FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

(Mark One)

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

For the quarterly period ended June 30, 1999

OR

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

For the transition period from ---------- to ----------

Commission File No. 1-2189

ABBOTT LABORATORIES

An Illinois Corporation I.R.S. Employer Identification No. 36-0698440

100 Abbott Park Road
Abbott Park, Illinois 60064-6400

Telephone: (847) 937-6l00

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section l3 or l5(d) of the Securities Exchange Act of l934 during the preceding l2 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .
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As of July 31, 1999, the Corporation had 1,521,330,354 common shares without par value outstanding.

PART I. FINANCIAL INFORMATION

Abbott Laboratories and Subsidiaries

Condensed Consolidated Financial Statements

(Unaudited)

Abbott Laboratories and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited)

(dollars and shares in thousands except per share data)

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Net Sales	$ 3,243,166	$ 3,066,753	$ 6,542,197	$ 6,111,666
Cost of products sold	1,410,942	1,297,770	2,859,773	2,577,743
Research and development	314,944	307,132	582,121	587,008
Selling, general and administrative	687,727	682,162	1,368,000	1,364,337
Total Operating Cost and Expenses	2,413,613	2,287,064	4,809,894	4,529,088
Operating Earnings	829,553	779,689	1,732,303	1,582,578
Net interest expense	22,028	26,927	48,267	51,973
Income from TAP Holdings Inc. joint venture	(96,336)	(70,288)	(167,905)	(120,636)
Net foreign exchange (gain) loss	(2,078)	7,623	18,481	15,024
Other (income) expense, net	13,355	2,142	15,086	4,053
Earnings Before Taxes	892,584	813,285	1,818,374	1,632,164
Taxes on earnings	249,924	227,720	509,145	457,006
Net Earnings	$ 642,660	$ 585,565	$ 1,309,229	$ 1,175,158
Basic Earnings Per Common Share	$ 0.42	$ 0.38	$ 0.86	$ 0.77
Diluted Earnings Per Common Share	$ 0.42	$ 0.38	$ 0.85	$ 0.76
Cash Dividends Declared Per Common Share	$ 0.17	$ 0.15	$ 0.34	$ 0.30
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,520,416	1,524,789	1,518,960	1,526,354
Dilutive Common Stock Options	21,990	21,310	22,809	21,197
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options	1,542,406	1,546,099	1,541,769	1,547,551
Outstanding Common Stock Options Having No Dilutive Effect	2,808	36	1,709	36

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

Abbott Laboratories and Subsidiaries

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(dollars in thousands)

	Six Months Ended June 30	
	1999	1998
Cash Flow From (Used in) Operating Activities:		
Net earnings	$ 1,309,229	$ 1,175,158
Adjustments to reconcile net earnings to net cash from operating activities -		
Depreciation and amortization	416,140	393,301
Trade receivables	(30,245)	21,679
Inventories	(65,986)	(150,153)
Other, net	(16,961)	257,658
Net Cash From Operating Activities	1,612,177	1,697,643
Cash Flow From (Used in) Investing Activities:		
Acquisitions of businesses, net of cash acquired	--	(239,777)
Acquisitions of property and equipment	(462,246)	(500,616)
Investment securities transactions	85,715	(139,928)
Other	6,558	8,206
Net Cash Used in Investing Activities	(369,973)	(872,115)
Cash Flow From (Used in) Financing Activities:		
Repayments of commercial paper, net	(760,000)	(156,000)
Proceeds from issuance of long-term debt	--	200,000
Other borrowing transactions, net	(12,898)	(42,901)
Common share transactions	66,858	(365,743)
Dividends paid	(485,939)	(435,379)
Net Cash Used in Financing Activities	(1,191,979)	(800,023)
Effect of exchange rate changes on cash and cash equivalents	(12,674)	(3,761)
Net Increase in Cash and Cash Equivalents	37,551	21,744
Cash and Cash Equivalents, Beginning of Year	308,230	230,024
Cash and Cash Equivalents, End of Period	$ 345,781	$ 251,768

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

Abbott Laboratories and Subsidiaries

Condensed Consolidated Balance Sheet

(dollars in thousands)

	June 30 1999 (Unaudited)	December 31 1998
Assets		
Current Assets:		
Cash and cash equivalents	$ 345,781	$ 308,230
Investment securities	55,969	75,087
Trade receivables, less allowances of $190,148 in 1999 and $190,952 in 1998	1,909,378	1,950,058
Inventories:		
Finished products	746,292	697,494
Work in process	314,411	345,776
Materials	362,055	367,339
Total inventories	1,422,758	1,410,609
Prepaid expenses, income taxes, and other receivables	1,813,300	1,809,152
Total Current Assets	5,547,186	5,553,136
Investment Securities Maturing after One Year	717,243	783,842
Property and Equipment, at Cost	9,499,590	9,396,236
Less: accumulated depreciation and amortization	4,799,702	4,657,393
Net Property and Equipment	4,699,888	4,738,843
Deferred Charges, Intangible and Other Assets	2,180,781	2,140,392
	$ 13,145,098	$ 13,216,213
Liabilities and Shareholders' Investment		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	$ 982,861	$ 1,759,076
Trade accounts payable	830,748	1,056,641
Salaries, income taxes, dividends payable, and other accruals	2,356,809	2,146,409
Total Current Liabilities	4,170,418	4,962,126
Long-Term Debt	1,337,566	1,339,694
Other Liabilities and Deferrals	1,197,843	1,200,732
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: 1999: 1,538,743,060; 1998: 1,533,774,332	1,468,693	1,231,079
Earnings employed in the business	5,408,876	4,782,349
Accumulated other comprehensive income	(366,059)	(227,701)
Common shares held in treasury, at cost -		
Shares: 1999: 17,591,970; 1998: 17,710,838	(46,421)	(46,735)
Unearned compensation - restricted stock awards	(25,818)	(25,331)
Total Shareholders' Investment	6,439,271	5,713,661
	$13,145,098	$ 13,216,213

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

Abbott Laboratories and Subsidiaries

Notes to Condensed Consolidated Financial Statements

June 30, 1999

(Unaudited)

Note 1 - Basis of Presentation

The accompanying unaudited, condensed consolidated financial statements have been prepared pursuant to rules and regulations of the Securities and Exchange Commission and, therefore, do not include all information and footnote disclosures normally included in audited financial statements. However, in the opinion of management, all adjustments (which include only normal adjustments) necessary to present fairly the results of operations, financial position and cash flows have been made. It is suggested that these statements be read in conjunction with the financial statements included in Abbott's Annual Report on Form 10-K for the year ended December 31, 1998.

Note 2 - Supplemental Financial Information
(dollars in thousands)

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Net interest expense:				
Interest expense	$ 36,492	$ 40,401	$ 76,840	$ 78,361
Interest income	(14,464)	(13,474)	(28,573)	(26,388)
Total	$ 22,028	$ 26,927	$ 48,267	$ 51,973

Note 3 - Taxes on Earnings

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

Note 4 - Litigation and Environmental Matters

Abbott is involved in various claims and legal proceedings including numerous antitrust suits and investigations in connection with the pricing of prescription pharmaceuticals. These suits and investigations allege that various pharmaceutical manufacturers have conspired to fix prices for prescription pharmaceuticals and/or to discriminate in pricing to retail pharmacies by providing discounts to mail-order pharmacies, institutional pharmacies and HMOs in violation of state and federal antitrust laws. The suits have been brought on behalf of individuals and retail pharmacies and name both Abbott and certain other pharmaceutical manufacturers and pharmaceutical wholesalers and at least one mail-order pharmacy company as defendants. The cases seek treble damages, civil penalties, injunctive and other relief. During 1998, settlements were reached in the federal class action lawsuit, whereby Abbott paid $57 million, and thirteen other separate actions. Abbott has filed or intends to file a response to each of the remaining complaints denying all substantive allegations.

In addition, 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 Abbott-owned locations.

The matters above are discussed more fully in Note 14 to the financial statements included in Abbott's Annual Report on Form 10-K, which is available upon request, and in Part II, Item 1, Legal Proceedings, in this Form.

Note 4 - Litigation and Environmental Matters, continued

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

Note 5 - Comprehensive Income
(dollars in thousands)

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
Net Earnings	$ 642,660	$ 585,565	$ 1,309,229	$ 1,175,158
Other comprehensive income (loss):				
Foreign currency translation adjustments	(42,637)	9,841	(122,174)	(35,754)
Tax (expense) benefit related to foreign currency translation adjustments	(81)	--	45	--
Unrealized gains (losses) on marketable equity securities	912	(15,052)	(27,048)	(15,395)
Tax (expense) benefit related to unrealized losses on marketable equity securities	(365)	6,021	10,819	6,158
Other comprehensive income (loss), net of tax	(42,171)	810	(138,358)	(44,991)
Comprehensive Income	$ 600,489	$ 586,375	$ 1,170,871	$ 1,130,167

As of June 30, 1999, the cumulative net of tax balances for foreign currency translation loss adjustments and the unrealized (gains) on marketable equity securities were $382,840, and ($16,781), respectively.

Note 6 - Segment Information
(dollars in millions)

REVENUE SEGMENTS - Abbott's principal business is the discovery, development, manufacture and sale of a broad line of health care products and services. Abbott's products are generally sold directly to retailers, wholesalers, hospitals, health care facilities, laboratories, physicians' offices and government agencies throughout the world. Segments are identified as those revenue divisions which report directly to the chief operating officer of Abbott. Abbott's products are sold through six revenue segments as follows:

PHARMACEUTICAL PRODUCTS - U.S. sales of a broad line of pharmaceuticals.

DIAGNOSTIC PRODUCTS - Worldwide sales of diagnostic systems for blood banks, hospitals, consumers, commercial laboratories and alternate-care sites.

HOSPITAL PRODUCTS - U.S. sales of intravenous and irrigation fluids and related administration equipment, drugs and drug delivery systems, anesthetics, critical care products and other medical specialty products for hospitals and alternate-care sites.

ROSS PRODUCTS - U.S. sales of a broad line of adult and pediatric nutritional products, pediatric pharmaceuticals and consumer products.

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

Note 6 - Segment Information
(dollars in millions), continued

CHEMICAL & AGRICULTURAL PRODUCTS - Worldwide sales of chemicals and agricultural products for crop protection, forestry and animal health and a supplier of bulk drugs for the Pharmaceutical Products, Hospital Products, and International segments.

SEGMENT ACCOUNTING POLICIES - Abbott's underlying accounting records are maintained on a legal entity basis for government and public reporting requirements. Segment disclosures are on a performance basis consistent with internal management reporting. Intersegment transfers of inventory are recorded at standard cost and are not a measure of segment operating earnings. The cost of some corporate functions and the cost of certain employee benefits are sold to segments at predetermined rates which approximate cost. Remaining costs, if any, are not allocated to revenue segments. The following segment information has been prepared in accordance with the internal accounting policies of Abbott, as described above, and may not be presented in accordance with generally accepted accounting principles.

	Net Sales to External Customers				Operating Earnings			
	Three Months Ended June 30		Six Months Ended June 30		Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998	1999	1998	1999	1998
Pharmaceutical	$ 543	$ 592	$1,213	$1,289	$277	$306	$ 654	$ 715
Diagnostics	760	702	1,475	1,327	141	107	251	201
Hospital	544	459	1,061	916	145	104	265	202
Ross	470	460	971	912	158	147	343	280
International	781	750	1,613	1,483	169	162	382	342
Chemical & Agricultural	110	104	174	184	34	40	48	63
Total Segments	3,208	3,067	6,507	6,111	924	866	1,943	1,803
Other	35	--	35	1				
Net Sales	$3,243	$3,067	$6,542	$6,112				
Corporate and service functions					36	39	64	73
Benefit plans costs					31	24	58	52
Net interest expense					22	27	48	52
Income from TAP Holdings Inc.					(96)	(70)	(168)	(121)
Net foreign exchange (gain) loss					(3)	8	18	15
Other expenses, net					42	25	105	100
Consolidated Earnings Before Taxes					$892	$813	$ 1,818	$1,632

Note 7 - Pending Acquisitions

On June 21, 1999, Abbott and ALZA Corporation announced that the companies entered into a definitive agreement for Abbott to acquire ALZA, a research-based pharmaceutical company with a growing portfolio of urology and oncology products and leading drug delivery technologies. The transaction is expected to be completed by year end.

On July 8, 1999, Abbott and Perclose, Inc. announced that the companies entered into a definitive agreement for Abbott to acquire Perclose, the leading arterial closure device manufacturer. The transaction is expected to be completed by year end.

Abbott expects to account for each transaction as a pooling of interests.

FINANCIAL REVIEW

RESULTS OF OPERATIONS - SECOND QUARTER AND FIRST SIX MONTHS 1999 COMPARED WITH SAME PERIODS IN 1998

The following table details sales by segment for the second quarter and first six months 1999:
(dollars in millions)

	Net Sales to External Customers		Percentage Change*	Net Sales to External Customers		Percentage Change*
	Three Months Ended June 30			Six Months Ended June 30		
	1999	1998		1999	1998	
Pharmaceutical	$ 543	$ 592	(8.1)	$1,213	$1,289	(5.9)
Diagnostics	760	702	8.2	1,475	1,327	11.1
Hospital	544	459	18.8	1,061	916	15.9
Ross	470	460	2.1	971	912	6.5
International	781	750	4.2	1,613	1,483	8.8
Chemical & Agricultural	110	104	4.4	174	184	(5.8)
Total Segments	3,208	3,067	4.6	6,507	6,111	6.5
Other	35	--		35	1	
Net Sales	$3,243	$3,067	5.8	$6,542	$6,112	7.0
Total U.S.	$1,990	$1,857	7.2	$4,031	$3,773	6.8
Total International	$1,253	$1,210	3.6	$2,511	$2,338	7.4

* Percentage changes are based on unrounded numbers.

Worldwide sales for the second quarter and first six months reflect primarily unit growth. Excluding the negative effect of the relatively stronger U.S. dollar, sales increased 6.8 percent and 7.5 percent, respectively, over the comparable 1998 periods. Pharmaceutical segment sales decreased primarily due to volume shortfalls for Abbokinase, as the result of production issues more fully described below. Diluted earnings per common share increased 10.5 percent and 11.8 percent in the second quarter and first six months 1999, respectively, over the same periods in 1998. Net earnings increased 9.8 percent and 11.4 percent in the second quarter and first six months 1999, respectively, over the comparable 1998 periods.

Gross profit margin (sales less cost of products sold, including freight and distribution expenses) was 56.5 percent for the 1999 second quarter, compared to 57.7 percent for the 1998 second quarter. First six months 1999 gross profit margin was 56.3 percent, compared to 57.8 percent a year earlier. Unfavorable product mix, primarily lower sales of pharmaceuticals, had a negative effect on both periods in 1999.

Research and development expenses were $314.9 million for the second quarter 1999 and $582.1 million for the first six months 1999. Research and development expenses represented 9.7 percent and 8.9 percent of net sales in the second quarter and first six months 1999, respectively, compared to 10.0 percent and 9.6 percent in the comparable 1998 periods. The majority of research and development expenditures continues to be concentrated on pharmaceutical and diagnostic products.

Selling, general and administrative expenses for the second quarter and first six months 1999 were comparable to the respective prior year periods.

Abbott holds patents on Hytrin in the United States and several major markets throughout the world. Abbott is facing a number of patent challenges from generic manufacturers in the United States, and the ultimate outcome of litigation cannot be predicted with certainty. Abbott has been informed that Geneva Pharmaceuticals, Inc. intends to begin shipments of generic Hytrin in the United States in August 1999. Abbott believes that the resulting generic competition will adversely impact Abbott's Hytrin sales. For the first six months of 1999, Abbott recorded U.S. sales of Hytrin of $292 million and U.S. sales of Hytrin in 1998 amounted to $542 million.

In late 1998, the U.S. Food and Drug Administration (FDA) suspended its approval of the release of production lots of Abbott's pharmaceutical product Abbokinase due to Current Good Manufacturing Practice concerns raised by the FDA following inspections of Abbott and its raw material supplier. In January 1999, after Abbott revised the product's labeling to add additional warnings and the FDA issued a health care provider information sheet, the FDA released certain lots that were under its review. Since January, the FDA has established new criteria for the release of additional lots. In a letter dated July 14, 1999, the FDA raised additional concerns regarding these criteria and identified several additional criteria which Abbott must address as part of its corrective actions. Abbott continues to work with the FDA to resolve the remaining issues. No additional lots have been released. Abbott cannot predict whether it will be able to resolve the FDA's concerns or the effect of this matter on future sales of Abbokinase. During 1998, Abbott sold approximately $277 million of Abbokinase, primarily in the United States.

LIQUIDITY AND CAPITAL RESOURCES AT JUNE 30, 1999 COMPARED WITH DECEMBER 31, 1998

Net cash from operating activities for the first six months 1999 totaled $1.612 billion. Abbott expects annual cash flow from operating activities to continue to approximate or exceed Abbott's capital expenditures and cash dividends.

Abbott has maintained its favorable bond ratings (AAA by Standard & Poor's Corporation and Aa1 by Moody's Investors Service) and continues to have readily available financial resources, including unused domestic lines of credit of $2.505 billion at June 30, 1999. These lines of credit support domestic commercial paper borrowing arrangements.

Abbott may issue up to $1.350 billion of senior debt securities in the future under a registration statement filed with the Securities and Exchange Commission on July 23, 1999. Of the $1.350 billion total, Abbott may issue up to $600 million either in the form of debt securities or additional common shares without par value. The remaining $750 million may only be issued in the form of debt securities.

In December 1998, Abbott suspended purchases of its common shares and in June 1999, the Board of Directors revoked its resolutions authorizing future purchases of common shares. Abbott's short-term borrowings have decreased by approximately $776 million since December 31, 1998, due, in part, to the cessation of the common stock purchases.

LEGISLATIVE ISSUES

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

YEAR 2000

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

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

Internal information systems were inventoried and assessed, and remediation started in 1992. All remediation and testing has been completed. A suite of seven new systems at one European site, as well as three other systems, all of which are Y2K compliant and tested, are yet to be put into production but will be in the third quarter.

Landlord and embedded systems were inventoried and Y2K assessment completed by May 1998. Abbott's goal is to resolve all critical systems by July 1999. Current progress is according to plan.

Abbott has assessed the ability of its medical electronic and software products to cope with the Y2K issue. Customers may access Abbott's assessment on Abbott's Web site. For i-STAT products and the recently acquired Murex product line, a referral source for customers to contact the manufacturer is provided on the Web site. Most of Abbott's products are not affected by the Y2K issue. For those products requiring remediation, all products except one have solutions available. The remaining solution is expected by the end of August.

Beginning in March 1998, key suppliers were requested to certify that they were Y2K compliant or, if not, to provide their plans to become compliant. Ninety-five percent of suppliers responded; 70 percent of those responding certified compliance currently and 30 percent have stated they have action plans for compliance in place. Follow-up with all key suppliers is being conducted according to plan.

Each of the above areas began developing business continuity plans during 1998. Abbott's goal is to complete all business continuity plans by September 30, 1999. Current progress is according to plan.

Abbott is in the process of quantifying the amount of sales which might occur in 1999 due to Y2K that would otherwise occur in 2000.

The most likely worst-case Y2K scenarios are subject to a wide range of speculation. However, the business continuity plans assume Y2K failures are primarily third party, are intermittent, are of relatively short duration, or are localized at one site or region, primarily outside the United States.

Abbott's policy is to expense Y2K remediation costs as incurred. Y2K remediation costs from inception through the end of 1999 are expected to approximate $100 million, of which approximately one-third is expected to be spent in 1999.

EURO CONVERSION

On January 1, 1999, the European Economic and Monetary Union took effect and introduced the euro as the official single currency of the eleven participating member countries. On that date the currency exchange rates of the participating countries were fixed against the euro. There is a three-year transition to the euro, and at the end of 2001, the legacy currencies will be eliminated. In 1997, Abbott organized an internal cross-functional task force to address the euro issues and expects to be ready for the full conversion to the euro. Costs required to prepare for the euro are not material to Abbott's financial position, results of operations or cash flows. The impact, if any, of the euro on Abbott's competitive position is unknown.

PENDING ACQUISITIONS

On June 21, 1999, Abbott and ALZA Corporation announced that the companies entered into a definitive agreement for Abbott to acquire ALZA, a research-based pharmaceutical company with a growing portfolio of urology and oncology products and leading drug delivery technologies. The transaction is expected to be completed by year end.

On July 8, 1999, Abbott and Perclose, Inc. announced that the companies entered into a definitive agreement for Abbott to acquire Perclose, the leading arterial closure device manufacturer. The transaction is expected to be completed by year end.

Abbott expects to account for each transaction as a pooling of interests.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As reported in Abbott's 10-K for the fiscal year ended December 31, 1998, Abbott is involved in numerous antitrust suits and two investigations regarding Abbott's pricing of pharmaceutical products. As of July 7, 1999, 116 antitrust suits are pending in federal court and 15 are pending in state courts. The prescription pharmaceutical pricing antitrust suits allege that various pharmaceutical manufacturers and pharmaceutical wholesalers have conspired to fix prices for prescription pharmaceuticals and/or to discriminate in pricing to retail pharmacies by providing discounts to mail-order pharmacies, institutional pharmacies, and HMOs in violation of state and federal antitrust laws. The suits have been brought on behalf of individual consumers and retail pharmacies and name both Abbott and certain other pharmaceutical manufacturers and pharmaceutical wholesalers and at least one mail-order pharmacy company as defendants. The cases seek treble damages, civil penalties and injunctive and other relief. Abbott has filed or intends to file a response to each of the complaints denying all substantive allegations. The federal cases are pending in the United States District Court for the Northern District of Illinois under the Multidistrict Litigation Rules as In re: Brand Name Prescription Drug Antitrust Litigation, MDL 997. The state cases are pending in the following state courts: Tuscaloosa County and Clarke County, Alabama; Monterey County, California; San Francisco County, California (five cases); San Joaquin County, California; Prentiss County, Mississippi; San Miguel County, New Mexico; Burleigh County, North Dakota; Hughes County, South Dakota; Cocke County, Tennessee; and Marshall County, West Virginia. As previously reported, a settlement agreement for the four consumer cases pending in Alameda County, California and San Francisco County, California was approved by the court on April 21, 1999. The amount to be paid in settlement is $6.2 million. An appeal has been filed challenging this settlement agreement.

As previously reported, five cases involving Abbott's patents for terazosin hydrochloride, a drug that Abbott sells under the trademark Hytrin-Registered Trademark-,are pending in the United States District Court for the Northern District of Illinois. The other parties to these cases are Geneva Pharmaceuticals, Inc. ("Geneva") Novopharm Limited ("Novopharm"), Invamed, Inc. ("Invamed"), Mylan Pharmaceuticals, Inc., and Warner Chilcott, Inc. Abbott sued each of these five other corporations alleging patent infringement after learning that they had applied to the Federal Food and Drug Administration for approval for a generic version of terazosin hydrochloride. Each of these corporations contends that Abbott's patent which covers their version of terazosin hydrochloride is invalid and unenforceable. The Geneva, Invamed, and Novopharm cases were all pending before the same judge, who, on September 1, 1998, entered a judgment in each of those cases ruling that the Abbott patent at issue in those cases is invalid. Abbott appealed this ruling and on July 1, 1999, the appellate court affirmed the lower court's decision. Abbott filed a petition for rehearing which was denied on August 5, 1999. Abbott has the right to seek certiorari from the United States Supreme Court.

In April 1996, Zenith Laboratories, Inc. ("Zenith") sued Abbott in the United States District Court for the District of New Jersey alleging that Abbott had engaged in unfair competition, abuse of process, tortious interference with prospective economic advantage, and

fraud in attempting to protect Hytrin from generic competition. Zenith sought money damages and a declaration that certain of Abbott's patents covering terazosin hydrochloride are invalid. Abbott filed counterclaims alleging patent infringement. On March 31, 1998, Abbott and Zenith reached an agreement that resolved the litigation between the parties. In the settlement, Zenith acknowledged the validity of Abbott's terazosin hydrochloride patents and agreed to refrain from selling a generic version of terazosin hydrochloride until the expiration of one of Abbott's patents for terazosin hydrochloride (U.S. Patent No. 4,251,532). On April 1, 1998, Abbott and Geneva reached an agreement under which Geneva would not market its Food and Drug Administration approved generic terazosin hydrochloride products until resolution of the pending litigation between the parties. Abbott agreed to make quarterly payments to Zenith and monthly payments to Geneva until the date on which they may enter the market for terazosin hydrochloride under their agreements. Under the agreements, both Zenith and Geneva would be free to enter the market for terazosin hydrochloride in the United States if certain of Abbott's patents for terazosin hydrochloride were determined to be invalid and if another company legally enters the generic market in the United States. On August 12, 1999, Abbott and Geneva terminated their April 1 agreement, and Geneva returned to Abbott a portion of the payments held in escrow under the agreement. As previously reported, Abbott has received a subpoena and a civil investigative demand from the Federal Trade Commission regarding these agreements with Geneva and Zenith. In addition, Louisiana Wholesale Drug Co. sued Abbott, Geneva, and Zenith in the United States District Court for the Southern District of Florida alleging that Abbott's agreements with Geneva and Zenith regarding terazosin hydrochloride violate the federal antitrust laws. The case purports to be a class action and seeks actual damages, treble damages civil penalties and other relief. On July 12, 1999, Walgreen Co., Eckerd Corp., The Kroger Co., Albertson's Inc., The Stop & Shop Supermarket Co., and Hy-Vee, Inc. also sued Abbott, Geneva, and Zenith in the United States District Court for the Southern District of Florida alleging that Abbott's agreements with Geneva and Zenith regarding terazosin hydrochloride violate the federal antitrust laws. Abbott intends to file a response to the complaint denying all substantive allegations.

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

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

27. Financial Data Schedule - attached hereto.

b) Reports on Form 8-K

One report on Form 8-K was filed during the quarter ended June 30, 1999. In a Form 8-K dated June 30, 1999, Abbott reported that on June 21, 1999, ALZA Corporation, a Delaware corporation ("ALZA"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Abbott and AC Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of Abbott (the "Merger Sub"). Pursuant to the terms of the Merger Agreement, and subject to the conditions set forth therein (including approval of the transaction by the stockholders of ALZA), Merger Sub will be merged with and into ALZA (the "Merger"). At the effective time of the Merger, the separate existence of Merger Sub will cease, ALZA will become a wholly-owned subsidiary of Abbott, and each outstanding share of ALZA common stock will be exchanged for 1.2 shares of Abbott common stock. The Merger is intended to be a tax-free reorganization pursuant to Section 368(a) of the Internal Revenue Code of 1986, as amended, and is intended to be treated as a pooling of interests for financial reporting purposes. In addition, Abbott and ALZA entered into two Co-Promotion Agreements with respect to certain products of ALZA.

SIGNATURE

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

ABBOTT LABORATORIES

/s/ Gary L. Flynn

Date: August 13, 1999

Gary L. Flynn, Vice President and Controller (Principal Accounting Officer)

Exhibit 12

Abbott Laboratories

Computation of Ratio of Earnings to Fixed Charges

(Unaudited)

(dollars in millions except ratios)

	Six Months Ended June 30, 1999
Net Earnings	$1,309
Add (deduct):	
Taxes on earnings	509
Minority interest	3
Net Earnings as adjusted	$1,821
Fixed Charges:	
Interest on long-term and short-term debt	77
Capitalized interest cost	2
Rental expense representative of an interest factor	19
Total Fixed Charges	98
Total adjusted earnings available for payment of fixed charges	$1,919
Ratio of earnings to fixed charges	19.6

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

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ABBOTT LABORATORIES' 1999 SECOND QUARTER FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q FILING.

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6-MOS
DEC-31-1999
JAN-01-1999
JUN-30-1999
345,781
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1,468,693
4,970,578
13,145,098
6,542,197
6,542,197
2,859,773
2,859,773
582,121
13,402
76,840
1,818,374
509,145
1,309,229
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0
0
1,309,229
0.86
0.85

OTHER EXPENSES CONSIST OF RESEARCH AND DEVELOPMENT EXPENSES.