors immediately prior thereto constitute at least a majority of the Board of Directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof and (II) which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction)

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- in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities; or
- (iv) the date the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of the Company, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, in substantially the same proportions as their ownership of the Company immediately prior to such sale.

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

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

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

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22. ADJUSTMENT PROVISIONS.

- (a) If the Company shall at any time change the number of issued common shares without new consideration to the Company (such as by stock dividends or stock splits), the total number of shares reserved for issuance under this Program, the individual and aggregate limits described in paragraphs 11 and 19 on the number of shares that may be granted or issued (as the case may be), the number of shares covered by each outstanding Benefit and the purchase price of such shares shall be adjusted so that the aggregate consideration payable to the Company and the value of each such Benefit shall not be changed. Subject to paragraph 22(c), the Committee shall also have the right to provide for the continuation of Benefits or for other equitable adjustments after changes in the Company or in the common shares resulting from reorganization, sale, merger, consolidation, spin-off or similar occurrence.
- (b) Subject to paragraph 22(c), without affecting the number of shares otherwise reserved or available hereunder, the Committee may authorize the issuance or assumption of Benefits in connection with any merger, consolidation, acquisition of property or stock, or reorganization upon such terms and conditions as it may deem appropriate.
- (c) Notwithstanding any other provision of this Program or the Prior Programs including the terms of any Benefit granted hereunder, if the outstanding common shares of the Company shall be combined, or be changed into, or exchanged for, another kind of stock of the Company, into securities of another corporation, or into property (including cash) whether through recapitalization, reorganization, sale, merger, consolidation, spin-off, business combination or a similar transaction (a "Transaction"), the Company shall cause its successor, acquiror (or ultimate parent of any successor or acquiror), as applicable, to assume each stock option, Stock Appreciation Right and Limited Stock Appreciation Right outstanding immediately prior to the Transaction (or to cause new options or rights to be substituted therefor). Pursuant to such assumed or substituted option or rights, participants shall thereafter be entitled to receive, upon due exercise of any portion of the option or right, (a) in the event of a Transaction in which the outstanding common shares of the Company are combined, or changed into, or exchanged for, solely another kind of stock of the Company or securities of another corporation (disregarding, for this purpose, cash paid in lieu of fractional shares), the securities which that person would have been entitled to receive for common shares acquired through exercise of the same portion of such option or right immediately prior to the effective date of such Transaction, and (b) in the event of a Transaction in which the outstanding common shares of the Company are changed into, or exchanged for, property (including cash) other than solely stock of the Company or securities of another corporation (disregarding, for this purpose, cash paid in lieu of fractional shares), securities the fair market value of which immediately following the effective date of such Transaction (as determined by the Committee) equals the fair market value (as determined by the Committee) of the property which that person would have been entitled to receive for common shares acquired through exercise of the same portion of such option or

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right immediately prior to the effective date of such Transaction. In each case such assumed or substituted option or right shall continue to be subject to the same terms and conditions (including, without limitation, with respect to any right to receive "replacement options" upon option exercise) to which it was subject immediately prior to the Transaction.

Notwithstanding the immediately preceding paragraph, upon a Transaction in which the outstanding common shares of the Company are changed into, or exchanged for, property (including cash) other than solely stock of the Company or securities of another corporation (disregarding, for this purpose, cash paid in lieu of fractional shares) and which constitutes a Change in Control, each participant may elect to receive, immediately following such Transaction in exchange for cancellation of any stock option (other than an Incentive Stock Option granted prior to June 20, 2003), Stock Appreciation Right or Limited Appreciation Right held by such participant immediately prior to the Transaction, a cash payment, with respect to each common share subject to such option or right, equal to the difference between the value of consideration (as determined by the Committee) received by the shareholders for a common share of the Company in the Transaction, less any applicable purchase price.

- (d) Notwithstanding any other provision of this Program or the Prior Programs including the terms of any Benefit granted hereunder, upon the occurrence of a Change in Control:
 - (i) All stock options then outstanding under this Program or the Prior Programs shall become fully exercisable as of the date of the Change in Control, whether or not then otherwise exercisable;
 - (ii) All Stock Appreciation Rights and Limited Stock Appreciation Rights then outstanding shall become fully exercisable as of the date of the Change in Control, whether or not then otherwise exercisable;
 - (iii) All terms and conditions of all Restricted Stock Awards then outstanding shall be deemed satisfied as of the date of the Change in Control;
 - (iv) All terms and conditions of all Restricted Stock Units then outstanding shall be deemed satisfied and all restrictions on those Restricted Stock Units will lapse as of the date of the Change in Control; and
 - (v) All Performance Awards then outstanding shall be deemed to have been fully earned and to be immediately payable, in cash, as of the date of the Change in Control.

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Notwithstanding the foregoing, with respect to each Benefit that is subject to Code Section 409A, if a Change in Control would have occurred under the Program but such Change in Control does not also qualify as a "change in control event" (within the meaning of Treasury Regulation Section 1.409A-3(i)(5)), then each such Benefit shall become vested and non-forfeitable; provided, however, that the holder of such Benefit shall not

be able to exercise the Benefit, and the Benefit shall not become payable, except in accordance with the terms of such Benefit or until such earlier time as the exercise and/or payment complies with Code Section 409A.

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

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

AGREEMENT REGARDING CHANGE IN CONTROL

THIS AGREEMENT ("Agreement"), is made and entered into as of [], 2008 (the "Effective Date") by and between Abbott Laboratories (the "Company") and (the "Executive";

WITNESSETH THAT:

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continuous employment of key management personnel, and the Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly held corporations, a change in control might occur and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company;

NOW, THEREFORE, to induce the Executive to remain in the employ of the Company and in consideration of the premises and mutual covenants set forth herein, IT IS HEREBY AGREED by and between the parties as follows:

1. **AGREEMENT TERM.** The initial "Agreement Term" shall begin on the Effective Date and shall continue through December 31, 2009. As of December 31, 2009, and as of each December 31 thereafter, the Agreement Term shall extend automatically to the third anniversary thereof unless the Company gives notice to the Executive prior to the date of such extension that the Agreement Term will not be extended. Notwithstanding the foregoing, if a Change in Control (as defined in Section 7 below) occurs during the Agreement Term, the Agreement Term shall continue through and terminate on the second anniversary of the date on which the Change in Control occurs.

2. **ENTITLEMENT TO CHANGE IN CONTROL BENEFITS.** The Executive shall be entitled to the Change in Control Benefits described in Section 3 hereof if the Executive's employment by the Company is terminated during the Agreement Term but after a Change in Control (i) by the Company for any reason other than Permanent Disability or Cause, or (ii) by the Executive for Good Reason [or (iii) by the Executive for any reason during the 30-day period commencing on the first date which is six months after the date of the Change in Control]. For purposes of this Agreement:

- (a) A termination of the Executive's employment shall be treated as a termination by reason of "Permanent Disability" only if, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a

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continuous period of not less than twelve months, the Executive is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health plan provided by the Company for a period of not less than three months.

- (b) The term "Cause" shall mean the willful engaging by the Executive in illegal conduct or gross misconduct which is demonstrably and materially injurious to the Company. For purposes of this Agreement, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until the Company delivers to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth above and specifying the particulars thereof in detail.
- (c) The term "Good Reason" shall mean the occurrence of any of the following circumstances without the Executive's express written consent:
 - (i) a significant adverse change in the nature, scope or status of the Executive's position, authorities or duties from those in effect immediately prior to the Change in Control, including, without limitation, if the Executive was, immediately prior to the Change in Control, an executive officer of a public company, the Executive ceasing to be an executive officer of a public company;
 - (ii) the failure by the Company to pay the Executive any portion of the Executive's current compensation, or to pay the Executive any portion of any installment of deferred compensation under any deferred compensation program of the Company, within seven (7) days of the date such compensation is due;
 - (iii) a reduction in the Executive's annual base salary (or a material change in the frequency of payment) as in effect immediately prior to the Change in Control as the same may be increased from time to time;

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- (iv) the failure by the Company to award the Executive an annual bonus in any year which is at least equal to the annual bonus, awarded to the Executive under the annual bonus plan of the Company for the year immediately preceding the year of the Change in Control;
- (v) the failure by the Company to award the Executive equity-based incentive compensation (such as stock options, shares of restricted stock, or other equity-based compensation) on a periodic basis consistent with the Company's practices with respect to timing, value and terms prior to the Change in Control;
- (vi) the failure by the Company to continue to provide the Executive with the welfare benefits, fringe benefits and perquisites enjoyed by the Executive immediately prior to the Change in Control under any of the Company's plans or policies, including, but not limited to, those plans and policies providing pension, life insurance, medical, health and accident, disability, vacation, executive automobile, executive tax or financial advice benefits or club dues;
- (vii) the relocation of the Company's principal executive offices to a location more than thirty-five miles from the location of such offices immediately prior to the Change in Control or the Company requiring the Executive to be based anywhere other than the location where the Executive primarily performs services for the Company immediately prior to the Change in Control except for required travel to the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control; or
- (viii) the failure of the Company to obtain a satisfactory agreement from any successor to the Company to assume and agree to perform this Agreement as contemplated by Section 16.

For purposes of any determination regarding the existence of Good Reason, any good faith determination by the Executive that Good Reason exists shall be conclusive.

3. CHANGE IN CONTROL BENEFITS. In the event of a termination of employment entitling the Executive to benefits in accordance with Section 2, the Executive shall receive the following:

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- (a) The Executive shall be entitled to receive the following employee welfare benefits: medical, accident, dental, prescription, and life insurance coverage for the Executive (and, where applicable under the Company's welfare benefit plans, the Executive's family) through the second anniversary of the Executive's date of termination of employment, or, if earlier, the date on which the Executive becomes employed by another employer. The benefits provided by the Company shall be no less favorable in terms of coverage and cost to the Executive than those provided under the Company's welfare benefit plans applicable to the Executive (and, where applicable, the Executive's family) prior to the Change in Control, determined as if the Executive remained in the employ of the Company through such second anniversary. For purposes of determining eligibility of the Executive for retiree welfare benefits, the Executive shall be considered to have remained in the employ of the Company through such second anniversary.
- (b) If the Executive's date of termination occurs after the end of a performance period applicable to an annual incentive (bonus) award, and prior to the payment of the award for the period, the Executive shall be entitled to a lump sum payment in cash no later than twenty (20) business days after the date of termination equal to the greatest of (i) the Executive's annual incentive (bonus) award for that period, as determined under the terms of that incentive award arrangement, (ii) the Executive's annual incentive (bonus) award for that period, with the determination of the amount of such award based on an assumption that the target level of performance had been achieved or (iii) the Executive's average annual incentive (bonus) award for the three annual performance periods preceding that period (provided that if the Executive was not a participant in the incentive award arrangement for any of those three prior years, the averaging period shall be reduced from three years to the number of years during the three year period in which the Executive was a participant; and further provided that if the Executive's award for any such year was reduced because the Executive was not a participant for the full year, such amount shall be annualized for purposes of the computation in this clause (iii)).
- (c) For any annual incentive (bonus) plan or arrangement in which the Executive participates for the performance period in which the Executive's termination of employment occurs, the Executive shall be entitled to a lump sum payment in cash no later than twenty (20) business days after the date of termination equal to the greater of (i) the Executive's annual incentive (bonus) award for the performance period that includes the date of termination, with the determination of the amount of such award based on an assumption that the target level of performance has been achieved or (ii) the

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Executive's average annual incentive (bonus) award for the three annual performance periods preceding the performance period that includes the date of termination (provided that if the Executive was not a participant in the incentive award arrangement for any of those three prior years, the averaging period shall be reduced from three years to the number of years during the three year period in which the Executive was a participant; and further provided that if the Executive's award for any such year was reduced because the Executive was not a participant for the full year, such amount shall be annualized for purposes of the computation in this clause (ii)); provided that such payment shall be subject to a pro-rata reduction to reflect the number of days in the performance period following the date of termination. The amount payable under this Section 3(c) shall be in lieu of any amounts that may otherwise be due to the Executive with respect to any

annual incentive (bonus) plan or arrangement in which the Executive participates for the performance period in which the Executive's date of termination occurs.

- (d) The Executive shall be entitled to a lump sum payment in cash no later than twenty (20) business days after the Executive's date of termination equal to the sum of:
- (i) an amount equal to three times the Executive's annual salary rate in effect on the date of the Change in Control or, if greater, as in effect immediately prior to the date of termination; plus
 - (ii) an amount equal to three times the greater of (x) the Executive's annual incentive (bonus) award for the performance period that includes the date of the Executive's termination of employment, with the determination of the amount of such award based on an assumption that the target level of performance has been achieved or (y) the Executive's average annual incentive (bonus) award for the three annual performance periods preceding the performance period that includes the date of termination (provided that if the Executive was not a participant in the incentive award arrangement for any of those three prior years, the averaging period shall be reduced from three years to the number of years during the three year period in which the Executive was a participant; and further provided that if the Executive's award for any such year was reduced because the Executive was not a participant for the full year, such amount shall be annualized for purposes of the computation in this subsection (ii)); plus

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- (iii) the lump sum present value of the difference between the Enhanced Supplemental Plan Benefits (as defined below) and the total benefit to which the Executive is then entitled under the Abbott Laboratories Supplemental Pension Plan (the "Supplemental Plan"). The Enhanced Supplemental Plan Benefits shall mean the benefits under the Supplemental Plan determined as if the Executive had been credited for benefit accrual purposes with two additional years of service and two additional years of eligible earnings at the higher of the Executive's eligible earnings on the date of termination or the Executive's eligible earnings on the date of the Change in Control and, for purposes of determining the Executive's eligibility for subsidized early retirement benefits, determined as if the Executive were two years older than the Executive's actual age on the date of termination. For purposes of the determination of the Enhanced Supplemental Plan Benefits, "eligible earnings" shall include salary, annual incentive (bonus) awards and all other forms of compensation used to calculate benefits under the Supplemental Plan. The amounts of the annual incentive (bonus) awards shall be calculated, to the extent applicable, in accordance with Sections 3(b) and 3(c) above. The Enhanced Supplemental Plan Benefits shall be determined without regard to any termination or amendment (including any amendment affecting actuarial factors) of such plan or of any other plan, which is adopted on or after a Change in Control or in contemplation of a Change in Control and shall be paid in accordance with the terms of that plan and the Executive's elections under that plan.

The amounts payable under Sections 3(d)(i) and 3(d)(ii) shall be inclusive of the amounts, if any, to which the Executive would otherwise be entitled as severance or notice pay under any severance pay plan, or by law and shall be in addition to (and not inclusive of) any amount payable under any written agreement(s) directly between the Executive and the Company or any of its subsidiaries.

- (e) If the Executive has previously made a timely election with respect to bonuses payable under the 1986 Abbott Laboratories Management Incentive Plan, the 1998 Abbott Laboratories Performance Incentive Plan, or any successor plans thereto, all or any portion of the amounts payable under Sections 3(b) and 3(c) (less applicable tax withholding) shall be paid directly to a grantor trust established by the Executive to the same extent as and

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pursuant to such election no later than twenty (20) business days after the Executive's date of termination.

- (f) The Company shall provide the Executive with outplacement services and tax and financial counseling suitable to the Executive's position through the second anniversary of the date of the Executive's termination of employment, or, if earlier, the date on which the Executive becomes employed by another employer.

If the Executive is a participant in the 1998 Abbott Laboratories Performance Incentive Plan or any successor thereto, the Executive's annual incentive (bonus) award for the performance period which includes the date of termination under Sections 3(c) and 3(d)(ii) above and, if applicable, for the period preceding the date of termination under Section 3(b) shall, be determined under the bonus levels communicated in writing to the Executive by the Company for such year and shall not be the Executive's individual base award allocation as defined in Section 4.2 of the 1998 Abbott Laboratories Performance Incentive Plan (or any corresponding provision of any successor plan).

4. MITIGATION. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise. Except as set forth in Section 3(a) with respect to benefits, the Company shall not be entitled to set off against the amounts payable to the Executive under this Agreement any amounts owed to the Company by the Executive, any amounts earned by the Executive in other employment after the Executive's termination of employment with the Company, or any amounts which might have been earned by the Executive in other employment had the Executive sought such other employment.

5. MAKE-WHOLE PAYMENTS. If any payment or benefit to which the Executive (or any person on account of the Executive) is entitled, whether under this Agreement or otherwise, in connection with a Change in Control or the Executive's termination of employment (a "Payment") constitutes a "parachute payment" within the meaning of section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and as a result

thereof the Executive is subject to a tax under Code Section 4999, or any successor thereto, (an "Excise Tax"), the Company shall pay to the Executive an additional amount (the "Make-Whole Amount") which is intended to make the Executive whole for such Excise Tax. The Make-Whole Amount shall be equal to (i) the amount of the Excise Tax, plus (ii) the aggregate amount of any interest, penalties, fines or additions to any tax which are imposed in connection with the imposition of such Excise Tax, plus (iii) all income, excise and other applicable taxes imposed on the Executive under the laws of any Federal, state or local government or taxing authority by reason of the payments required under clauses (i) and (ii) and this clause (iii).

- (a) For purposes of determining the Make-Whole Amount, the Executive shall be deemed to be taxed at the highest marginal rate under all applicable local, state, federal and foreign income tax laws for the year in which the Make-Whole Amount is paid. The Make-Whole Amount payable with respect to an Excise Tax shall

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be paid by the Company coincident with the Payment with respect to which the Excise Tax relates.

- (b) All calculations under this Section 5 shall be made initially by the Company and the Company shall provide prompt written notice thereof to the Executive to enable the Executive to timely file all applicable tax returns. Upon request of the Executive, the Company shall provide the Executive with sufficient tax and compensation data to enable the Executive or the Executive's tax advisor to independently make the calculations described in subsection (a) above and the Company shall reimburse the Executive for reasonable fees and expenses incurred for any such verification.
- (c) If the Executive gives written notice to the Company of any objection to the results of the Company's calculations within sixty (60) days of the Executive's receipt of written notice thereof, the dispute shall be referred for determination to independent tax counsel selected by the Company and reasonably acceptable to the Executive ("Tax Counsel"). The Company shall pay all fees and expenses of such Tax Counsel. Pending such determination by Tax Counsel, the Company shall pay the Executive the Make-Whole Amount as determined by it in good faith. The Company shall pay the Executive any additional amount determined by Tax Counsel to be due under this Section 5 (together with interest thereon at a rate equal to 120% of the Federal short-term rate determined under Code Section 1274(d)) promptly after such determination.
- (d) The determination by Tax Counsel shall be conclusive and binding upon all parties unless the Internal Revenue Service, a court of competent jurisdiction, or such other duly empowered governmental body or agency (a "Tax Authority") determines that the Executive owes a greater or lesser amount of Excise Tax with respect to any Payment than the amount determined by Tax Counsel.
- (e) If a Taxing Authority makes a claim against the Executive which, if successful, would require the Company to make a payment under this Section 5, the Executive agrees to contest the claim with counsel reasonably satisfactory to the Company, on request of the Company subject to the following conditions:
 - (i) The Executive shall notify the Company of any such claim within ten (10) days of becoming aware thereof. In the event that the Company desires the claim to be contested, it shall promptly (but in no event more than thirty (30) days after the notice from the Executive or such shorter time as

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the Taxing Authority may specify for responding to such claim) request the Executive to contest the claim. The Executive shall not make any payment of any tax which is the subject of the claim before the Executive has given the notice or during the 30-day period thereafter unless the Executive receives written instructions from the Company to make such payment, in which case the Executive will act promptly in accordance with such instructions.

- (ii) If the Company so requests, the Executive will contest the claim by either paying the tax claimed and suing for a refund in the appropriate court or contesting the claim in the United States Tax Court or other appropriate court, as directed by the Company; provided, however, that the Executive shall be entitled to prompt reimbursement from the Company of any amount paid at the Company's request by the Executive to contest the claim that the applicable court ultimately determines to be an Excise Tax. If directed by the Company in writing the Executive will take all action necessary to compromise or settle the claim, but in no event will the Executive compromise or settle the claim or cease to contest the claim without the written consent of the Company; provided, however, that the Executive may take any such action if the Executive waives in writing the Executive's right to a payment under this Section 5 for any amounts payable in connection with such claim. The Executive agrees to cooperate in good faith with the Company in contesting the claim and to comply with any reasonable request from the Company concerning the contest of the claim, including the pursuit of administrative remedies, the appropriate forum for any judicial proceedings, and the legal basis for contesting the claim. Upon request of the Company, the Executive shall take appropriate appeals of any judgment or decision that would require the Company to make a payment under this Section 5. Provided that the Executive is in compliance with the provisions of this section, the Company shall be liable for and indemnify the Executive against any loss in connection with, and all costs and expenses, including attorneys' fees, which may be incurred as a result of, contesting the claim, and shall provide to the Executive within thirty (30) days after each written request therefor by the Executive reimbursement for all such costs and expenses actually incurred by the Executive as a result of contesting the claim.
- (f) Should a Tax Authority finally determine that an additional Excise Tax is owed, then the Company shall pay an additional

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Make-Whole Amount to the Executive in a manner consistent with this Section 5 with respect to any additional Excise Tax and any assessed interest, fines, or penalties. If any Excise Tax as calculated by the Company or Tax Counsel, as the case may be, is finally determined by a Tax Authority to exceed the amount required to be paid under applicable law, then the Executive shall repay such excess to the Company within thirty (30) days of such determination; provided that such repayment shall be reduced by the amount of any taxes paid by the Executive on such excess which is not offset by the tax benefit attributable to the repayment.

6. **TERMINATION DURING POTENTIAL CHANGE IN CONTROL.** If a Potential Change in Control (as defined in Section 8) occurs during the Agreement Term, and the Company terminates the Executive's employment for reasons other than Permanent Disability or Cause during such Potential Change in Control, the Executive shall be entitled to receive the benefits that the Executive would have received under Section 3, such benefits to be calculated based upon the Executive's compensation prior to the actual termination of employment but paid within twenty (20) business days of the date of such termination; provided, however, that if the Executive is then a "covered employee" as defined under Code Section 162(m), with respect to (i) any annual incentive (bonus) award under Section 3(b) and (ii) any annual incentive (bonus) award under Section 3(c), (a) the Executive shall be entitled to receive such annual incentive (bonus) awards only based on achievement of the applicable performance goals, as determined by the terms of the applicable incentive award arrangement and (b) upon the occurrence of a Change in Control that (1) qualifies as a "change in control event" (within the meaning of Treasury Regulation Section 1.409A-3(i)(5)) and (2) results from the consummation of the Potential Change in Control in connection with which the Executive was terminated, the Executive shall also be entitled to receive the excess of (x) the annual incentive (bonus) awards that the Executive would have received under Sections 3(b) and (c) over (y) the amount paid to the Executive under clause 6(a) above, which awards shall be paid to the Executive within twenty (20) business days of the date of the occurrence of such Change in Control.

7. **CHANGE IN CONTROL.** For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred on the earliest of the following dates:

- (a) the date any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of Section 7(c) below; or
- (b) the date on which the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of

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office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

- (c) the date on which there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other entity, other than (i) a merger or consolidation (A) immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or, if the Company or the entity surviving such merger or consolidation is then a subsidiary, the ultimate parent thereof and (B) which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 20% or more of the combined voting power of the Company's then outstanding securities; or
- (d) the date on which the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of the Company, in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the

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Company, in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the

Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

For purposes of this Agreement: "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act; "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act; "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time; and "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

8. **POTENTIAL CHANGE IN CONTROL.** A "Potential Change in Control" shall exist during any period in which the circumstances described in Sections (a), (b), (c) or (d), below, exist (provided, however, that a Potential Change in Control shall cease to exist not later than the occurrence of a Change in Control):

- (a) The Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control, provided that a Potential Change in Control described in this Section 8(a) shall cease to exist upon the expiration or other termination of all such agreements;
- (b) Any Person (without regard to the exclusions set forth in subsections (i) through (iv) of such definition) publicly announces an intention to take or to consider taking actions the consummation of which would constitute a Change in Control; provided that a Potential Change in Control described in this Section 8(b) shall cease to exist upon the withdrawal of such intention, or upon a determination by the Board that there is no reasonable chance that such actions would be consummated;

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- (c) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates);
- (d) The Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control exists; provided that a Potential Change in Control described in this Section 8(d) shall cease to exist upon a determination by the Board that the reasons that gave rise to the resolution providing for the existence of a Potential Change in Control have expired or no longer exist.

9. **STOCK AND OPTION AWARDS.** With respect to any award granted to the Executive under the Company's 1996 Incentive Stock Program (the "Program"), any Prior Program (as defined in the Program) or any successor program, the following shall apply:

- (a) if the award (other than incentive stock options granted pursuant to Section 422 of the Internal Revenue Code (each an "Incentive Stock Option") prior to January 1, 2000) includes a provision substantially similar to the provision contained in the first paragraph in Appendix A, then after a Change in Control no forfeiture shall be effected pursuant to such provision unless the Executive shall have been terminated for "Cause" within the meaning of Section 2(b) above;
- (b) if the award (other than an Incentive Stock Option granted prior to November 7, 2008) includes a provision substantially similar to the provision contained in the second paragraph in Appendix A, then after a Change in Control no forfeiture shall be effected pursuant to such provision unless the Executive shall have been terminated for "Cause" within the meaning of Section 2(b) above; and
- (c) if the Executive becomes entitled to Change in Control Benefits under Section 2 above, then in determining the Executive's rights with respect to that award, other than Incentive Stock Options granted prior to December 8, 2000, the Executive shall be treated as having incurred a termination of employment due to retirement.

10. **WITHHOLDING.** All payments to the Executive under this Agreement will be subject to withholding of applicable taxes. The Company shall withhold the applicable taxes in an amount calculated at the minimum statutory rate and shall pay the amount so withheld to the appropriate tax authority.

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11. **SECTION 409A.** To the extent applicable, it is intended that the Agreement be in accordance with the provisions of Code Section 409A. The Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Agreement to fail to satisfy Code Section 409A will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Code Section 409A). Notwithstanding anything contained herein to the contrary, for all purposes of this Agreement, the Executive shall not be deemed to have had a termination of employment unless the Executive has incurred a separation from service as defined in Treasury Regulation §1.409A-1(h) and, to the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A and applicable guidance issued thereunder, payment of the amounts payable under the Agreement that would otherwise be payable during the six-month period after the date of termination shall instead be paid on the first business day after the expiration of such six-month period[, plus interest thereon, at a rate equal to the applicable "Federal short-term rate" (as defined in Code Section 1274(d)) for the month in which such date of termination occurs, from the respective dates on which such amounts would otherwise have been paid until the actual date of payment]. In addition, for purposes of the Agreement, each amount to be paid and each installment payment shall be construed as a separate, identified payment for purposes of Code Section 409A. With respect to expenses eligible for

reimbursement under the terms of this Agreement, (i) the amount of such expenses eligible for reimbursement in any taxable year shall not affect the expenses eligible for reimbursement in another taxable year and (ii) any reimbursements of such expenses shall be made no later than the end of the calendar year following the calendar year in which the related expenses were incurred, except, in each case, to the extent that the right to reimbursement does not provide for a “deferral of compensation” within the meaning of Code Section 409A. With respect to any Make-Whole Amounts (as defined in Section 5) to which the Executive becomes entitled under the terms of this Agreement, the payment of such Make-Whole Amounts shall be made by the Company no later than the end of the calendar year following the calendar year in which the Executive remits the related Excise Tax.

12. NONALIENATION. The interests of the Executive under this Agreement are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Executive or the Executive’s beneficiary.

13. AMENDMENT. This Agreement may be amended or canceled only by mutual agreement of the parties in writing without the consent of any other person. So long as the Executive lives, no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

14. APPLICABLE LAW. The provisions of this Agreement shall be construed in accordance with the laws of the State of Illinois, without regard to the conflict of law provisions of any state.

15. SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, and this Agreement will be construed as if such invalid or unenforceable provision were omitted (but only to the extent that such provision cannot be appropriately reformed or modified).

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16. WAIVER OF BREACH. No waiver by any party hereto of a breach of any provision of this Agreement by any other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party of any similar or dissimilar provisions and conditions at the same or any prior or subsequent time. The failure of any party hereto to take any action by reason of such breach will not deprive such party of the right to take action at any time while such breach continues.

17. SUCCESSORS, ASSUMPTION OF CONTRACT. This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no succession had taken place. This Agreement is personal to the Executive and may not be assigned by the Executive without the written consent of the Company. However, to the extent that rights or benefits under this Agreement otherwise survive the Executive’s death, the Executive’s heirs and estate shall succeed to such rights and benefits pursuant to the Executive’s will or the laws of descent and distribution; provided that the Executive shall have the right at any time and from time to time, by notice delivered to the Company, to designate or to change the beneficiary or beneficiaries with respect to such benefits.

18. NOTICES. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid (provided that international mail shall be sent via overnight or two-day delivery), or sent by facsimile or prepaid overnight courier to the parties at the addresses set forth below. Such notices, demands, claims and other communications shall be deemed given:

- (a) in the case of delivery by overnight service with guaranteed next day delivery, the next day or the day designated for delivery;
- (b) in the case of certified or registered U.S. mail, five (5) days after deposit in the U.S. mail; or
- (c) in the case of facsimile, the date upon which the transmitting party received confirmation of receipt by facsimile, telephone or otherwise;

provided, however, that in no event shall any such communications be deemed to be given later than the date they are actually received. Communications that are to be delivered by the U.S. mail or by overnight service or two-day delivery service are to be delivered to the addresses set forth below:

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to the Company:

Senior Vice President, Human Resources
Abbott Laboratories
100 Abbott Park Road
Abbott Park, Illinois 60064

with a copy (which shall not constitute notice) to:

General Counsel and Secretary
Abbott Laboratories
100 Abbott Park Road
Abbott Park, Illinois 60064

or to the Executive:

Name

Address
City, State Zip

Each party, by written notice furnished to the other party, may modify the applicable delivery address, except that notice of change of address shall be effective only upon receipt.

19. RESOLUTION OF ALL DISPUTES. Any controversy or claim arising out of or relating to this Agreement (or the breach thereof) (a "Dispute") shall be settled by alternative dispute resolution procedures in accordance with Appendix B hereto. During the pendency of any Dispute, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the Dispute was given (including, but not limited to, salary) and continue the Executive (and, where applicable, the Executive's family) as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the Dispute was given, until such Dispute is resolved.

20. LEGAL AND ENFORCEMENT COSTS. The provisions of this Section 20 shall apply if it becomes necessary or desirable for the Executive to retain legal counsel or incur other costs and expenses in connection with enforcing any and all rights under this Agreement or any other compensation plan maintained by the Company, including, but not limited to, the Abbott Laboratories Deferred Compensation Plan, the Abbott Laboratories 1996 Incentive Stock Program, the 1998 Abbott Laboratories Performance Incentive Plan, the Abbott Laboratories 401(k) Supplemental Plan, the Abbott Laboratories Supplemental Pension Plan, the 1986 Abbott Laboratories Management Incentive Plan or, in each case, any trust adopted pursuant thereto:

- (a) The Executive shall be entitled to recover from the Company reasonable attorneys' fees, costs and expenses incurred in connection with such enforcement or defense.
- (b) Payments required under this Section 20 shall be made by the Company to the Executive (or directly to the Executive's attorney) as such attorney's fees, costs, and expenses are incurred, upon the

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Executive's prompt submission to the Company of appropriate documentation evidencing the incurrence of such attorneys' fees, costs, and expenses.

- (c) The Executive shall be entitled to select legal counsel; provided, however, that such right of selection shall not affect the requirement that any costs and expenses reimbursable under this Section 20 be reasonable.
- (d) The Executive's rights to payments under this Section 20 shall not be affected by the final outcome of any dispute with the Company.

21. SURVIVAL OF AGREEMENT. Except as otherwise expressly provided in this Agreement, the rights and obligations of the parties to this Agreement shall survive the termination of the Executive's employment with the Company.

22. ENTIRE AGREEMENT. Except as otherwise provided herein, this Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior or contemporaneous agreements, between the parties relating to the subject matter hereof; provided, however, that nothing in this Agreement shall be construed to limit any policy or agreement that is otherwise applicable relating to confidentiality, rights to inventions, copyrightable material, business and/or technical information, trade secrets, solicitation of employees, interference with relationships with other businesses, competition, and other similar policies or agreement for the protection of the business and operations of the Company and the subsidiaries.

23. COUNTERPARTS. This Agreement may be executed in two or more counterparts, any one of which shall be deemed the original without reference to the others.

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IN WITNESS THEREOF, the Executive has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, and its corporate seal to be hereunto affixed on this day of , 2008, all as of the Effective Date.

EXECUTIVE

ABBOTT LABORATORIES

By

Its

ATTEST:

(Seal)

APPENDIX A

AGREEMENT REGARDING CHANGE IN CONTROL FORFEITURE PROVISION REFERENCED IN SECTION 9

Notwithstanding paragraphs (x*), (y*) and (z*), these options (this restricted stock award, etc.) shall immediately terminate (be forfeited), if in the sole opinion and discretion of the Compensation Committee or its delegate, the employee (a) engages in a material breach of the company's Code of Business Conduct; (b) commits an act of fraud, embezzlement or theft in connection with the employee's duties or in the course of employment; or (c) wrongfully discloses secret processes or confidential information of the company or its subsidiaries.

Notwithstanding paragraphs (x*), (y*) and (z*), these options shall immediately terminate in the event the employee engages directly or indirectly, for the benefit of the employee or others, in any activity, employment or business during employment or within twelve (12) months after the date of termination or retirement which, in the sole opinion and discretion of the compensation committee or its delegate, is competitive with the company or any of its subsidiaries.

* Provisions contained in the agreements pertaining to nonforfeiture for death, disability, etc.

APPENDIX B

AGREEMENT REGARDING CHANGE IN CONTROL ALTERNATIVE DISPUTE RESOLUTION PROCEDURES

The parties to the Agreement Regarding Change in Control dated as of the 7th day of November, 2008 (the "Agreement") recognize that a bona fide dispute as to certain matters may arise from time to time during the term of the Agreement which relates to either party's rights and/or obligations. To have such a dispute resolved by this Alternative Dispute Resolution ("ADR") provision, a party first must send written notice of the dispute to the other party for attempted resolution by good faith negotiations between the Executive and the Company within twenty-eight (28) days after such notice is received (all references to "days" in the ADR provision are to calendar days).

If the matter has not been resolved within twenty-eight (28) days of the notice of dispute, or if the parties fail to meet within such twenty-eight (28) days, either party may initiate an ADR proceeding as provided herein. The parties shall have the right to be represented by counsel in such a proceeding.

1. To begin an ADR proceeding, a party shall provide written notice to the other party of the issues to be resolved by ADR. Within fourteen (14) days after its receipt of such notice, the other party may, by written notice to the party initiating the ADR, add additional issues to be resolved within the same ADR.

2. Within twenty-one (21) days following receipt of the original ADR notice, the parties shall select a mutually acceptable neutral to preside in the resolution of any disputes in this ADR proceeding. If the parties are unable to agree on a mutually acceptable neutral within such period, either party may request the President of the CPR Institute for Dispute Resolution ("CPR"), 366 Madison Avenue, 14th Floor, New York, New York 10017, to select a neutral pursuant to the following procedures:

- (a) The CPR shall submit to the parties a list of not less than five (5) candidates within fourteen (14) days after receipt of the request, along with a *Curriculum Vitae* for each candidate. No candidate shall be an employee, director or shareholder of either party or any of their subsidiaries or affiliates.
- (b) Such list shall include a statement of disclosure by each candidate of any circumstances likely to affect his or her impartiality.
- (c) Each party shall number the candidates in order of preference (with the number one (1) signifying the greatest preference) and shall deliver the list to the CPR within seven (7) days following receipt of the list of candidates. If a party believes a conflict of interest exists regarding any of the candidates, that party shall provide a written explanation of the conflict to the CPR along with its list showing its order of preference for the candidates. Any party

failing to return a list of preferences on time shall be deemed to have no order of preference.

- (d) If the parties collectively have identified fewer than three (3) candidates deemed to have conflicts, the CPR immediately shall designate as the neutral the candidate for whom the parties collectively have indicated the greatest preference. If a tie should result between two candidates, the CPR may designate either candidate. If the parties collectively have identified three (3) or more candidates deemed to have conflicts, the CPR shall review the explanations regarding conflicts and, in its sole discretion, may either (i) immediately designate as the neutral the candidate for whom the parties collectively have

indicated the greatest preference, or (ii) issue a new list of not less than five (5) candidates, in which case the procedures set forth in subsections 2(a)-2(d) shall be repeated.

3. No earlier than twenty-eight (28) days or later than fifty-six (56) days after selection, the neutral shall hold a hearing to resolve each of the issues identified by the parties. The ADR proceeding shall take place at a location agreed upon by the parties. If the parties cannot agree, the neutral shall designate a location other than the principal place of business of either party or any of the subsidiaries or affiliates.

4. At least seven (7) days prior to the hearing, each party shall submit the following to the other party and the neutral:

- (a) a copy of all exhibits on which such party intends to rely in any oral or written presentation to the neutral;
- (b) a list of any witnesses such party intends to call at the hearing, and a short summary of the anticipated testimony of each witness;
- (c) a proposed ruling on each issue to be resolved, together with a request for a specific damage award or other remedy for each issue. The proposed rulings and remedies shall not contain any recitation of the facts or any legal arguments and shall not exceed one (1) page per issue.
- (d) a brief in support of such party's proposed rulings and remedies, provided that the brief shall not exceed twenty (20) pages. This page limitation shall apply regardless of the number of issues raised in the ADR proceeding. Except as expressly set forth in subsections 4(a) - 4(d), no discovery shall be required or permitted by any means, including deposition, interrogatories, requests for admissions or production of documents.

5. The hearing shall be conducted on two (2) consecutive days and shall be governed by the following rules:

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- (a) Each party shall be entitled to five (5) hours of hearing time to present its case. The neutral shall determine whether each party has had the five (5) hours to which it is entitled.
- (b) Each party shall be entitled, but not required, to make an opening statement, to present regular or rebuttal testimony, documents or other evidence, to cross-examine witnesses and to make a closing argument. Cross-examination of witnesses shall occur immediately after their direct testimony, and cross-examination time shall be charged against the party conducting the cross-examination.
- (c) The party initiating the ADR shall begin the hearing and, if it chooses to make an opening statement, shall address not only issues it raised, but also any issues raised by the responding party. The responding party, if it chooses to make an opening statement, also shall address all issues raised in the ADR. Thereafter, the presentation of regular and rebuttal testimony and documents, other evidence and closing arguments shall proceed in the same sequence.
- (d) Except when testifying, witnesses shall be excluded from the hearing until closing arguments.
- (e) Settlement negotiations, including any statements made therein, shall not be admissible under any circumstances. Affidavits prepared for purposes of the ADR hearing also shall not be admissible. As to all other matters, the neutral shall have sole discretion regarding the admissibility of any evidence.

6. Within seven (7) days following completion of the hearing, each party may submit to the other party and the neutral a post-hearing brief in support of its proposed rulings and remedies, provided that such brief shall not contain or discuss any new evidence and shall not exceed ten (10) pages. This page limitation shall apply regardless of the number of issues raised in the ADR proceeding.

7. The neutral shall rule on each disputed issue within fourteen (14) days following completion of the hearing. Such ruling shall adopt in its entirety the proposed ruling and remedy of one of the parties on each disputed issue but may adopt one party's proposed rulings and remedies on some issues and the other party's proposed rulings and remedies on other issues. The neutral shall not issue any written opinion or otherwise explain the basis of the ruling.

8. The neutral shall be paid a reasonable fee plus expenses by the Company. The Company shall bear its own fees and expenses. The Executive's fees and expenses shall be paid or reimbursed by the Company to the extent provided by the Agreement.

9. The rulings of the neutral and the allocation of fees and expenses shall be binding, non-reviewable, and non-appealable, and may be entered as a final judgment in any court having jurisdiction.

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10. Except as provided in Section 9 or as required by law, the existence of the dispute, any settlement negotiations, the ADR hearing, any submissions (including exhibits, testimony, proposed rulings, and briefs), and the rulings shall be deemed Confidential Information. The neutral shall have the authority to impose sanctions for unauthorized disclosure of Confidential Information.

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Abbott Laboratories

Description of Base Salary of Named Executive Officers

Set forth below are the base salaries, effective December 31, 2008 and March 1, 2009, of the chief executive officer, chief financial officer, Holger A. Liepmann, James L. Tyree, and Stephen R. Fussell, all of whom were named executive officers in 2008.

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

	<u>Base Salary</u>
December 31, 2008	\$ 1,807,500
March 1, 2009	\$ 1,861,700

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

	<u>Base Salary</u>
December 31, 2008	\$ 892,300
March 1, 2009	\$ 919,100

Holger A. Liepmann
Executive Vice President,
Global Nutrition

	<u>Base Salary</u>
December 31, 2008	\$ 703,000
March 1, 2009	\$ 724,100

James L. Tyree
Executive Vice President,
Pharmaceutical Products Group

	<u>Base Salary</u>
December 31, 2008	\$ 702,000
March 1, 2009	\$ 723,100

Stephen R. Fussell
Senior Vice President,
Human Resources

	<u>Base Salary</u>
December 31, 2008	\$ 476,000
March 1, 2009	\$ 525,000

Abbott Laboratories
Computation of Ratio of Earnings to Fixed Charges
(Unaudited)
(dollars in millions)

	2008	2007	2006	2005	2004
EARNINGS FROM CONTINUING OPERATIONS ADD (DEDUCT)	\$ 4,734	\$ 3,606	\$ 1,717	\$ 3,372	\$ 3,176
Taxes on earnings from continuing operations	1,122	863	559	1,248	950
Amortization of capitalized interest, net of capitalized interest	6	(25)	(28)	(16)	5
Minority interest	7	9	8	9	11
EARNINGS FROM CONTINUING OPERATIONS AS ADJUSTED	\$ 5,869	\$ 4,453	\$ 2,256	\$ 4,613	\$ 4,142
FIXED CHARGES Interest on long-term and short-term debt	528	593	416	241	200
Capitalized interest cost	17	42	43	29	9
Rental expense representative of an interest factor	77	69	66	64	59
TOTAL FIXED CHARGES	622	704	525	334	268
TOTAL ADJUSTED EARNINGS FROM CONTINUING OPERATIONS AVAILABLE FOR PAYMENT OF FIXED CHARGES	\$ 6,491	\$ 5,157	\$ 2,781	\$ 4,947	\$ 4,410
RATIO OF EARNINGS FROM CONTINUING OPERATIONS TO FIXED CHARGES	10.4	7.3	5.3	14.8	16.5

NOTE: For the purpose of calculating this ratio, (i) earnings from continuing operations have been calculated by adjusting earnings from continuing operations for taxes on earnings from continuing operations; interest expense; amortization of capitalized interest, net of capitalized interest; 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.

SUBSIDIARIES OF ABBOTT LABORATORIES

The following is a list of subsidiaries of Abbott Laboratories. Abbott Laboratories is not a subsidiary of any other corporation. Where ownership of a subsidiary is less than 100% by Abbott Laboratories or an Abbott Laboratories' subsidiary, such has been noted by designating the percentage of ownership.

Domestic Subsidiaries	Incorporation
Abbott Administration Inc.	Delaware
Abbott Bioresearch Center, Inc.	Delaware
Abbott Cardiovascular Systems Inc.	California
Abbott Cardiovascular, Inc.	Delaware
Abbott Delaware Inc.	Delaware
Abbott Diabetes Care Inc.	Delaware
Abbott Diabetes Care Sales Corporation	Delaware
Abbott Endocrine Inc.	Delaware
Abbott Endocrinology Inc.	Delaware
Abbott Equity Investments LLC	Delaware
Abbott Exchange Inc.	Delaware
Abbott Health Products, Inc.	Delaware
Abbott Home Infusion Services of New York, Inc.	New York
Abbott International LLC	Delaware
Abbott Investment Holdings Corporation	Delaware
Abbott Laboratories Inc.	Delaware
Abbott Laboratories International Co.	Illinois
Abbott Laboratories Pacific Ltd.	Illinois
Abbott Laboratories Purchasing Company, LLC	Delaware
Abbott Laboratories Residential Development Fund, Inc.	Illinois
Abbott Laboratories Services Corp.	Illinois
Abbott Laboratories (Puerto Rico) Incorporated	Puerto Rico
Abbott Management Corporation	Delaware
Abbott Mexico LLC	Delaware
Abbott Molecular Inc.	Delaware
Abbott Nutrition Manufacturing Inc.	Delaware
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Abbott Personnel Inc.	Delaware
Abbott Pharmaceutical Corporation	Delaware
Abbott Point of Care Inc.	Delaware
Abbott Resources Inc.	Delaware
Abbott Resources International Inc.	Delaware
Abbott Respiratory LLC	Delaware
Abbott Trading Company, Inc.	Virgin Islands
Abbott Universal Ltd.	Delaware
Abbott Vascular Inc.	Delaware
Abbott Vascular Solutions Inc.	Indiana
Aeropharm Technology, LLC	Delaware
Aspen Acquisition I, Inc.	Delaware
AVI Corp.	Delaware
Bioabsorbable Vascular Solutions, Inc.	Delaware
BioDisplay Technologies, Inc.	Illinois
C & G Nutritionals, Inc.	Delaware
CMM Transportation, Inc.	Delaware
Gene-Trak Systems Industrial Diagnostics Corp.	Delaware
Gene-Trak, Inc.	Delaware
IEP Pharmaceutical Devices, LLC	Florida
IMTC Technologies, Inc.	Delaware
Integrated Vascular Systems, Inc.	Delaware
i-STAT Europe, Inc.	Delaware
IVD Instruments, LLC	Delaware
Knoll LLC	Puerto Rico
Knoll Pharmaceutical Company	New Jersey
Kos Pharmaceuticals, Inc.	Delaware
Murex Diagnostics, Inc.	Delaware
Natural Supplement Association, Incorporated	Colorado
North Shore Properties, Inc.	Delaware
PDD II, LLC	Delaware
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PDD, LLC	Delaware
Pegasus One, LLC	Delaware

Rainforest Acquisition Inc.	Delaware
S & G Nutritionals Inc.	Delaware
Solartek Products, Inc.	Delaware
Swan-Myers, Incorporated	Indiana
Tobal Products Incorporated	Illinois
Vectoris Corporation	California
Woodside Biomedical, Inc.	Delaware
X Technologies Inc.	Delaware
ZonePerfect Nutrition Company	Delaware

International Subsidiaries	Incorporation
Abbott Laboratories Argentina S.A.	Argentina
Murex Argentina S.A.	Argentina 65%
Abbott Australasia Pty Ltd	Australia
EAS Australia Pty Ltd	Australia
Abbott Gesellschaft m.b.H.	Austria
Abbott Bahamas Overseas Businesses Corporation	Bahamas
Abbott Hospitals Limited	Bahamas
Abbott Laboratories (Bangladesh) Limited	Bangladesh 85%
Murex Diagnostics International, Inc.	Barbados
Abbott Belgian Investments SPRL	Belgium
Abbott Belgian Pension Fund A.S.B.L.	Belgium
Abbott S.A.	Belgium
Abbott Vascular International BVBA	Belgium
Abbott Biotechnology Ltd.	Bermuda
Abbott Diagnostics International, Ltd.	Bermuda
Abbott Ireland	Bermuda
Abbott Pharmaceuticals PR Ltd.	Bermuda
Abbott Strategic Opportunities Limited	Bermuda
Abbott Laboratories do Brasil Ltda.	Brazil
Abbott (Cambodia) LLC	Cambodia
Abbott Laboratories, Limited	Canada
Abbott Point of Care Canada Limited	Canada
Experimental & Applied Sciences Canada Inc.	Canada
Toba Pharma Inc.	Canada
International Murex Technologies Corporation	Canada
Abbott Laboratories de Chile Limitada	Chile
Abbott Laboratories de Colombia, S.A.	Colombia
Abbott Healthcare Costa Rica, S.A.	Costa Rica
Abbott Laboratories limited liability company for trade and services, Zagreb	Croatia
Abbott Laboratories, s.r.o.	Czech Republic
Abbott Laboratories A/S	Denmark
Abbott Laboratorios del Ecuador Cia. Ltda.	Ecuador
Abbott Limited Egypt LLC	Egypt
Abbott, S.A. de C.V.	El Salvador
Abbott OY	Finland
Abbott France Instruments S.A.S.	France
Abbott France S.A.S.	France
Abbott Biotechnology Deutschland GmbH	Germany
Abbott Deutschland GmbH	Germany
Abbott Diagnostics G.m.b.H.	Germany
Abbott GmbH & Co. KG	Germany
Abbott Holding GmbH	Germany

Abbott Management GmbH	Germany
Abbott Vascular Instruments Deutschland GmbH	Germany
Abbott Vascular Deutschland GmbH	Germany
Abbott Laboratories (Hellas) S.A.	Greece
Abbott Grenada Limited	Grenada
Abbott Laboratorios, S.A.	Guatemala
Abbott Laboratories Limited	Hong Kong
Abbott Laboratories (Hungary) Health Products and Medical Equipment Trading and Servicing Limited Liability Company	Hungary
Abbott Healthcare Pvt Ltd	India
Abbott India Limited	India 68.94%
Abind Healthcare Private Limited	India
PT. Abbott Indonesia	Indonesia 99.99%
Abbott Ireland Holdings Limited	Ireland
Abbott Laboratories Vascular Enterprises Limited	Ireland
Abbott Laboratories, Ireland, Limited	Ireland
Abbott Mature Products International Limited	Ireland

Abbott Mature Products Management Limited	Ireland
Abbott Nutrition Limited	Ireland
Abbott Products	Ireland
Abbott Vascular Devices Ireland Limited	Ireland
BiodivYsio Limited	Ireland
Carotid Interventional Systems Limited	Ireland
Mednova Limited	Ireland
Abbott AVI s.r.l.	Italy
Abbott S.r.l.	Italy
Abbott Vascular Knoll-Ravizza S.p.A	Italy
Autonomous Employee Welfare Fund for Abbott S.p.A. Dirigenti	Italy
Abbott West Indies Limited	Jamaica 51%
Abbott Japan Co., Ltd.	Japan
Abbott Vascular Japan Co., Ltd	Japan
Tofuku Shoji K.K.	Japan
Abbott Korea Limited	Korea, South
Abbott Laboratories Baltics	Latvia
UAB “Abbott Laboratories”	Lithuania
Abbott Middle East (S.A.R.L.)	Lebanon
Abbott Laboratories (Malaysia) Sdn. Bhd.	Malaysia
Abbott Laboratories de Mexico, S.A. de C.V.	Mexico
Abbott Laboratories (Mozambique), Limitada	Mozambique
Abbott B.V.	Netherlands
Abbott Biotechnology Netherlands B.V.	Netherlands
Abbott Holdings B.V.	Netherlands
Abbott Laboratories B.V.	Netherlands
Abbott Logistics B.V.	Netherlands

Abbott Nederland C.V.	Netherlands
Abbott PR Holdings B.V.	Netherlands
Abbott Vascular Devices Holland B.V.	Netherlands
EAS International B.V.	Netherlands
IMTC Finance B.V.	Netherlands
IMTC Holdings B.V.	Netherlands
Abbott Laboratories NZ Limited	New Zealand
EAS Asia/Pacific Limited	New Zealand
Abbott Norge AS	Norway
Abbott Laboratories (Pakistan) Ltd.	Pakistan 77.9%
Abbott Laboratories, C.A.	Panama
Abbott Overseas, S.A.	Panama
Abbott (Guangzhou) Nutritionals Co., Ltd.	People’s Republic of China
Abbott Laboratories Trading (Shanghai) Co., Ltd.	People’s Republic of China
Guidant International Trading (Shanghai) Co. Ltd.	People’s Republic of China
Shanghai Abbott Pharmaceutical Co., Ltd.	People’s Republic of China 75%
Abbott Laboratorios S.A.	Peru
Abbott Laboratories (Philippines)	Philippines
Union-Madison Realty Company, Inc.	Philippines 40%
Abbott Laboratories Poland Sp. z o.o.	Poland
Abbott Laboratorios, Limitada	Portugal
Abbottfarma - Promocao de Produtos Farmaceuticos, Lda	Portugal
Knoll - Promocao de Produtos Farmaceuticos, Lda	Portugal
MediSense - Promocao de Produtos Farmaceuticos, Lda	Portugal
Premier - Promocao de Produtos Farmaceuticos, Lda	Portugal
Limited liability company Abbott Laboratories	Russia
Abbott Laboratories (Singapore) Private Limited	Singapore
Abbott Manufacturing Singapore Private Limited	Singapore
Abbott Laboratories Slovakia s.r.o.	Slovakia
Abbott Laboratories družba za farmacijo in diagnostiko d.o.o.	Slovenia
Abbott Laboratories South Africa (Proprietary) Ltd.	South Africa
Experimental & Applied Sciences Africa (Proprietary) Limited	South Africa
Knoll Pharmaceuticals South Africa (Proprietary) Limited	South Africa
Murex Biotech South Africa (Proprietary) Limited	South Africa
Murex Diagnostics South Africa (Proprietary) Limited	South Africa
Abbott Cientifica, S.A.	Spain
Abbott Laboratories, S.A.	Spain
Bioresearch Espana, S.A.	Spain
Liade Sociedad Anonima (S.A.)	Spain
Murex Diagnosticos S.A.	Spain
Abbott Scandinavia AB	Sweden
Abbott AG	Switzerland
Abbott Finance Company S.A.	Switzerland
Abbott Laboratories S.A.	Switzerland

Abbott Liestal AG	Switzerland
Knoll-Bioresearch AG	Switzerland
Abbott Fund Tanzania Limited	Tanzania
Abbott Laboratories Tanzania Limited	Tanzania
Abbott Laboratories Limited	Thailand
Abbott Laboratuarlari Ithalat Ihracat Ve Ticaret Limited Sirketi	Turkey
Abbott (UK) Finance Limited	United Kingdom
Abbott (UK) Holdings Limited	United Kingdom
Abbott Asia Holdings Limited	United Kingdom
Abbott Asia Investments Limited	United Kingdom
Abbott Knoll Investments B.V.	United Kingdom
Abbott Capital India Limited	United Kingdom
Abbott Diabetes Care Limited	United Kingdom
Abbott Equity Holdings Unlimited	United Kingdom
Abbott Investments Limited	United Kingdom
Abbott Laboratories Limited	United Kingdom
Abbott Laboratories Trustee Company Limited	United Kingdom
Abbott Vascular Devices (2) Limited	United Kingdom
Abbott Vascular Devices Limited	United Kingdom
Experimental and Applied Sciences UK Limited	United Kingdom
IMTC Holdings (U.K.) Limited	United Kingdom
i-STAT Limited	United Kingdom
Knoll UK Investments Unlimited	United Kingdom
Murex Biotech (UK) Limited	United Kingdom
Murex Biotech Limited	United Kingdom
TheraSense UK Limited	United Kingdom
Vysis (UK) Limited	United Kingdom
Abbott Laboratories Uruguay S.A.	Uruguay
Abbott Laboratories C.A.	Venezuela

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-09071, 333-43381, 333-69547, 333-93253, 333-52768, 333-74228, 333-102178, 333-109250, 333-124850, 333-141118, and 333-153197 on Form S-8 for the Abbott Laboratories 1996 Incentive Stock Program; Registration Statement Nos. 333-74220, 333-102179, 333-124851, and 333-153200 on Form S-8 for the Abbott Laboratories Deferred Compensation Plan; Registration Statement Nos. 333-75442 and 333-109254 on Form S-8 for the Abbott Laboratories Affiliate Employee Stock Purchase Plan; and Registration Statement Nos. 33-26685, 33-50452, 33-51585, 33-56897, 33-65127, 333-19511, 333-43383, 333-69579, 333-93257, 333-74224, 333-102180, 333-109253, 333-124849, 333-141116, and 333-153198 on Form S-8 for the Abbott Laboratories Stock Retirement Program and Trusts; Post-effective Amendment No. 1 to Registration Statement No. 333-85867 on Form S-8 for the Perclose, Inc. 1992 Stock Plan, Perclose, Inc. 1995 Director Option Plan, Perclose, Inc. 1997 Stock Plan and Perclose, Inc. 1995 Employee Stock Purchase Plan; and Registration Statement Nos. 333-109132, 333-132104, and 333-157290 on Form S-3 of our reports dated February 19, 2009, relating to the financial statements and financial statement schedule of Abbott Laboratories and subsidiaries, and the effectiveness of Abbott Laboratories' internal control over financial reporting (which report on the financial statements expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of new accounting standards in 2007 and 2006) appearing in this Annual Report on Form 10-K of Abbott Laboratories for the year ended December 31, 2008.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois
February 19, 2009

QuickLinks

[Exhibit 23.1](#)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-09071, 333-43381, 333-69547, 333-93253, 333-52768, 333-74228, 333-102178, 333-109250, 333-124850, 333-141118, and 333-153197 on Form S-8 for the Abbott Laboratories 1996 Incentive Stock Program; Registration Statement Nos. 333-74220, 333-102179, 333-124851, and 333-153200 on Form S-8 for the Abbott Laboratories Deferred Compensation Plan; Registration Statement Nos. 333-75442 and 333-109254 on Form S-8 for the Abbott Laboratories Affiliate Employee Stock Purchase Plan; and Registration Statement Nos. 33-26685, 33-50452, 33-51585, 33-56897, 33-65127, 333-19511, 333-43383, 333-69579, 333-93257, 333-74224, 333-102180, 333-109253, 333-124849, 333-141116, and 333-153198 on Form S-8 for the Abbott Laboratories Stock Retirement Program and Trusts; Post-effective Amendment No. 1 to Registration Statement No. 333-85867 on Form S-8 for the Perclose, Inc. 1992 Stock Plan, Perclose, Inc. 1995 Director Option Plan, Perclose, Inc. 1997 Stock Plan and Perclose, Inc. 1995 Employee Stock Purchase Plan; and Registration Statement No. 333-109132, No. 333-132104, and No. 333-157290 on Form S-3 of our reports dated August 27, 2008, relating to the financial statements and financial statement schedule of TAP Pharmaceutical Products Inc. appearing in this Annual Report on Form 10-K of Abbott Laboratories for the year ended December 31, 2008.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois
February 19, 2009

QuickLinks

[Exhibit 23.2](#)

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

I, Miles D. White, certify that:

1. I have reviewed this annual report on Form 10-K of Abbott Laboratories;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott as of, and for, the periods presented in this report;
4. Abbott's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Abbott and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Abbott, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of Abbott's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in Abbott's internal control over financial reporting that occurred during Abbott's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Abbott's internal control over financial reporting; and
5. Abbott's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Abbott's auditors and the audit committee of Abbott's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Abbott's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott's internal control over financial reporting.

/s/ MILES D. WHITE

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

Date: February 20, 2009

QuickLinks

[Exhibit 31.1](#)

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

I, Thomas C. Freyman, certify that:

1. I have reviewed this annual report on Form 10-K of Abbott Laboratories;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott as of, and for, the periods presented in this report;
4. Abbott's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Abbott and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Abbott, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of Abbott's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in Abbott's internal control over financial reporting that occurred during Abbott's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Abbott's internal control over financial reporting; and
5. Abbott's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Abbott's auditors and the audit committee of Abbott's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Abbott's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott's internal control over financial reporting.

/s/ THOMAS C. FREYMAN

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

Date: February 20, 2009

QuickLinks

[Exhibit 31.2](#)

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

In connection with the Annual Report of Abbott Laboratories (the "Company") on Form 10-K for the period ended December 31, 2008 as filed with the Securities and Exchange Commission (the "Report"), I, Miles D. White, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MILES D. WHITE

Miles D. White,
Chairman of the Board and
Chief Executive Officer
Date: February 20, 2009

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

QuickLinks

[Exhibit 32.1](#)

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

In connection with the Annual Report of Abbott Laboratories (the "Company") on Form 10-K for the period ended December 31, 2008 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas C. Freyman, Executive Vice President, Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ THOMAS C. FREYMAN

Thomas C. Freyman
Executive Vice President, Finance
and Chief Financial Officer
Date: February 20, 2009

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

QuickLinks

[Exhibit 32.2](#)