

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2006

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) 937-6100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Large Accelerated Filer Accelerated Filer Non-accelerated filer

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

As of June 30, 2006, Abbott Laboratories had 1,527,807,035 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 | |
|--|-------------------------------|--------------|-----------------------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Net Sales | \$ 5,501,124 | \$ 5,523,800 | \$ 10,684,583 | \$ 10,906,479 |
| Cost of products sold | 2,388,613 | 2,631,835 | 4,558,317 | 5,154,366 |
| Research and development | 556,337 | 445,258 | 1,041,479 | 881,914 |
| Acquired in-process and collaborations research and development | 493,000 | — | 493,000 | — |
| Selling, general and administrative | 1,520,397 | 1,351,792 | 2,984,812 | 2,639,413 |
| Total Operating Cost and Expenses | 4,958,347 | 4,428,885 | 9,077,608 | 8,675,693 |
| Operating Earnings | 542,777 | 1,094,915 | 1,606,975 | 2,230,786 |
| Net interest expense | 81,683 | 43,244 | 116,202 | 85,514 |
| (Income) from TAP Pharmaceutical Products Inc. joint venture | (134,503) | (107,153) | (235,814) | (189,998) |
| Net foreign exchange loss | 8,017 | 9,568 | 7,407 | 6,522 |
| Other (income) expense, net | (69,556) | 2,786 | (72,973) | 4,422 |
| Earnings Before Taxes | 657,136 | 1,146,470 | 1,792,153 | 2,324,326 |
| Taxes on Earnings | 44,892 | 269,418 | 315,026 | 609,386 |
| Net Earnings | \$ 612,244 | \$ 877,052 | \$ 1,477,127 | \$ 1,714,940 |
| Basic Earnings Per Common Share | \$ 0.40 | \$ 0.56 | \$ 0.97 | \$ 1.10 |
| Diluted Earnings Per Common Share | \$ 0.40 | \$ 0.56 | \$ 0.96 | \$ 1.09 |
| Cash Dividends Declared Per Common Share | \$ 0.295 | \$ 0.275 | \$ 0.59 | \$ 0.55 |
| Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share | 1,524,589 | 1,552,823 | 1,527,681 | 1,555,077 |
| Dilutive Common Stock Options and Awards | 7,048 | 16,083 | 7,441 | 14,678 |
| Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options and Awards | 1,531,637 | 1,568,906 | 1,535,122 | 1,569,755 |
| Outstanding Common Stock Options Having No Dilutive Effect | 96,071 | 22,469 | 86,456 | 22,469 |

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

Abbott Laboratories and Subsidiaries
Condensed Consolidated Statement of Cash Flows

(Unaudited)

(dollars in thousands)

| | Six Months Ended June 30 | |
|--|-----------------------------|---------------------|
| | 2006 | 2005 |
| Cash Flow From (Used in) Operating Activities: | | |
| Net earnings | \$ 1,477,127 | \$ 1,714,940 |
| Adjustments to reconcile earnings to net cash from operating activities — | | |
| Depreciation | 494,862 | 436,130 |
| Amortization of intangibles | 271,341 | 241,727 |
| Share-based compensation | 210,957 | 15,286 |
| Acquired in-process research and development | 452,000 | — |
| Trade receivables | 311,014 | 245,285 |
| Inventories | 189,214 | (3,250) |
| Other, net | (717,858) | (318,177) |
| Net Cash From Operating Activities | <u>2,688,657</u> | <u>2,331,941</u> |
| Cash Flow From (Used in) Investing Activities: | | |
| Acquisition of businesses | (4,321,016) | — |
| Investment in Boston Scientific common stock, note receivable and derivative financial instruments | (2,095,780) | — |
| Acquisitions of property and equipment | (671,358) | (633,852) |
| Other investment securities transactions | 8,205 | 746,540 |
| Other | (32,537) | 11,629 |
| Net Cash (Used in) From Investing Activities | <u>(7,112,486)</u> | <u>124,317</u> |
| Cash Flow From (Used in) Financing Activities: | | |
| (Repayments) of commercial paper | — | (820,000) |
| Proceeds from issuance of long-term debt | 4,000,000 | — |
| (Repayments) of long-term debt | (501,189) | (150,000) |
| Other borrowing transactions, net | 167,373 | 12,857 |
| Purchases of common shares | (754,502) | (602,227) |
| Proceeds from stock options exercised, including tax benefit | 155,946 | 189,843 |
| Dividends paid | (873,616) | (832,319) |
| Net Cash From (Used in) Financing Activities | <u>2,194,012</u> | <u>(2,201,846)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 59,880 | (99,142) |
| Net cash provided by operating activities of discontinued operations | 67,152 | 66,316 |
| Net (Decrease) Increase in Cash and Cash Equivalents | (2,102,785) | 221,586 |
| Cash and Cash Equivalents, Beginning of Year | 2,893,687 | 1,225,628 |
| Cash and Cash Equivalents, End of Period | <u>\$ 790,902</u> | <u>\$ 1,447,214</u> |

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

Abbott Laboratories and Subsidiaries
Condensed Consolidated Balance Sheet
(Unaudited)
(dollars in thousands)

| | June 30 2006 | December 31 2005 |
|---|------------------|---------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 790,902 | \$ 2,893,687 |
| Investment securities | 305,938 | 62,406 |
| Trade receivables, less allowances of \$207,641 in 2006 and \$203,683 in 2005 | 3,673,178 | 3,576,794 |
| Inventories: | | |
| Finished products | 1,262,161 | 1,203,557 |
| Work in process | 667,620 | 630,267 |
| Materials | 702,489 | 708,155 |
| Total inventories | <u>2,632,270</u> | <u>2,541,979</u> |
| Prepaid expenses, deferred income taxes, and other receivables | 2,495,497 | 2,181,260 |
| Assets held for sale | — | 129,902 |
| Total Current Assets | <u>9,897,785</u> | <u>11,386,028</u> |
| Investment Securities | <u>1,774,215</u> | <u>134,013</u> |
| Property and Equipment, at Cost | 14,270,986 | 12,760,421 |

| | | |
|--|----------------------|----------------------|
| Less: accumulated depreciation and amortization | 7,473,314 | 6,757,280 |
| Net Property and Equipment | 6,797,672 | 6,003,141 |
| Intangible Assets, net of amortization | 5,896,146 | 4,741,647 |
| Goodwill | 7,624,088 | 5,219,247 |
| Other Long-term Assets and Investments in Joint Ventures | 2,071,361 | 1,624,201 |
| Assets Held for Sale | — | 32,926 |
| | <u>\$ 34,061,267</u> | <u>\$ 29,141,203</u> |
| Liabilities and Shareholders' Investment | | |
| Current Liabilities: | | |
| Short-term borrowings | \$ 309,203 | \$ 212,447 |
| Trade accounts payable | 1,036,931 | 1,032,516 |
| Salaries, dividends payable, and other accruals | 4,379,182 | 3,771,274 |
| Income taxes payable | 26,293 | 488,926 |
| Current portion of long-term debt | 1,942,575 | 1,849,563 |
| Liabilities of operations held for sale | — | 60,788 |
| Total Current Liabilities | <u>7,694,184</u> | <u>7,415,514</u> |
| Post-employment Obligations, Deferred Income Taxes and Other Long-term Liabilities | 3,006,882 | 2,737,852 |
| Long-term Debt | 8,174,695 | 4,571,504 |
| Liabilities of Operations Held for Sale | — | 1,062 |
| Commitments and Contingencies | — | — |
| Shareholders' Investment: | | |
| Preferred shares, one dollar par value | | |
| Authorized — 1,000,000 shares, none issued | — | — |
| Common shares, without par value | | |
| Authorized - 2,400,000,000 shares | | |
| Issued at stated capital amount - | | |
| Shares: 2006: 1,541,188,223; 2005: 1,553,769,958 | 3,791,827 | 3,477,460 |
| Common shares held in treasury, at cost - | | |
| Shares: 2006: 13,381,188; 2005: 14,534,979 | (195,406) | (212,255) |
| Earnings employed in the business | 10,270,234 | 10,404,568 |
| Accumulated other comprehensive income (loss) | 1,318,851 | 745,498 |
| Total Shareholders' Investment | <u>15,185,506</u> | <u>14,415,271</u> |
| | <u>\$ 34,061,267</u> | <u>\$ 29,141,203</u> |

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

Abbott Laboratories and Subsidiaries

Notes to Condensed Consolidated Financial Statements

June 30, 2006

(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 necessary to present fairly the results of operations, financial position and cash flows have been made. It is suggested that these statements be read in conjunction with the financial statements included in Abbott's Annual Report on Form 10-K for the year ended December 31, 2005.

Note 2 — Supplemental Financial Information

| (dollars in thousands) | Three Months Ended June 30 | | Six Months Ended June 30 | |
|------------------------------|-------------------------------|------------------|-----------------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Net Interest Expense: | | | | |
| Interest expense | \$ 110,663 | \$ 59,990 | \$ 183,634 | \$ 117,305 |
| Interest income | (28,980) | (16,746) | (67,432) | (31,791) |
| Total | <u>\$ 81,683</u> | <u>\$ 43,244</u> | <u>\$ 116,202</u> | <u>\$ 85,514</u> |

The increases in Other (income) expense, net for the second quarter and six months ended June 30, 2006 are primarily due to fair value adjustments to certain derivative financial instruments included with the investment in Boston Scientific common stock.

Other, net in Net Cash From Operating Activities for 2006 and 2005 includes the effects of contributions to the main domestic defined benefit plan of \$200 million and \$641 million, respectively, and to the post-employment medical and dental plans of \$40 million and \$140 million, respectively, and changes in income taxes, primarily income tax payments.

(dollars in thousands)

| | June 30 2006 | December 31 2005 |
|---|---------------------|---------------------|
| Current Investment Securities: | | |
| Time deposits and certificates of deposit | \$ 56,510 | \$ 62,406 |
| Investment in Boston Scientific common stock | 249,428 | — |
| Total | <u>\$ 305,938</u> | <u>\$ 62,406</u> |
| Long-term Investment Securities: | | |
| Investment in Boston Scientific common stock | \$ 814,253 | \$ — |
| Other equity securities | 113,507 | 116,447 |
| Note receivable from Boston Scientific, 4% interest | 830,826 | — |
| Other | 15,629 | 17,566 |
| Total | <u>\$ 1,774,215</u> | <u>\$ 134,013</u> |

The cost basis of the Boston Scientific shares is \$1.326 billion, of which \$999 million is classified as available-for-sale securities and \$327 million is classified under the cost method of accounting. The fair value of the available-for-sale shares was \$737 million at June 30, 2006, resulting in a charge of \$157 million to Accumulated other comprehensive income (loss), net of income taxes of \$105 million. The fair value of the shares recorded under the cost method amounted to \$239 million.

The decline in the fair value of the Boston Scientific shares, as noted above, is considered by management to be temporary as these shares have been owned by Abbott for a relatively short period of time and Abbott has both the ability and intent to hold the shares for a period of time to allow for the decline in value to reverse.

Note 3 — 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 two patent disputes with third parties who claim Abbott's products infringe their patents. In one dispute, Abbott has agreed to arbitrate and is subject to a minimum amount of damages, which Abbott has reserved. In the second dispute, which Abbott assumed as part of the Guidant acquisition, reserves equal to the expected resolution have been recorded.

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. The outcome of these investigations and litigation could include the imposition of fines or penalties. Abbott is unable to estimate the amount of possible loss, and no loss reserves have been recorded for these exposures. Many of the products involved in these cases are Hospira products. 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.

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, excluding the cases and investigations discussed in the third paragraph of this footnote, Abbott estimates the range of possible loss to be from approximately \$175 million to \$370 million. The recorded reserve balance at June 30, 2006 for these proceedings and exposures was approximately \$205 million. The increase in the reserve and range of possible loss compared to those amounts at March 31, 2006 is primarily due to loss contingencies acquired with the Guidant businesses in April 2006. These reserves represent management's best estimate of probable loss, except for one which is recorded at the minimum, as defined by Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies."

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

Note 4 — Comprehensive Income, net of tax

(dollars in thousands)

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|--|-------------------------------|--------------|-----------------------------|--------------|
| | 2006 | 2005 | 2006 | 2005 |
| Foreign currency gain (loss) translation adjustments | \$ 637,659 | \$ (405,899) | \$ 735,385 | \$ (465,586) |
| Unrealized (losses) gain on marketable equity securities, net of income taxes of \$(107,700) and \$(106,000) for the three months and six months ended June 30, 2006, respectively | (161,519) | 4,137 | (158,972) | (12,523) |
| Net adjustments for derivative financial instruments designated as cash flow hedges | (19,816) | 23,883 | (3,060) | 48,560 |

| | | | | |
|---|---------------------|-------------------|---------------------|---------------------|
| Other comprehensive income (loss), net of tax | 456,324 | (377,879) | 573,353 | (429,549) |
| Net Earnings | 612,244 | 877,052 | 1,477,127 | 1,714,940 |
| Comprehensive Income | <u>\$ 1,068,568</u> | <u>\$ 499,173</u> | <u>\$ 2,050,480</u> | <u>\$ 1,285,391</u> |

| | | | | |
|--|--|--|----------------|----------------|
| Supplemental Comprehensive Income Information, net of tax: | | | | |
| Cumulative foreign currency translation (gain) adjustments | | | \$ (1,496,560) | \$ (1,249,315) |
| Minimum pension liability adjustments | | | 8,931 | 355,103 |
| Cumulative unrealized losses (gains) on marketable equity securities | | | 150,525 | (5,178) |
| Cumulative losses on derivative financial instruments designated as cash flow hedges | | | 18,253 | 5,207 |

6

Note 5 — Post-Employment Benefits
(dollars in millions)

Retirement plans consist of defined benefit, defined contribution, and medical and dental plans. Net cost for the six months ended June 30 for Abbott's major defined benefit plans and post-employment medical and dental benefit plans is as follows:

| | Defined Benefit Plans | | Medical and Dental Plans | |
|--|-----------------------|----------------|--------------------------|----------------|
| | 2006 | 2005 | 2006 | 2005 |
| Service cost — benefits earned during the period | \$ 109.4 | \$ 106.0 | \$ 26.2 | \$ 21.5 |
| Interest cost on projected benefit obligations | 138.9 | 132.1 | 39.0 | 31.5 |
| Expected return on plans' assets | (187.7) | (181.2) | (7.8) | (4.4) |
| Net amortization | 41.2 | 32.9 | 10.6 | 4.2 |
| Net cost | <u>\$ 101.8</u> | <u>\$ 89.8</u> | <u>\$ 68.0</u> | <u>\$ 52.8</u> |

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

Note 6 — Taxes on Earnings

Taxes on earnings reflect the estimated annual effective rates and the effect of discrete tax events that occurred in the second quarter of 2006. For the six months ended June 30, 2006, 6.2 percentage points of tax benefit was attributed to discrete items, primarily the tax benefit on acquired in-process and collaborations research and development. The first six months 2005 includes additional income tax expense of approximately \$52 million for remittances of foreign earnings of approximately \$600 million in connection with the American Jobs Creation Act of 2004. The effective tax rates, excluding the effect of the income taxes on the remittances of foreign earnings and the discrete items, are less than the statutory U.S. federal income tax rate principally due to the domestic dividend exclusion and the benefit of lower statutory tax rates and tax exemptions in several taxing jurisdictions.

Note 7 — Segment Information
(dollars in millions)

Revenue Segments— Abbott's principal business is the discovery, development, manufacture and sale of a broad line of health care products. Abbott's products are generally sold directly to retailers, wholesalers, hospitals, health care facilities, laboratories, physicians' offices and government agencies throughout the world. Effective with the acquisition of Guidant's vascular intervention and endovascular solutions businesses on April 21, 2006, Abbott's base vascular business and Guidant's vascular intervention and endovascular solutions businesses are reported as the Vascular Products segment. Effective January 1, 2006, Abbott's segments were reorganized to reflect the shift of nutritional products from Abbott's International division to a newly formed division, Abbott Nutrition International. As a result of this reorganization, total assets of approximately \$850 have been transferred from the International division to the Abbott Nutrition International Products division. For segment reporting purposes, Abbott's Ross Products division and the Abbott Nutrition International division are aggregated and reported as the Nutritional Products segment and the U.S. and international pharmaceutical products divisions are aggregated and reported as the Pharmaceutical Products segment. Abbott's reportable segments are as follows:

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

7

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

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

| | 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 | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Pharmaceuticals (a) | \$ 3,013 | \$ 3,342 | \$ 5,907 | \$ 6,645 | \$ 1,066 | \$ 999 | \$ 2,081 | \$ 2,009 |
| Diagnostics | 1,007 | 958 | 1,925 | 1,844 | 127 | 130 | 182 | 227 |
| Nutritionals | 1,049 | 949 | 2,191 | 1,945 | 265 | 210 | 652 | 503 |
| Vascular (b) | 259 | 61 | 342 | 116 | (52) | (33) | (90) | (79) |
| Total Reportable Segments | 5,328 | 5,310 | 10,365 | 10,550 | 1,406 | 1,306 | 2,825 | 2,660 |
| Other | 173 | 214 | 320 | 356 | | | | |
| Net Sales | \$ 5,501 | \$ 5,524 | \$ 10,685 | \$ 10,906 | | | | |
| Corporate functions and benefit plans costs | | | | | 92 | 88 | 170 | 136 |
| Non-reportable segments | | | | | (14) | (10) | (41) | (9) |
| Net interest expense | | | | | 82 | 43 | 116 | 86 |
| Acquired in-process and collaborations research and development | | | | | 493 | — | 493 | — |
| (Income) from TAP Pharmaceutical Products Inc. joint venture | | | | | (135) | (107) | (236) | (190) |
| Share-based compensation (c) | | | | | 65 | 7 | 211 | 15 |
| Other, net | | | | | 166 | 139 | 320 | 298 |
| Consolidated Earnings Before Taxes | | | | | \$ 657 | \$ 1,146 | \$ 1,792 | \$ 2,324 |

- (a) The decreases in Pharmaceutical Product segment sales are due primarily to the effects of the amendment to the Boehringer Ingelheim distribution agreement.
- (b) The increase in Vascular Product segment sales is primarily due to the acquisition of Guidant's vascular intervention and endovascular solutions businesses on April 21, 2006. These results include approximately ten weeks of domestic sales and only approximately five weeks of international sales due to Abbott's policy of recording the results of international operations on a one-month lag.
- (c) Approximately 40 to 45 percent of the annual cost of share-based awards will typically be recognized in the first quarter due to the timing of the granting of share-based awards.

Note 8 — Business Combination and Related Transactions

In order to expand Abbott's presence in the growing vascular market, Abbott acquired Guidant's vascular intervention and endovascular solutions businesses for approximately \$4.1 billion, in cash, in connection with Boston Scientific's acquisition of Guidant. These businesses were acquired on April 21, 2006 and the financial results of the acquired operations are included in these financial statements beginning on that date. In addition, Abbott will also pay to Boston Scientific \$250 million each upon government approvals to market the *XIENCE* drug-eluting stent in the U.S. and in Japan. Each \$250 million payment will result in the recording of additional goodwill. The preliminary allocation of the acquisition cost is shown in the table below (*in millions of dollars*). These allocations will be finalized when appraisals are completed.

| | |
|--|----------|
| Goodwill | \$ 1,807 |
| Acquired intangible assets, primarily product rights for marketed products, customer relationships and technology | 1,249 |
| Acquired in-process research and development | 452 |
| Acquired net tangible assets | 620 |
| Total preliminary allocation of acquisition cost | \$ 4,128 |

The acquisition cost has been allocated to the acquired net assets based on preliminary appraisals of the estimated fair values on the date of acquisition. Acquired intangible assets are expected to be amortized over 3 to 14 years (average of approximately 9 years). Acquired in-process research and development was charged to income in the second quarter of 2006. The net tangible assets acquired consist primarily of property and equipment of approximately \$540 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.

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. Abbott is required to dispose of the shares by October 2008. Unless the shares trade above an average of \$30 per share for twenty consecutive trading days, Abbott cannot dispose of any shares until October 2006. Sales of the shares are limited to approximately 5.4 million shares per month until October 2007. The amount recorded upon the acquisition of the shares includes a discount to market, based on an appraisal, to reflect the value of the restrictions on sale. On the date of acquisition, half of the shares were recorded as available for sale in accordance with SFAS No. 115 and the remainder under the cost method in accordance with APB No. 18. The loan, which is due in

April 2011, is guaranteed by Boston Scientific and bears a favorable effective interest rate of 4 percent, which is reflected in the valuation of the note receivable. In connection with the acquisition of the shares, Boston Scientific is entitled to certain after-tax gains upon Abbott's sale of the shares. Abbott would retain any gains on the sale of the Boston Scientific shares up to a sales price of \$23.83; Boston Scientific would receive any after-tax gains on the sale of the shares for the portion of the sales price in excess of \$23.83 but lower than \$26.00; and Boston Scientific would receive one-half of any after-tax gain for the portion of the sales price in excess of \$25.99. Based on an appraisal, Abbott recorded approximately \$114 million for this gain-sharing derivative financial instrument liability. In addition, Boston Scientific agreed to reimburse Abbott for certain borrowing costs on debt incurred to acquire the Boston Scientific shares. After Abbott incurs the first \$10 million of interest expense on debt incurred to acquire the shares, Boston Scientific will reimburse Abbott for the next \$60 million of interest expense. Reimbursement for the incremental interest expense will be in the form of additional common stock of Boston Scientific, payable 18 months after the acquisition. Abbott recorded approximately \$55 million for this 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. The financial assets and liability acquired from Boston Scientific were valued and recorded at acquisition as follows (in millions of dollars):

| | |
|---------------------------------------|----------------|
| Boston Scientific common stock | \$ 1,326 |
| Note receivable | 829 |
| Derivative financial instruments, net | (59) |
| Total | <u>\$2,096</u> |

9

Note 9 — Incentive Stock Programs

In the first six months of 2006, Abbott granted 23,587,971 stock options, 1,842,056 replacement stock options, 1,047,100 (net of forfeitures of 100,000 shares) restricted stock awards and 674,797 (net of forfeitures of 11,100 shares) restricted stock units under the programs. The purchase price of shares under option must be at least equal to the fair market value of the common stock on the date of grant, and the maximum term of an option is 10 years. Options granted in 2006 vest equally over three years except for replacement options, which vest in six months. Most options granted before January 1, 2005 included a replacement feature. When an employee tenders mature shares to Abbott upon exercise of a stock option, a replacement stock option is granted equal to the amount of shares tendered. Replacement options are granted at the then current market price for a term that expires on the date of the underlying option grant. Upon a change in control of Abbott, all outstanding stock options become fully exercisable, and all terms and conditions of all restricted stock awards are deemed satisfied. Restricted stock awards granted in 2006 have a 5 year term, with no more than one-third of the award vesting in any one year upon Abbott reaching a minimum return on equity target. Restricted stock units granted in 2006 vest over three years and upon vesting, the recipient receives one share of Abbott stock for each vested restricted stock unit. Restricted stock awards and settlement of vested restricted stock units are issued out of treasury shares. Abbott issues new shares for exercises of stock options. Abbott does not have a policy of purchasing its shares relating to its share-based programs. At June 30, 2006, approximately 26 million shares were reserved for future grants.

The number of restricted stock awards and units outstanding and their weighted-average grant-date fair value at January 1, 2006 and June 30, 2006 was 2,381,800 (\$50.09) and 3,680,245 (\$45.41), respectively. The number of restricted stock awards and units, and their weighted-average grant-date fair value, granted, vested and lapsed during the six months ended June 30, 2006 were 1,832,997 (\$43.95), 415,452 (\$49.95) and 119,100 (\$44.03), respectively. The fair value of restricted stock awards and units vested in the six months ended June 30, 2006 and 2005 was \$24,941,000 and \$6,691,000, respectively.

| | Options Outstanding | | | Exercisable Options | | |
|--|---------------------|---------------------------------|---|---------------------|---------------------------------|---|
| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Life (Years) | Shares | Weighted Average Exercise Price | Weighted Average Remaining Life (Years) |
| January 1, 2006 | 141,122,811 | \$ 42.69 | 6.3 | 98,328,158 | \$ 42.77 | 5.4 |
| Granted | 25,430,027 | 44.03 | | | | |
| Exercised (total intrinsic value was \$73,317,000) | (6,780,703) | 32.24 | | | | |
| Lapsed | (4,472,793) | 46.85 | | | | |
| June 30, 2006 | <u>155,299,342</u> | <u>\$ 43.24</u> | <u>6.5</u> | <u>110,803,443</u> | <u>\$ 42.83</u> | <u>5.4</u> |

The aggregate intrinsic value of options outstanding and exercisable at June 30, 2006 was \$387 million and \$367 million, respectively. The total unrecognized compensation cost related to all share-based compensation plans at June 30, 2006 amounted to approximately \$303 million and is expected to be recognized over the next three years.

On January 1, 2006, Abbott adopted the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment," which requires that the fair value of share-based awards be recorded in the results of operations. Abbott used the modified prospective method of adoption. Under this method, prior years' financial results do not include the impact of recording stock options using fair value. Under the revised standard, awards issued after 2005 and the remainder of any unrecognized cost for grants issued prior to 2006 are charged to expense. Total non-cash compensation expense charged against income in the second quarter and first six months of 2006 for share-based plans totaled approximately \$65 million and \$211 million, respectively, and the tax benefit recognized was approximately \$15 million and \$50 million, respectively. Approximately 40 to 45 percent of the annual net cost of share-based awards will typically be recognized in the first quarter due to the timing of the granting of share-based awards. Compensation cost capitalized as part of inventory is not significant. Through December 31, 2005, Abbott measured compensation cost using the intrinsic value-based method of accounting for stock options and replacement options granted to employees.

Had compensation cost been determined using the fair value-based accounting method in 2005, pro forma net income (*in millions*) and earnings per share (EPS) amounts would have been as follows:

| | <u>Three Months Ended June 30</u> | <u>Six Months Ended June 30</u> |
|--|---------------------------------------|-------------------------------------|
| Net earnings, as reported | \$ 877 | \$ 1,715 |
| Compensation cost under fair value-based accounting method, net of taxes of \$21 and \$47, respectively | (45) | (135) |
| Net earnings, pro forma | <u>\$ 832</u> | <u>\$ 1,580</u> |
| Basic EPS, as reported | \$ 0.56 | \$ 1.10 |
| Basic EPS, pro forma | 0.54 | 1.02 |
| Diluted EPS, as reported | 0.56 | 1.09 |
| Diluted EPS, pro forma | 0.53 | 1.01 |

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

| | <u>2006</u> | <u>2005</u> |
|---------------------------------|-------------|-------------|
| Risk-free interest rate | 4.6% | 3.8% |
| Average life of options (years) | 6.1 | 5.4 |
| Volatility | 28.0% | 29.0% |
| Dividend yield | 2.7% | 2.2% |

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

Note 10 — Equity Method Investment
(dollars in millions)

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

| | <u>Three Months Ended June 30</u> | | <u>Six Months Ended June 30</u> | |
|---------------------|-----------------------------------|-------------|---------------------------------|-----------------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Net sales | \$ 882.3 | \$ 841.2 | \$ 1,667.0 | \$ 1,601.9 |
| Cost of sales | 203.8 | 237.2 | 413.2 | 460.0 |
| Income before taxes | 423.6 | 337.5 | 742.7 | 598.4 |
| Net earnings | 269.0 | 214.3 | 471.6 | 380.0 |
| | | | <u>June 30 2006</u> | <u>December 31 2005</u> |
| Current assets | | | \$ 1,177.7 | \$ 1,339.1 |
| Total assets | | | 1,307.4 | 1,470.2 |
| Current liabilities | | | 931.8 | 1,082.2 |
| Total liabilities | | | 989.6 | 1,136.2 |

Note 11 — Goodwill and Intangible Assets
(dollars in millions)

Abbott recorded total goodwill of approximately \$2,011 related to the acquisition of Guidant's vascular intervention and endovascular solutions businesses in the second quarter of 2006. Foreign currency translation adjustments and other adjustments increased (decreased) goodwill in the first six months of 2006 and 2005 by approximately \$394 and \$(232), respectively. There were no reductions of goodwill relating to impairments or disposal of all or a portion of a business.

The gross amount of amortizable intangible assets, primarily product rights and technology, was \$8,184 as of June 30, 2006 and \$6,776 as of December 31, 2005, and accumulated amortization was \$2,306 as of June 30, 2006 and \$2,053 as of December 31, 2005. Intangible assets with indefinite lives are not significant. The estimated annual amortization expense for intangible assets is \$589 in 2006, \$635 in 2007, \$622 in 2008, \$621 in 2009, and \$623 in 2010. These amounts include the estimated amortization of intangible assets acquired in 2006 and are subject to change when appraisals are completed. Intangible assets are expected to be amortized over 3 to 25 years (average 12 years).

Note 12 — Restructuring Plans

In 2005, Abbott management approved plans to realign its global manufacturing operations and selected international commercial operations. An additional \$22 million was subsequently recorded in the first six months of 2006 relating to these restructurings, primarily for accelerated depreciation. The following summarizes the activity for restructurings (*dollars in millions*):

| | Employee- Related and Other | Asset Impairments | Total |
|--------------------------------------|-----------------------------------|----------------------|-----------------|
| 2005 restructuring charges | \$ 191.7 | \$ 63.8 | \$ 255.5 |
| Payments and impairments | (36.9) | (63.8) | (100.7) |
| Accrued balance at December 31, 2005 | 154.8 | — | 154.8 |
| Payments and other adjustments | (52.4) | — | (52.4) |
| Accrued balance at June 30, 2006 | <u>\$ 102.4</u> | <u>\$ —</u> | <u>\$ 102.4</u> |

12

FINANCIAL REVIEW

Results of Operations

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

| | Three Months Ended June 30 | | | | Six Months Ended June 30 | | | |
|---------------------------|------------------------------------|-----------------|--------------------------------------|---|------------------------------------|------------------|--------------------------------------|---|
| | Net Sales to External Customers | | Absolute Percentage Change (a) | Percentage Change Excluding BI Products (b) | Net Sales to External Customers | | Absolute Percentage Change (a) | Percentage Change Excluding BI Products (b) |
| | 2006 | 2005 | | | 2006 | 2005 | | |
| Pharmaceuticals | \$ 3,013 | \$ 3,342 | (9.9) | 9.3 | \$ 5,907 | \$ 6,645 | (11.1) | 5.4 |
| Diagnostics | 1,007 | 958 | 5.2 | 5.2 | 1,925 | 1,844 | 4.4 | 4.4 |
| Nutritionals | 1,049 | 949 | 10.5 | 10.5 | 2,191 | 1,945 | 12.7 | 12.7 |
| Vascular | 259 | 61 | 323.0 | 323.0 | 342 | 116 | 195.7 | 195.7 |
| Total Reportable Segments | 5,328 | 5,310 | 0.3 | 12.8 | 10,365 | 10,550 | (1.8) | 9.0 |
| Other | 173 | 214 | (19.1) | (19.1) | 320 | 356 | (10.3) | (10.3) |
| Net Sales | <u>\$ 5,501</u> | <u>\$ 5,524</u> | (0.4) | 11.4 | <u>\$ 10,685</u> | <u>\$ 10,906</u> | (2.0) | 8.3 |
| Total U.S. | <u>\$ 2,750</u> | <u>\$ 3,025</u> | (9.1) | 12.7 | <u>\$ 5,433</u> | <u>\$ 5,993</u> | (9.4) | 9.7 |
| Total International | <u>\$ 2,751</u> | <u>\$ 2,499</u> | 10.1 | 10.1 | <u>\$ 5,252</u> | <u>\$ 4,913</u> | 6.9 | 6.9 |

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

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

Worldwide sales for the second quarter and six months 2006 compared to 2005, excluding sales of BI products, reflect primarily unit growth and the acquisition of Guidant's vascular intervention and endovascular solutions businesses on April 21, 2006 and are partially offset by the negative effect of the relatively stronger U.S. dollar. The acquired businesses accounted for increases in sales of 268 percent and 142 percent in the Vascular Products segment and 3.0 percent and 1.5 percent in total net sales for the second quarter and six months ended June 30, 2006, respectively. The results from this acquisition include approximately ten weeks of domestic sales and only approximately five weeks of international sales due to Abbott's policy of recording the results of international operations on a one-month lag. The relatively stronger U.S. dollar decreased second quarter and first six months 2006 consolidated net sales 0.9 percent and 1.8 percent, respectively, and decreased Total International sales 2.0 percent and 3.9 percent, respectively, over the second quarter and first six months of 2005. In addition, the effect of the relatively stronger U.S. dollar decreased second quarter and first six months 2006 sales in the Diagnostic Products segment by 1.7 percent and 3.0 percent, respectively, and sales in the Pharmaceutical Products segment by 0.9 percent and 1.9 percent, respectively. Sales for the Nutritional Products segment were favorably impacted in 2006 by increased sales volume of international pediatric products and by incremental revenue from a revised agreement for the U.S. promotion of *Synagis*.

13

A comparison of the product group sales by segment for the six months ended June 30 is as follows: (dollars in millions)

| | Six Months Ended June 30 | | | |
|--|--------------------------|--------------------------|----------|--------------------------|
| | 2006 | Percentage Change (a) | 2005 | Percentage Change (a) |
| Pharmaceuticals — | | | | |
| U.S. Pharmaceutical Operations | \$ 1,806 | 9.1 | \$ 1,656 | 7.4 |
| U.S. Specialty Operations | 1,029 | 10.4 | 933 | 8.3 |
| International Other Pharmaceuticals | 2,011 | 9.2 | 1,842 | 22.1 |
| International Anti-Infectives | 404 | (15.6) | 479 | 9.2 |
| International Hospital Pharmaceuticals | 320 | 2.2 | 313 | 12.4 |

| | | | | |
|--------------------------------------|-------|-------|-------|-------|
| Diagnostics — | | | | |
| Immunochemistry | 1,086 | (0.6) | 1,092 | 4.0 |
| Diabetes Care | 563 | 10.1 | 511 | 50.9 |
| Nutritionals — | | | | |
| U.S. Pediatric Nutritionals | 549 | (0.7) | 553 | (3.5) |
| International Pediatric Nutritionals | 435 | 32.1 | 329 | 15.4 |
| U.S. Adult Nutritionals | 567 | 5.1 | 540 | 27.2 |
| International Adult Nutritionals | 371 | 6.2 | 349 | 11.0 |

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

Increased sales volume of *Humira* and *Tricor* in 2006 favorably impacted U.S. Pharmaceutical Operations. These increases were partially offset by lower U.S. sales of *Biaxin* due to generic competition for the immediate-release formulation as well as a weaker flu season. U.S. sales of *Biaxin* were \$80 million and \$173 million in the first six months of 2006 and 2005, respectively. U.S. Specialty Operations were favorably impacted by increased sales volume and price for *Depakote* and *Kaletra*. Decreased sales volume due to generic competition for *clarithromycin* unfavorably impacted International Anti-Infectives. Immunochemistry sales for 2006 were negatively affected 3.5 percent by the relatively stronger U.S. dollar. Diabetes Care product sales growth in 2005 was favorably impacted by the acquisition of TheraSense in the second quarter of 2004. The decrease in sales of U.S. pediatric nutritionals in the Nutritional Products segment in 2006 was due to competitive share loss and the decrease in sales of U.S. pediatric nutritionals in 2005 was primarily due to overall infant nutritionals non-WIC category decline and competitive share loss. International Pediatric Nutritionals sales increased due primarily to volume growth in developing countries.

On January 1, 2006, Abbott adopted the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment,” which requires that the fair value of share-based awards be recorded in the results of operations. Abbott used the modified prospective method of adoption. Under this method, prior years’ financial results do not include the impact of recording stock options using fair value. Total non-cash compensation expense charged against income in the first six months of 2006 for share-based plans totaled approximately \$211 million. Approximately 40 to 45 percent of the annual net cost of share-based awards will typically be recognized in the first quarter due to the timing of the grants of share-based awards.

The gross profit margin was 56.6 percent for the second quarter 2006, compared to 52.4 percent for the second quarter 2005. First six months 2006 gross profit margin was 57.3 percent, compared to 52.7 percent for the first six months 2005. The increases in the gross profit margins were due to favorable product mix, primarily as a result of decreased sales of Boehringer Ingelheim products that have lower margins than for other products in the Pharmaceutical Products segment. These increases were partially offset by higher intangible asset amortization and other acquisition related costs associated with the acquisition of Guidant’s vascular intervention and endovascular solutions businesses.

Research and development expenses increased 24.9 percent in the second quarter 2006 and 18.1 percent for the first six months 2006 over comparable 2005 periods. The increases are due to the acquisition of Guidant’s vascular intervention and endovascular solutions businesses, the effect of recording compensation expense relating to share-based awards and increased spending to support pipeline programs, including follow-on indications for *Humira*, and other late-stage clinical programs in pharmaceuticals, diabetes care and vascular. The majority of research and development expenditures are concentrated on pharmaceutical products.

Selling, general and administrative expenses for the second quarter and first six months 2006 increased 12.5 percent and 13.1 percent, respectively, over the comparable 2005 periods. Both 2006 periods include the effect of recording compensation expense relating to share-based awards and the acquisition of Guidant’s vascular intervention and endovascular solutions businesses. These items increased selling, general and administrative expenses by 6.1 percentage points and 7.1 percentage points over the second quarter and first six months of 2005. The remaining increases were due, in part, to increased selling and marketing support for new and existing products, including continued spending for *Humira*, as well as spending on other marketed pharmaceutical products.

Net interest expense

Net interest expense increased in both the second quarter and first six months of 2006 due to higher interest rates and higher borrowings as a result of the acquisition of Guidant’s vascular intervention and endovascular solutions businesses, and Abbott’s investments in the common stock of Boston Scientific and the note receivable; partially offset by higher interest income.

Other (income) expense, net

The increases in Other (income) expense, net for the second quarter and six months ended June 30, 2006 are primarily due to fair value adjustments to certain derivative financial instruments included with the investment in Boston Scientific common stock.

Taxes on Earnings

Taxes on earnings reflect the estimated annual effective rates and the effect of discrete tax events that occurred in the second quarter of 2006. For the six months ended June 30, 2006, 6.2 percentage points of tax benefit was attributed to discrete items, primarily the tax benefit on acquired in-process and collaborations research and development. The first six months 2005 includes additional income tax expense of approximately \$52 million for remittances of foreign earnings of approximately \$600 million in connection with the American Jobs Creation Act of 2004. The effect of the increased income taxes on the remittance of foreign earnings was to increase the first six months 2005 effective tax rate by approximately 2.2 percentage points. Abbott estimates that the effective tax rate for the last six months of 2006 will be between 23.5 percent and 24.0 percent. The effective tax rates, excluding the effect of the income taxes on the remittances of foreign earnings and discrete items, are less than the statutory U.S. federal income tax rate principally due to the domestic dividend exclusion and the benefit of lower statutory tax rates and tax exemptions in several taxing jurisdictions.

In August 2006, TAP Pharmaceutical Products Inc. received an approvable letter from the U.S. Food and Drug Administration (FDA) for the investigational compound febuxostat for the management of hyperuricemia in patients with gout. TAP intends to discuss with the FDA next steps for pursuing approval for febuxostat. This approvable letter has no impact on Abbott's previously stated earnings per share guidance for 2006.

Restructurings

In 2005, Abbott management approved plans to realign its global manufacturing operations and selected international commercial operations. An additional \$22 million was subsequently recorded in the first six months of 2006 relating to these restructurings, primarily for accelerated depreciation. The following summarizes the activity for restructurings (*dollars in millions*):

| | <u>Employee- Related and Other</u> | <u>Asset Impairments</u> | <u>Total</u> |
|--------------------------------------|--|------------------------------|-----------------|
| 2005 restructuring charges | \$ 191.7 | \$ 63.8 | \$ 255.5 |
| Payments and impairments | (36.9) | (63.8) | (100.7) |
| Accrued balance at December 31, 2005 | 154.8 | — | 154.8 |
| Payments and other adjustments | (52.4) | — | (52.4) |
| Accrued balance at June 30, 2006 | <u>\$ 102.4</u> | <u>\$ —</u> | <u>\$ 102.4</u> |

15

Business Combinations and Related Transactions

In order to expand Abbott's presence in the growing vascular market, Abbott acquired Guidant's vascular intervention and endovascular solutions businesses for approximately \$4.1 billion, in cash, in connection with Boston Scientific's acquisition of Guidant. These businesses were acquired on April 21, 2006 and the financial results of the acquired operations are included in these financial statements beginning on that date. In addition, Abbott will also pay to Boston Scientific \$250 million each upon government approvals to market the *XIENCE* drug-eluting stent in the U.S. and in Japan. Each \$250 million payment will result in the recording of additional goodwill. The preliminary allocation of the acquisition cost is shown in the table below (*in millions of dollars*). These allocations will be finalized when appraisals are completed.

| | |
|---|-----------------|
| Goodwill | \$ 1,807 |
| Acquired intangible assets, primarily product rights for marketed products, customer relationships and technology | 1,249 |
| Acquired in-process research and development | 452 |
| Acquired net tangible assets | 620 |
| Total preliminary allocation of acquisition cost | <u>\$ 4,128</u> |

The acquisition cost has been allocated to the acquired net assets based on preliminary appraisals of the estimated fair values on the date of acquisition. Acquired intangible assets are expected to be amortized over 3 to 14 years (average of approximately 9 years). Acquired in-process research and development was charged to income in the second quarter of 2006. The net tangible assets acquired consist primarily of property and equipment of approximately \$540 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.

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. Abbott is required to dispose of the shares by October 2008. Unless the shares trade above an average of \$30 per share for twenty consecutive trading days, Abbott cannot dispose of any shares until October 2006. Sales of the shares are limited to approximately 5.4 million shares per month until October 2007. The amount recorded upon the acquisition of the shares includes a discount to market, based on an appraisal, to reflect the value of the restrictions on sale. On the date of acquisition, half of the shares were recorded as available for sale in accordance with SFAS No. 115 and the remainder under the cost method in accordance with APB No. 18. The loan, which is due in April 2011, is guaranteed by Boston Scientific and bears a favorable effective interest rate of 4 percent, which is reflected in the valuation of the note receivable. In connection with the acquisition of the shares, Boston Scientific is entitled to certain after-tax gains upon Abbott's sale of the shares. Abbott would retain any gains on the sale of the Boston Scientific shares up to a sales price of \$23.83; Boston Scientific would receive any after-tax gains on the sale of the shares for the portion of the sales price in excess of \$23.83 but lower than \$26.00; and Boston Scientific would receive one-half of any after-tax gain for the portion of the sales price in excess of \$25.99. Based on an appraisal, Abbott recorded approximately \$114 million for this gain-sharing derivative financial instrument liability. In addition, Boston Scientific agreed to reimburse Abbott for certain borrowing costs on debt incurred to acquire the Boston Scientific shares. After Abbott incurs the first \$10 million of interest expense on debt incurred to acquire the shares, Boston Scientific will reimburse Abbott for the next \$60 million of interest expense. Reimbursement for the incremental interest expense will be in the form of additional common stock of Boston Scientific, payable 18 months after the acquisition. Abbott recorded approximately \$55 million for this 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. The financial assets and liability acquired from Boston Scientific were valued and recorded at acquisition as follows (*in millions of dollars*):

| | |
|---------------------------------------|-----------------|
| Boston Scientific common stock | \$ 1,326 |
| Note receivable | 829 |
| Derivative financial instruments, net | (59) |
| Total | <u>\$ 2,096</u> |

16

Investment in Boston Scientific Common Stock

The cost basis of the Boston Scientific shares as of June 30, 2006, is \$1.326 billion, of which \$999 million is classified as available-for-sale securities and \$327 million is classified under the cost method of accounting. The fair value of the available-for-sale shares was \$737 million at June 30, 2006, resulting in a charge of \$157 million to Accumulated other comprehensive income (loss), net of income taxes of \$105 million. The fair value of the shares recorded under the cost method amounted to \$239 million.

The decline in the fair value of the Boston Scientific shares, as noted above, is considered by management to be temporary as these shares have been owned by Abbott for a relatively short period of time and Abbott has both the ability and intent to hold the shares for a period of time to allow for the decline in value to reverse.

Liquidity and Capital Resources at June 30, 2006 Compared with December 31, 2005

Net cash from operating activities for the first six months 2006 totaled approximately \$2.7 billion. The increase in cash from operating activities compared to 2005 was primarily due to higher contributions to retirement benefit plans in 2005 compared to 2006 and lower inventory levels and trade accounts receivable; partially offset by income taxes. The retirement plan payments are included in Other, net in the Condensed Consolidated Statement of Cash Flows. Abbott expects annual cash flow from operating activities to continue to exceed Abbott's capital expenditures and cash dividends.

At June 30, 2006, Abbott had working capital of approximately \$2.2 billion compared to working capital of approximately \$4.0 billion at December 31, 2005. The decrease in working capital was due primarily to cash and cash equivalents used in the acquisition of Guidant's vascular intervention and endovascular solutions businesses.

At June 30, 2006, Abbott's long-term debt rating was AA by Standard & Poor's Corporation and A1 by Moody's Investors Service. Abbott has readily available financial resources, including unused lines of credit of \$3.0 billion that supports commercial paper borrowing arrangements. Subsequent to the announced potential acquisition of Guidant's vascular intervention and endovascular solutions businesses, Standard and Poor's affirmed its current debt ratings for Abbott and maintained its current "stable" outlook. On April 21, 2006, Moody's Investors Service affirmed its current debt ratings for Abbott and changed its current outlook from "stable" to "negative."

Under a registration statement filed with the Securities and Exchange Commission in February 2006, Abbott issued \$4.0 billion of long-term debt in the second quarter of 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 addition, subsequent to June 30, 2006, commercial paper borrowings were used to repay \$1.6 billion of long-term debt.

In October 2004, the board of directors authorized the purchase of 50 million shares of Abbott's common stock from time to time. During the six months ended June 30, 2006 and 2005, Abbott purchased approximately 17.3 million and 13.2 million, respectively, of its common shares under this authorization at a cost of approximately \$755 million and \$602 million, respectively. At June 30, 2006, 2.7 million shares may be purchased in the future under the October authorization.

Recently Issued Accounting Standards

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." This Interpretation requires that a recorded tax benefit must be more likely than not of being sustained upon examination by tax authorities based upon its technical merits. The amount of benefit recorded is the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Upon adoption, any adjustment will be recorded directly to beginning retained earnings. The Interpretation is effective for Abbott beginning no later than January 1, 2007. Abbott has not yet adopted the Interpretation and has not analyzed its potential effect on Abbott's financial statements.

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 have the effect of reducing access to health care products and services, or reducing prices or the rate of price increases for health care products and services. It is not possible to predict the extent to which Abbott or the health care industry in general might be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item 1, Business and Item 1A, Risk Factors in the Annual Report on Form 10-K for the year ended December 31, 2005 and to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.

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

Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Abbott cautions investors that any forward-looking statements or projections made by Abbott, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Economic, competitive, governmental, technological and other factors that may affect Abbott's operations are discussed in Item 1A, Risk Factors and Exhibit 99.1 to the Annual Report on Form 10-K for the year ended December 31, 2005 and Item 1A, Risk Factors to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At June 30, 2006, Abbott holds 64.6 million shares, or \$1.1 billion of Boston Scientific common stock and has a \$900 million loan to a wholly-owned subsidiary of Boston Scientific. Abbott's cost basis in the shares is approximately \$1.3 billion and the fair value of the shares is \$976 million. A hypothetical

20 percent decrease in Boston Scientific's share price would decrease the value of the Boston Scientific shares by approximately \$220 million. Abbott is required to dispose of the shares by October 2008. Unless the shares trade above \$30 per share for twenty consecutive days, Abbott cannot dispose of any shares until October 2006. Finally, sales of Boston's shares are limited to approximately 5.4 million shares per month until October 2007. In addition, Abbott is a creditor of Boston Scientific for the \$900 million loan that is due in 2011 and, as such, is subject to credit risk. Abbott issued \$4.0 billion of long-term debt in the second quarter of 2006 that matures in 2009 through 2016 with interest rates ranging from 5.375 percent to 5.875 percent.

PART I. FINANCIAL INFORMATION

Item 4. Controls and Procedures

- (a) *Evaluation of disclosure controls and procedures.* The Chief Executive Officer, Miles D. White, and Chief Financial Officer, Thomas C. Freyman, evaluated the effectiveness of Abbott Laboratories' disclosure controls and procedures as of the end of the period covered by this report, and concluded that Abbott Laboratories' disclosure controls and procedures were effective to ensure that information Abbott is required to disclose in the reports that it files or submits with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed by Abbott in the reports that it files or submits under the Exchange Act is accumulated and communicated to Abbott's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.
- (b) *Changes in internal control over financial reporting.* On April 21, 2006, Abbott acquired Guidant's vascular intervention and endovascular solutions businesses in connection with Boston Scientific's acquisition of the remainder of Guidant. Until the accounting processes can be separated, Abbott has relied and will continue to rely on Boston Scientific for certain accounting processes of the businesses acquired by Abbott. Abbott and Boston Scientific have begun to implement plans for Abbott to assume full accounting responsibility for its acquired businesses. During the quarter ended June 30, 2006, there were no other changes in Abbott's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, Abbott's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Abbott is involved in various claims, legal proceedings and investigations, including (as of June 30, 2006, except as otherwise indicated) those described below.

In its 2005 Form 10-K, Abbott reported that five cases were pending in which Abbott seeks to enforce its patents for divalproex sodium (a drug that Abbott sells under the trademark Depakote®). As previously reported, Abbott filed two of those cases in November 2005, one in the U.S. District Court for the Northern District of Illinois and the other in the U.S. District Court for the Northern District of West Virginia. During the second quarter, the District Court in the Northern District of Illinois found that it had jurisdiction over the case. Consequently, the case against Mylan in the Northern District of West Virginia was dismissed. In the previously reported case against Nu-Pharm, Abbott amended its complaint to add Apotex Corp. and Apotex Inc. as defendants. During the second quarter, Abbott filed two additional cases in the U.S. District Court for the Northern District of Illinois against Mylan, Nu-Pharm, Apotex Corp., and Apotex Inc. in connection with amendments to their Abbreviated New Drug Applications.

In its 2005 Form 10-K, Abbott reported that one case was pending, Reliant Pharmaceuticals, in which Abbott seeks to protect the patents for fenofibrate (a drug Abbott sells under the trademark Tricor®). The parties agreed to settle the case on terms not material to Abbott. The case has been voluntarily dismissed with prejudice. In its 2005 Form 10-K, Abbott reported that one case was pending in the U. S. District Court for the Eastern District of Texas, involving patents regarding monoclonal antibodies, which plaintiffs claim covers adalimumab (a drug sold by Abbott under the trademark Humira®). The litigation has been stayed as the parties have agreed in principle to enter into a binding alternative dispute resolution proceeding.

In its 2005 Form 10-K, Abbott reported that it is involved in litigation pending in the U.S. District Court for the Northern District of Illinois related to Abbott's patents for clarithromycin extended release (a drug Abbott sells under the trademark Biaxin®XL). As previously reported, Abbott obtained a preliminary injunction against Teva, Ranbaxy and Andrx preventing each from launching their extended release clarithromycin products. In June 2006, the Federal Circuit issued an opinion vacating the preliminary injunction against Teva. In July 2006, Abbott and Teva entered into a confidential agreement in principle resolving the pending litigation. In July 2006, Abbott and Ranbaxy entered into a confidential agreement in principle resolving the pending litigation. The terms of both settlements are subject to court approval. The case with Teva has been voluntarily dismissed.

In its 2005 Form 10-K, Abbott reported that twenty lawsuits, including fifteen purported class actions are pending against Abbott, Fournier Industrie et Sante, and Laboratories Fournier, S.A. (Fournier), alleging antitrust and unfair competition claims in connection with the sale of fenofibrate formulations.

During the second quarter, Abbott was notified that an additional individual case was filed in the U.S. District Court for the District of Delaware: *American Sales Company, Inc.* (filed in March 2006).

In its 2005 Form 10-K, Abbott reported that a number of cases, brought as purported class actions or representative actions on behalf of individuals or entities, are pending that allege generally that Abbott and numerous other pharmaceutical companies reported false pricing information in connection with certain drugs that are reimbursable under Medicare and Medicaid and by private payors. Most of the federal court cases have been consolidated in the U.S. District Court for the District of Massachusetts as *In re: Pharmaceutical Industry Average Wholesale Price Litigation, MDL 1456*. The previously reported case, *State of Arizona*, has been removed to federal court and transferred to *MDL 1456*. The previously reported case, *International Union of Operating Engineers*, has been remanded to state court. In addition, in May 2006, Abbott was notified that the U.S. Department of Justice intervened in a civil whistleblower lawsuit pending in the Southern District of Florida alleging that Abbott inflated prices for Medicaid and Medicare reimbursable products. The original lawsuit against additional defendants remains under seal. While it is not feasible to predict the outcome of these proceedings and investigations with certainty, management is of the opinion that their ultimate dispositions could be material to cash flows or results of operations for a quarter.

In its 2005 Form 10-K, Abbott reported that it is a defendant in numerous lawsuits involving the drug oxycodone (a drug sold under the trademark OxyContin®), which is manufactured by Purdue Pharma. Abbott previously promoted OxyContin under a co-promotion agreement with Purdue Pharma. Most of the lawsuits allege generally that plaintiffs suffered personal injuries as a result of taking OxyContin. A few lawsuits allege consumer protection violations and unfair trade practices. One suit by a third party payor alleges antitrust pricing violations and overpricing of the drug. As of June 30, 2006, there are a total of 156 lawsuits pending in which Abbott is a party. Seven cases are pending in federal court and 149 cases are pending in state court. 149 cases are brought by individual plaintiffs, and 7 cases are brought as purported class action lawsuits. In June 2006, a court in Putnam County, West Virginia in the case *McCallister* certified a state wide class against Abbott. Purdue Pharma is a defendant in each lawsuit and, pursuant to the co-promotion agreement, Purdue is required to indemnify Abbott in each lawsuit.

In its 2005 Form 10-K, Abbott reported that it is a defendant in a number of lawsuits involving the drug sibutramine (sold under the trademarks Meridia®, Reductil®, Reductyl™, and Reductal™) that have been brought either as purported class actions or on behalf of individual plaintiffs. The lawsuits generally allege design defects and failure to warn. Certain lawsuits also allege consumer protection violations and/or unfair trade practices. In May 2006, the Sixth Circuit Federal Court of Appeals affirmed summary judgment in favor of Abbott in the cases captioned *In Re Meridia MDL No. 1481*. Outside of the United States, one additional case was filed in France (*Radufe*, filed in May 2006 in the Caen Court of First Instance, Caen,

21

France).

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, except as noted above.

22

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

(c) *Issuer Purchases of Equity Securities*

| Period | (a) Total Number of Shares (or Units) Purchased | (b) Average Price Paid per Share (or Unit) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|--------------------------------|---|--|---|---|
| April 1, 2006 — April 30, 2006 | 42,412(1) | \$ 41.815 | 0 | 2,709,556(2) |
| May 1, 2006 — May 31, 2006 | 67,837(1) | \$ 33.758 | 0 | 2,709,556(2) |
| June 1, 2006 — June 30, 2006 | 195,438(1) | \$ 32.425 | 0 | 2,709,556(2) |
| Total | 305,687 | \$ 34.0235 | 0 | 2,709,556(2) |

1. These shares include:

- (i) the shares deemed surrendered to Abbott to pay the exercise price in connection with the exercise of employee stock options — 29,412 in April, 54,837 in May, and 182,438 in June; and
- (ii) the shares purchased on the open market for the benefit of participants in the Abbott Canada Stock Retirement Plan — 13,000 in April, 13,000 in May, and 13,000 in June.

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

2. On October 14, 2004, Abbott announced that Abbott's board of directors approved the purchase of up to 50 million of its common shares.

23

Item 4. Submission of Matters to a Vote of Security Holders

Abbott Laboratories held its Annual Meeting of Shareholders on April 28, 2006. The following is a summary of the matters voted on at that meeting.

- (a) The shareholders elected Abbott's entire Board of Directors. The persons elected to Abbott's Board of Directors and the number of shares cast for and the number of shares withheld, with respect to each of these persons, were as follows:

| <u>Name</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|------------------------|------------------|-----------------------|
| Roxanne S. Austin | 1,317,630,595 | 19,498,947 |
| William M. Daley | 1,304,476,484 | 32,653,058 |
| W. James Farrell | 1,312,666,890 | 24,462,652 |
| H. Laurance Fuller | 1,305,358,978 | 31,770,564 |
| Richard A. Gonzalez | 1,308,822,901 | 28,306,641 |
| Jack M. Greenberg | 1,296,574,115 | 40,555,427 |
| The Lord Owen CH | 1,317,241,010 | 19,888,532 |
| Boone Powell Jr. | 1,306,074,923 | 31,054,619 |
| W. Ann Reynolds, Ph.D. | 1,301,761,655 | 35,367,887 |
| Roy S. Roberts | 1,317,434,514 | 19,695,028 |
| William D. Smithburg | 1,304,553,905 | 32,575,637 |
| John R. Walter | 1,304,941,261 | 32,188,281 |
| Miles D. White | 1,303,803,275 | 33,326,267 |

- (b) The shareholders ratified the appointment of Deloitte & Touche LLP as Abbott's auditors. The number of shares cast in favor of the ratification of Deloitte & Touche LLP, the number against, and the number abstaining were as follows:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> |
|---------------|----------------|----------------|
| 1,320,082,269 | 7,600,232 | 9,447,041 |

24

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- (c) The shareholders rejected a shareholder proposal on pay-for-superior performance. The number of shares cast in favor of the shareholder proposal, the number against, the number abstaining, and the number of broker non-votes were as follows:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> | <u>Broker Non-Vote</u> |
|-------------|----------------|----------------|------------------------|
| 396,982,093 | 717,763,872 | 18,415,923 | 203,967,654 |

- (d) The shareholders rejected a shareholder proposal on corporate political contributions. The number of shares cast in favor of the shareholder proposal, the number against, the number abstaining, and the number of broker non-votes were as follows:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> | <u>Broker Non-Vote</u> |
|------------|----------------|----------------|------------------------|
| 93,507,615 | 914,955,146 | 124,699,128 | 203,967,653 |

- (e) The shareholders rejected a shareholder proposal on the roles of Chair and CEO. The number of shares cast in favor of the shareholder proposal, the number against, the number abstaining, and the number of broker non-votes were as follows:

| <u>For</u> | <u>Against</u> | <u>Abstain</u> | <u>Broker Non-Vote</u> |
|-------------|----------------|----------------|------------------------|
| 348,833,339 | 769,433,312 | 14,895,239 | 203,967,652 |

Item 6. Exhibits

Incorporated by reference to the Exhibit Index included herewith.

SIGNATURE

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

ABBOTT LABORATORIES

By: /s/ Thomas C. Freyman
 Thomas C. Freyman,
 Executive Vice President,
 Finance and Chief Financial Officer

Date: August 8, 2006

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Exhibit</u> |
|--------------------|---|
| 10.1 | Purchase Agreement, dated as of April 21, 2006, between Guidant Corporation and Abbott Laboratories. |
| 10.2 | Amendment to Purchase Agreement, dated as of April 21, 2006, between Guidant Corporation and Abbott Laboratories. |
| 10.3 | Promissory Note, dated April 21, 2006, from BSC International Holding Ltd. |
| 10.4 | Subscription and Stockholder Agreement, dated as of April 21, 2006, between Boston Scientific Corporation and Abbott Laboratories. |
| 10.5 | Amendment to Subscription and Stockholder Agreement, dated as of April 21, 2006, between Boston Scientific Corporation and Abbott Laboratories. |
| 10.6 | Form of Time Sharing Agreement between Abbott Laboratories, Inc. and M.D. White, R.A. Gonzalez, and T.C. Freyman. |
| 12 | Statement re: computation of ratio of earnings to fixed charges. |
| 31.1 | Certification of Chief Executive Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)). |
| 31.2 | Certification of Chief Financial Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)). |

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

| | |
|------|--|
| 32.1 | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

PURCHASE AGREEMENT

Between
 GUIDANT CORPORATION
 and
 ABBOTT LABORATORIES

Dated as of April 21, 2006

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| ARTICLE I | |
| DEFINITIONS | |
| SECTION 1.01. Certain Defined Terms | 2 |
| SECTION 1.02. Definitions | 9 |
| ARTICLE II | |
| PURCHASE AND SALE | |
| SECTION 2.01. Purchase and Sale of the Shares | 11 |
| SECTION 2.02. Purchase and Sale of Assets | 11 |
| SECTION 2.03. Assumption and Exclusion of Liabilities | 15 |
| SECTION 2.04. Purchase Price; Allocation of Purchase Price | 16 |
| SECTION 2.05. Milestone Payments | 17 |
| SECTION 2.06. Closing | 17 |
| SECTION 2.07. Closing Deliveries by Guidant | 18 |
| SECTION 2.08. Closing Deliveries by Abbott | 19 |
| ARTICLE III | |
| REPRESENTATIONS AND WARRANTIES OF GUIDANT | |
| SECTION 3.01. Organization, Authority and Qualification | 19 |
| SECTION 3.02. Organization, Authority and Qualification of the Transferred Subsidiaries | 20 |
| SECTION 3.03. Capitalization; Ownership of Shares | 20 |
| SECTION 3.04. No Conflict | 21 |
| SECTION 3.05. Governmental Consents and Approvals | 21 |
| SECTION 3.06. Conduct in the Ordinary Course | 22 |
| SECTION 3.07. Litigation | 23 |
| SECTION 3.08. Compliance with Laws | 23 |
| SECTION 3.09. Environmental Matters | 23 |
| SECTION 3.10. Intellectual Property | 24 |
| SECTION 3.11. Title | 26 |
| SECTION 3.12. Employee Benefit Matters | 26 |
| SECTION 3.13. Taxes | 30 |
| SECTION 3.14. Material Contracts | 31 |
| SECTION 3.15. Regulatory Matters | 32 |
| SECTION 3.16. Assets | 34 |
| SECTION 3.17. Brokers | 34 |
| SECTION 3.18. Disclaimer | 34 |
| ARTICLE IV | |
| REPRESENTATIONS AND WARRANTIES OF ABBOTT | |
| SECTION 4.01. Organization and Authority | 34 |

| | |
|---|----|
| SECTION 4.02. No Conflict | 35 |
| SECTION 4.03. Governmental Consents and Approvals | 35 |
| SECTION 4.04. Litigation | 35 |
| SECTION 4.05. Brokers | 36 |
| SECTION 4.06. Disclaimer | 36 |

ARTICLE V
ADDITIONAL AGREEMENTS

| | |
|--|----|
| SECTION 5.01. Acknowledgment | 36 |
| SECTION 5.02. Access to Information; Confidentiality | 36 |
| SECTION 5.03. Regulatory and Other Authorizations; Notices and Consents | 37 |
| SECTION 5.04. Notifications | 38 |
| SECTION 5.05. Release of Indemnity Obligations | 39 |
| SECTION 5.06. Tax Election | 39 |
| SECTION 5.07. Insurance | 41 |
| SECTION 5.08. Trademarks | 41 |
| SECTION 5.09. Further Action | 43 |
| SECTION 5.10. Mixed Contracts and Accounts | 44 |
| SECTION 5.11. Intercompany Arrangements | 45 |
| SECTION 5.12. Restructuring | 45 |
| SECTION 5.13. Books, Records and Files | 45 |
| SECTION 5.14. Other Agreements | 45 |
| SECTION 5.15. Third Party Claims Against Both the Business and the Excluded Business | 46 |

ARTICLE VI
EMPLOYEE MATTERS

| | |
|---------------------------------------|----|
| SECTION 6.01. Transferred Employees | 47 |
| SECTION 6.02. Employee Benefits | 47 |
| SECTION 6.03. General Matters | 50 |
| SECTION 6.04. Mutual Non-Solicitation | 51 |

ARTICLE VII
TAXES

| | |
|---|----|
| SECTION 7.01. Apportionment | 52 |
| SECTION 7.02. Tax Return Filing and Amendment | 52 |
| SECTION 7.03. Refunds | 52 |
| SECTION 7.04. Resolution of Tax Controversies | 53 |
| SECTION 7.05. Tax Cooperation | 53 |
| SECTION 7.06. Conveyance Taxes | 53 |

ARTICLE VIII
CONDITIONS TO CLOSING

| | |
|---|----|
| SECTION 8.01. Conditions to Obligation of Guidant | 54 |
| SECTION 8.02. Conditions to Obligation of Abbott | 55 |

ARTICLE IX
TERMINATION

| | |
|-------------------------------------|----|
| SECTION 9.01. Termination | 56 |
| SECTION 9.02. Effect of Termination | 56 |

ARTICLE X
INDEMNIFICATION

| | |
|---|----|
| SECTION 10.01. Survival of Representations and Warranties | 56 |
| SECTION 10.02. Indemnification by Guidant | 56 |
| SECTION 10.03. Indemnification by Abbott | 57 |
| SECTION 10.04. Limits on Indemnification | 57 |
| SECTION 10.05. Notice of Loss; Third Party Claims | 58 |
| SECTION 10.06. Tax Treatment of Indemnity Payments | 58 |

ARTICLE XI
GENERAL PROVISIONS

| | |
|-------------------------------------|----|
| SECTION 11.01. Expenses | 59 |
| SECTION 11.02. Notices | 59 |
| SECTION 11.03. Public Announcements | 60 |

| | |
|---|----|
| SECTION 11.04. Severability | 60 |
| SECTION 11.05. Entire Agreement | 60 |
| SECTION 11.06. Assignment | 61 |
| SECTION 11.07. Amendment | 61 |
| SECTION 11.08. Waiver | 61 |
| SECTION 11.09. No Third Party Beneficiaries | 61 |
| SECTION 11.10. Other Remedies; Specific Performance | 61 |
| SECTION 11.11. Interpretive Rules | 62 |
| SECTION 11.12. Guarantees of Performance | 62 |
| SECTION 11.13. Governing Law | 62 |
| SECTION 11.14. Waiver of Jury Trial | 63 |
| SECTION 11.15. Exchange Rate | 63 |
| SECTION 11.16. Counterparts | 63 |

EXHIBITS:

- Exhibit A – Form of Assumption Agreement
- Exhibit B – Form of Bill of Sale
- Exhibit C – Form of Business Transfer Agreement
- Exhibit D – Form of Equity Purchase Agreement
- Exhibit E – Form of Intellectual Property Transfer Agreement
- Exhibit F – Form of License and Technology Transfer Agreement
- Exhibit G – Form of Note
- Exhibit H – Form of Release
- Exhibit I – Form of Supply Agreement
- Exhibit J – Form of Transition Services Agreement

SCHEDULES:

- Schedule 1.01(a) – Asset Purchasers & Asset Sellers
- Schedule 1.01(b) – Leased Business Real Property
- Schedule 1.01(c) – Owned Business Real Property
- Schedule 1.01(d) – Share Sellers, Share Purchasers & Transferred Subsidiaries
- Schedule 2.02(a)(i) – Clonmel – Purchased Assets
- Schedule 2.02(a)(ii) – Leased Business Real Property – Purchased Assets
- Schedule 2.02(a)(iii) – Guidelines for Tangible Personal Property
- Schedule 2.02(a)(xv) – Guidelines for Permits, Licenses, Certifications & Approvals
- Schedule 2.02(a)(xvi) – Guidelines for Computer Software Data and Information
- Schedule 2.02(a)(xxi) – Assets
- Schedule 2.02(c)(iv) – Real Property – Excluded Assets
- Schedule 2.02(d) – Investments
- Schedule 2.02(e) – Intellectual Property Transfers
- Schedule 2.04(a) – Withholding Taxes
- Schedule 2.06 – Required Consent Jurisdictions & Deferred Local Closings
- Schedule 5.12 – Restructuring Actions
- Schedule 6.01(a) – U.S. Business Employees
- Schedule 6.01(b) – Non-U.S. Business Employees
- Schedule 6.02(f) – Payment Principles

PURCHASE AGREEMENT, dated as of April 21, 2006 (this “Agreement”), between GUIDANT CORPORATION, an Indiana corporation (“Guidant”), and ABBOTT LABORATORIES, an Illinois corporation (“Abbott”).

WHEREAS, Boston Scientific Corporation, a Delaware corporation (“Boston Scientific”), Galaxy Merger Sub, Inc., an Indiana corporation and a wholly owned subsidiary of the Boston Scientific (“Sub”), and Guidant have entered into an Agreement and Plan of Merger (the “Merger Agreement”), dated as of January 25, 2006, pursuant to which, upon consummation of the Merger (as defined in the Merger Agreement), Sub will be merged with and into Guidant and Guidant will become a wholly owned subsidiary of Boston Scientific;

WHEREAS, Guidant, directly and through its various Affiliates (as defined below), including the Transferred Subsidiaries (as defined below) and the Asset Sellers (as defined below), is engaged in, among other things, the vascular intervention and endovascular solutions businesses at various locations around the world (such businesses of Guidant and its Affiliates, collectively, the “Business”);

WHEREAS, certain assets of the Transferred Subsidiaries that are not primarily used in the Business will be transferred by the Transferred Subsidiaries to Guidant, Boston Scientific or one of their respective Affiliates prior to the Closing, the Excluded Liabilities (as defined below) of the Transferred Subsidiaries will be assumed by Guidant, Boston Scientific or one of their respective Affiliates prior to the Closing, and the Shares (as defined below) and the Purchased Assets (as defined below) will be sold by Guidant or the applicable Seller (as defined below) to the applicable Purchaser (as defined below) at the Closing, all as more fully set forth herein;

WHEREAS, for purposes of this Agreement, references to the Business shall be deemed to include the Assets (as defined below) and the Shares if the context so requires;

WHEREAS, subject to the satisfaction or (to the extent permitted by Law) waiver of the conditions to the parties' obligations to close the transactions contemplated by the Merger Agreement, Guidant wishes to sell, or cause to be sold, to the Purchasers, and the Purchasers wish to purchase from Guidant and the Sellers, the Transferred Subsidiaries and all right, title and interest in and to all assets of the Business, and in connection therewith the Purchasers are willing to assume certain liabilities relating thereto, all upon the terms and subject to the conditions set forth herein; and

WHEREAS, simultaneously with the execution of this Agreement, Boston Scientific has executed that certain Guarantee of Performance (the "Guarantee of Performance"), pursuant to which Boston Scientific unconditionally guarantees to Abbott the prompt and complete performance of all the obligations required to be performed by Guidant and its Affiliates pursuant to this Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual agreements and covenants hereinafter set forth, and intending to be legally bound, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. For purposes of this Agreement:

"Action" means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or arbitral or similar forum.

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided, however that TAP Pharmaceutical Products, Inc. ("TAP") and its subsidiaries shall be deemed not to be Affiliates of Abbott, but only for so long as Abbott (either directly or indirectly) owns fifty percent or less of the voting stock of TAP (or its subsidiaries) or does not otherwise have control of TAP (or its subsidiaries). For purposes of this Agreement, with respect to all periods following consummation of the Merger or the transactions contemplated by this Agreement, as applicable, "Affiliate" shall include, (a) with respect to Boston Scientific, Guidant and its Affiliates following the Merger, (b) with respect to Guidant, Boston Scientific and its Affiliates following the Merger, (c) with respect to Abbott, any Person to be acquired pursuant to this Agreement, and (d) with respect to each party hereto, any Person resulting from any internal reorganization, provided such resulting Person is an Affiliate.

"Ancillary Agreements" means the Assumption Agreements, the Equity Purchase Agreement, the Bills of Sale, the Transfer Agreements, the Supply Agreements, the License and Technology Transfer Agreement, the Transition Services Agreement, the Note, the Release and any other agreements that the parties may mutually agree.

"Assets" means (i) the Purchased Assets and (ii) the assets, rights, properties and businesses of every kind and description (wherever located, whether tangible or intangible, real, personal or mixed) of the Transferred Subsidiaries, in each case that (except as otherwise expressly set forth in this Agreement or the Ancillary Agreements) are used primarily in, or related primarily to (with "primarily" being determined by taking into account revenues, assets, personnel, registrations and other relevant factors), the Business.

"Asset Purchasers" means, individually or collectively, the Affiliates of Abbott that are identified on Schedule 1.01(a) attached hereto.

"Asset Sellers" means, individually or collectively, the Affiliates of Guidant that are identified on Schedule 1.01(a) attached hereto.

"Assumption Agreements" means the Assumption Agreements to be executed by the applicable Asset Purchasers and Guidant and/or the applicable Asset Sellers at the Closing, substantially in the form of Exhibit A.

"Bills of Sale" means the Bills of Sale and Assignment to be executed by Guidant and/or the applicable Asset Sellers at the Closing, substantially in the form of Exhibit B.

"Books, Records and Files" means any studies, reports, records (including shipping and personnel records), books of account, invoices, contracts, instruments, surveys, data (including financial, sales, purchasing and operating data), computer data, disks, diskettes, tapes, marketing plans, customer lists, supplier lists, distributor lists, correspondence and other documents.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York.

"Business Intellectual Property" means all Intellectual Property used primarily in, or related primarily to, the Business and (a) owned by Guidant or any of its Affiliates or (b) licensed to or by, or controlled by, Guidant or any of its Affiliates.

"Business Transfer Agreements" means the Business Transfer Agreements with respect to the relevant jurisdiction to be executed by the applicable Asset Sellers and the applicable Asset Purchasers at the Closing, substantially in the form of Exhibit C.

"Carotid Stent Assets" means the Assets related to the research, development, manufacture, distribution, marketing and sale of carotid stent systems, including embolic protection devices.

"Code" means the Internal Revenue Code of 1986, as amended through the date hereof.

“Contract” means any loan or credit agreement, bond, debenture, note, mortgage, indenture, lease, supply agreement, license agreement, development agreement or other contract, agreement, obligation, commitment or instrument that is intended by Guidant or any of its Affiliates to be legally binding, including all amendments thereto.

“control” (including the terms “controlled by” and “under common control with”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise.

“Credit Agreement” means the principal credit agreement of Boston Scientific, as amended, restated, modified, renewed, refunded, replaced or refinanced, in whole or in part from time to time.

“Disclosure Schedule” means the Disclosure Schedule attached hereto, dated as of the date hereof, delivered by Guidant to Abbott in connection with this Agreement.

“Encumbrance” means (a) with respect to the Shares, or any other shares of capital stock of a Transferred Subsidiary, any voting trusts, shareholders’ agreement, proxy or other similar restriction, and (b) with respect to the Assets and the Shares, any security interest, pledge, hypothecation, mortgage, lien, adverse ownership claim, title defect or other

3

encumbrance of any kind or nature whatsoever, other than, with respect to Intellectual Property included in the Assets, any licenses of Intellectual Property.

“Environmental Laws” means any United States Federal, state or local or any foreign Laws (including the common law), Governmental Orders, notices, Permits or binding Contracts issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources or the presence, management, Environmental Release of, or exposure to, Hazardous Materials, or to human health and safety.

“Environmental Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing or migrating into or through the environment or any natural or man-made structure.

“Equity Purchase Agreement” means the Subscription and Stockholders Agreement, to be executed at the Closing between Boston Scientific and Abbott in the form of Exhibit D.

“FDA” means the United States Food and Drug Administration.

“GAAP” means United States generally accepted accounting principles and practices in effect from time to time applied consistently throughout the periods involved.

“Governmental Authority” means any United States federal, state or local or any non-United States government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“Hazardous Materials” means (a) petroleum products and by-products, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances, and (b) any other chemical, material, substance, waste, pollutant or contaminant that is prohibited, limited or regulated by or pursuant to any Environmental Law.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

“Indebtedness” means, with respect to any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all

4

capital lease obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) all guarantee obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (f) above and (h) all obligations of the kind referred to in clauses (a) through (g) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

“Intellectual Property” means all intellectual property rights of any kind, including rights in, to and concerning (a) patents, patent applications and statutory invention registrations, including divisionals, continuations, continuations-in-part, re-issues and re-examinations thereof, (b)

Trademarks, (c) published and unpublished works of authorship and copyrights therein, and copyright registrations and applications for registration thereof and all renewals, extensions, restorations and reversions thereof, (d) software, code, data, databases and compilations of information, and (e) confidential and proprietary information, inventions, formulas, processes, developments, technology, research, trade secrets and know-how.

“Intellectual Property Transfer Agreement” means the Intellectual Property Transfer Agreements with respect to the relevant jurisdictions to be executed by Advanced Cardiovascular Systems, Inc., its subsidiaries or Guidant Endovascular Solutions, Inc. and the applicable Asset Purchaser immediately prior to the Closing, substantially in the form of Exhibit E.

“IRS” means the Internal Revenue Service of the United States.

“Knowledge” means, when used in connection with (a) a Purchaser with respect to any matter in question, the actual knowledge of Abbott’s executive officers after making due inquiry of the current employees having primary responsibility for such matter, and (b) Guidant with respect to any matter in question, the actual knowledge of Guidant’s executive officers after making due inquiry of the current employees of Guidant or any of its Affiliates having primary responsibility for such matter who are treated as a Tier I Employee and Tier II Employee for purposes of the Guidant CIC Plans.

“Law” means any United States federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, other requirement or rule of law.

“Leased Business Real Property” means all the Real Property leased by Guidant, any Asset Seller or any Transferred Subsidiary, as tenant and described on Schedule 1.01(b) that are acquired, directly or indirectly, by the Purchasers by the way of a Share purchase or as a Purchased Asset pursuant to the transactions contemplated by this Agreement.

5

“Liabilities” means any and all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Law, Action or Governmental Order and those arising under any contract, agreement, arrangement or undertaking (but excluding any performance obligations under any such contracts, agreements, arrangements or undertakings).

“License and Technology Transfer Agreement” means the License and Technology Transfer Agreement dated as of _____, 2006, among Boston Scientific, Guidant and Abbott, in the form of Exhibit F.

“Material Adverse Effect” means any change, effect, event, occurrence, state of facts or development which individually or in the aggregate would reasonably be expected to result in any change or effect, that is materially adverse to the business, financial condition or results of operations of the Business, taken as a whole; provided, however, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse Effect: (a) any change, effect, event, occurrence, state of facts or development (i) in the financial or securities markets or the economy in general, (ii) in the industries in which the Business operates in general, to the extent that such change, effect, event, occurrence, state of facts or development does not disproportionately impact the Business, or (iii) resulting from any divestiture that may be required to be effected pursuant to the terms of this Agreement, or (b) any failure, in and of itself, by the Business to meet any internal or published projections, forecasts or revenue or earnings predictions (it being understood that the facts or occurrences giving rise or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been or would reasonably be expected to be, a Material Adverse Effect).

“Merger” means the merger pursuant to the Merger Agreement.

“Note” means the Promissory Note to be executed by BCS International Holding, Limited, as Borrower (as defined in the Note), Boston Scientific as guarantor, and Abbott at the Closing, in the form of Exhibit G.

“Owned Business Real Property” means all the Real Property in which Guidant, any Asset Seller or Transferred Subsidiary has fee title (or equivalent) interest described on Schedule 1.01(c) that are acquired, directly or indirectly, by the Purchasers by the way of a Share purchase or as a Purchased Asset pursuant to the transactions contemplated by this Agreement.

“Permitted Encumbrances” means liens, charges and Encumbrances for current Taxes not yet due and payable.

“Person” means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization, joint venture or other entity.

“Pre-Closing Tax Period” means any taxable period (or portion thereof) ending on or prior to the Closing, including such portion of any Straddle Period up to and including the date of Closing.

6

“Principal Indebtedness” means the amounts owing in respect of the Credit Agreement and any Public Indebtedness.

“Post-Closing Tax Period” means any taxable period (or portion thereof) commencing after the Closing, including such portion of any Straddle Period commencing after the Closing.

“Public Indebtedness” means Indebtedness of Boston Scientific or any of its Affiliates issued in a public offering.

“Purchasers” means, individually or collectively, Abbott, the Asset Purchasers and the Share Purchasers.

“Real Property” means all land, buildings and other structures, facilities or improvements located thereon and all easements, licenses, rights and appurtenances relating to the foregoing.

“Registrations” means authorizations and/or approvals issued by any Governmental Authority (including premarket approval applications, premarket notifications, investigational device exemptions, manufacturing approvals or authorizations, CE Marks, pricing and reimbursement approvals, labeling approvals or their foreign equivalent) held by Guidant or its Affiliates as of the Closing, that are required for the manufacture, distribution, marketing, storage, transportation, use and sale of the products of the Business.

“Regulations” means the Treasury Regulations (including temporary regulations) promulgated by the United States Department of Treasury with respect to the Code or other federal Tax statutes.

“Release” means the Release to be executed by Abbott and Boston Scientific at the Closing, in the form of Exhibit H.

“SEC” means the United States Securities and Exchange Commission.

“Sellers” means, individually or collectively, the Asset Sellers and the Share Sellers.

“Share Purchasers” means, individually or collectively, Abbott and the Affiliates of Abbott that are identified on Schedule 1.01(d) attached hereto.

“Share Sellers” means, individually or collectively, the Affiliates of Guidant that are identified on Schedule 1.01(d) attached hereto.

“Shares” means all the issued and outstanding shares of capital stock and other equity interests of the Transferred Subsidiaries.

“Straddle Period” means any taxable period beginning on or before the date of the Closing and ending after the date of the Closing.

7

“Supply Agreements” means the interim Supply Agreements for DES Stents (as defined in the Supply Agreements) and components thereof, dated as of _____, 2006, between Boston Scientific or certain of its Affiliates and Abbott or certain of its Affiliates, in the form of Exhibit I.

“Tax” or “Taxes” means any and all taxes, levies, duties, tariffs and similar charges in the nature of a tax (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority or taxing authority, including taxes on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, share capital, capital stock, payroll, employment, social security, workers’ compensation, unemployment compensation, or net worth; taxes in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes; license, registration and documentation fees; and customs’ duties, and tariffs.

“Tax Returns” means any report, return, document, declaration or other information or filing required to be filed with a Governmental Authority or taxing authority with respect to Taxes (whether or not a payment is required to be made with respect to such filing), including information returns, any documents with respect to or accompanying payments of estimated Taxes, or with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration or other information.

“Trademarks” means trademarks, service marks, trade dress, logos, trade names, corporate names, domain names and other source identifiers and all goodwill associated with any of the foregoing, registrations and applications for registration thereof, including all extensions, modifications and renewals of same.

“Transaction Agreement” means the Transaction Agreement dated as of January 8, 2006, as amended, between Boston Scientific and Abbott.

“Transfer Agreements” means (a) with respect to the Purchased Assets and Assumed Liabilities, the Bills of Sale, the Assumption Agreements, the Business Transfer Agreements, the Intellectual Property Transfer Agreements, and such deeds, endorsements, assignments, instruments of assumption, affidavits and other instruments of sale, conveyance, transfer and assignment for the Asset Sellers, in form and substance reasonably satisfactory to Abbott and Guidant, as shall be necessary under Law in order to transfer all right, title and interest of the applicable Asset Sellers in, to and under such Purchased Assets and Assumed Liabilities in accordance with the terms hereof, and (b) with respect to the Shares, such instruments of sale, conveyance, transfer and assignment, and such other agreements or documents, if any, in each case in form and substance reasonably satisfactory to Abbott and Guidant, as shall be necessary under Law in order to transfer all right, title and interest of the applicable Share Seller in the Shares in accordance with the terms hereof.

“Transferred Subsidiary” means, individually or collectively, the Affiliates of Guidant set forth on Schedule 1.01(d) and acquired, directly or indirectly, by way of a Share purchase pursuant to this Agreement.

8

“Transition Services Agreement” means the Transition Services Agreement dated as of _____, 2006, between Boston Scientific and certain of its Affiliates and Abbott and certain of its Affiliates, in the form of Exhibit J.

SECTION 1.02. Definitions. The following terms have the meanings set forth in the Sections set forth below:

| <u>Definition</u> | <u>Location</u> |
|---------------------------------------|-----------------|
| “ <u>Abbott</u> ” | Preamble |
| “ <u>Abbott Indemnified Parties</u> ” | 10.02(a) |
| “ <u>Agreement</u> ” | Preamble |
| “ <u>Assumed Liabilities</u> ” | 2.03(a) |
| “ <u>Boston Scientific</u> ” | Recitals |

| | |
|---|------------|
| “ <u>Business</u> ” | Recitals |
| “ <u>Closing</u> ” | 2.06 |
| “ <u>Commonly Controlled Entity</u> ” | 3.12(a) |
| “ <u>Company Restricted Stock</u> ” | 3.12(k) |
| “ <u>Company Stock Based Awards</u> ” | 3.12(k) |
| “ <u>Company Stock Options</u> ” | 3.12(k) |
| “ <u>Company Stock Plans</u> ” | 3.12(k) |
| “ <u>Confidentiality Agreement</u> ” | 5.02(b) |
| “ <u>Conveyance Taxes</u> ” | 7.06 |
| “ <u>Country Allocation</u> ” | 2.04(b) |
| “ <u>Country Allocation Accounting Firm</u> ” | 2.04(b) |
| “ <u>Deferred Local Closing</u> ” | 2.06 |
| “ <u>ERISA</u> ” | 3.08 |
| “ <u>ESSP</u> ” | 3.12(k) |
| “ <u>Estimated Country Allocation</u> ” | 2.04(b) |
| “ <u>EU Merger Regulation</u> ” | 3.05 |
| “ <u>EVT</u> ” | 2.02(c)(v) |
| “ <u>Excluded Assets</u> ” | 2.02(c) |
| “ <u>Excluded Businesses</u> ” | 2.02(c)(v) |
| “ <u>Excluded Liabilities</u> ” | 2.03(b) |
| “ <u>FDCA</u> ” | 3.08 |
| “ <u>Guarantee of Performance</u> ” | Recitals |
| “ <u>Guidant</u> ” | Preamble |
| “ <u>Guidant Benefit Agreements</u> ” | 3.06 |
| “ <u>Guidant Benefit Plans</u> ” | 3.13(a) |
| “ <u>Guidant CIC Plans</u> ” | 6.03(c) |
| “ <u>Guidant Licensed Marks</u> ” | 5.08(c) |
| “ <u>In-Country Allocation</u> ” | 2.04(b) |
| “ <u>Initial Purchase Price</u> ” | 2.04(a) |
| “ <u>Intellectual Property Rights</u> ” | 3.10(a) |
| “ <u>IP Purchaser</u> ” | 2.02(e) |
| “ <u>IP Seller</u> ” | 2.02(e) |
| “ <u>Key Personnel</u> ” | 3.06 |

| <u>Definition</u> | <u>Location</u> |
|--|-----------------|
| “ <u>Licensed Marks</u> ” | 5.08(c) |
| “ <u>Loss</u> ” | 10.02(a) |
| “ <u>Materials</u> ” | 5.08(c)(ii) |
| “ <u>Medical Device</u> ” | 3.15(a) |
| “ <u>Merger Agreement</u> ” | Recitals |
| “ <u>Milestone Payment</u> ” | 2.05 |
| “ <u>Mixed Account</u> ” | 5.10(b) |
| “ <u>Mixed Action</u> ” | 5.15(a) |
| “ <u>Mixed Contract</u> ” | 5.10(a) |
| “ <u>Non-Guidant Licensed Marks</u> ” | 5.08(b) |
| “ <u>Non-U.S. Business Employee</u> ” | 6.01(b) |
| “ <u>Non-U.S. Transferred Employee</u> ” | 6.01(b) |
| “ <u>Occurrence Based Policy</u> ” | 5.07(d) |
| “ <u>Permits</u> ” | 3.08 |
| “ <u>Purchased Assets</u> ” | 2.02(a) |
| “ <u>Purchase Price</u> ” | 2.04(a) |
| “ <u>Required Consent Jurisdictions</u> ” | 2.06 |
| “ <u>Settle</u> ” | 5.15(c) |
| “ <u>Shared Asset</u> ” | 2.02(c)(iii) |
| “ <u>Social Security Act</u> ” | 3.15(f) |
| “ <u>Sub</u> ” | Recitals |
| “ <u>Third Party Claim</u> ” | 10.05(b) |
| “ <u>Tier I Employee</u> ” | 3.06 |
| “ <u>Tier II Employee</u> ” | 3.06 |
| “ <u>Transferred Employees</u> ” | 6.01(b) |
| “ <u>Transferred Subsidiary Tax Attributes</u> ” | 5.06(d) |
| “ <u>U.S. Business Employee</u> ” | 6.01(a) |
| “ <u>U.S. Transferred Employee</u> ” | 6.01(a) |

SECTION 2.01. Purchase and Sale of the Shares. Upon the terms and subject to the conditions of this Agreement, at the Closing, Guidant shall, or shall cause the applicable Share Seller set forth on Schedule 1.01(d) to, sell, convey, assign and transfer to the applicable Share Purchaser set forth on Schedule 1.01(d) the Shares of the Transferred Subsidiaries set forth on Schedule 1.01(d), and the applicable Share Purchaser shall purchase all of Guidant's or such Share Seller's right, title and interest in and to such Shares, free and clear of all Encumbrances. Prior to the Closing, the Excluded Assets and any employees who are not Transferred Employees shall be transferred by the Transferred Subsidiaries to Guidant, Boston Scientific or one of their respective Affiliates, and the Excluded Liabilities of the Transferred Subsidiaries shall be assumed by Guidant, Boston Scientific or one of their respective Affiliates, each in the manner described in Schedule 5.12.

SECTION 2.02. Purchase and Sale of Assets. (a) Upon the terms and subject to the conditions of this Agreement, at the Closing, Guidant shall sell, convey, assign and transfer, and shall cause each Asset Seller set forth on Schedule 1.01(a) to sell, convey, assign and transfer, to the applicable Asset Purchaser set forth on Schedule 1.01(a) all the assets, rights, properties and businesses of Guidant and its Affiliates, of every kind and description and wherever located, whether tangible or intangible, real, personal or mixed, that (except as otherwise expressly set forth in this Agreement or the Ancillary Agreements) are used primarily in, or related primarily to (with "primarily" being determined by taking into account revenues, assets, personnel, registrations and other relevant factors), the Business (the "Purchased Assets"), and the applicable Purchaser shall purchase the Purchased Assets, including the following:

(i) that portion of the Owned Business Real Property located at Clonmel, Ireland described on Schedule 2.02(a)(i);

(ii) the Leased Business Real Property listed on Schedule 2.02(a)(ii);

(iii) all tangible personal property, including machinery, equipment, training materials and equipment, mechanical and spare parts, supplies, owned and leased motor vehicles, mobile telephones, PC equipment, PDA bar code readers, fixtures, trade fixtures, tools, tooling, dyes, cap and component molds, stores, furniture, furnishings, office equipment and supplies, production supplies, other miscellaneous supplies and other tangible property of any kind, in each case in accordance with the guidelines set forth on Schedule 2.02(a)(iii);

(iv) the benefit and use of any Shared Asset pursuant to this Agreement, the Transition Services Agreement, the License and Technology Transfer Agreement, or a lease or similar arrangement entered into by the parties or their respective Affiliates;

(v) the Business Intellectual Property;

(vi) the Registrations supported by and including: (A) the original documents under the possession of Guidant or the Asset Sellers (or that are accessible to Guidant or

11

the Asset Sellers using commercially reasonable efforts) evidencing the Registrations issued to Guidant or the Asset Sellers by a Governmental Authority, in each case to the extent assignable with or without the consent of the issuing Governmental Authority; and (B) all related Registration applications, clinical research and trial agreements, data results and records of clinical trials and marketing research, design history files, technical files, drawings, manufacturing, packaging and labeling specifications, validation documentation, packaging specifications, quality control standards and other documentation, research tools, laboratory notebooks, files and correspondence with regulatory agencies and quality reports and all relevant pricing information and correspondence with Governmental Authorities with respect to such pricing matters;

(vii) all advertising, marketing and promotional materials and all other printed or written materials, including website content and the design of such websites protected by applicable Law, in each case to the extent used primarily in, or related primarily to, the Business;

(viii) subject to Section 5.10 and except as set forth in Sections 2.02(c) and 2.03(b), any Contract related to the Business;

(ix) subject to Section 5.10 and except for intercompany receivables between Guidant and any of its Affiliates, or between any Affiliate of Guidant and any other Affiliate of Guidant, all accounts, notes and other receivables resulting from sales by Guidant or its Affiliates of products to the extent generated by, or related to, the Business, whether current or noncurrent, including all file documentation related to such accounts, notes and other receivables, including invoices, shipping documents, communications and correspondence submitted to or received from customers related to such sales;

(x) all inventories, including raw materials, works in process, semi-finished and finished products, stores, replacement and spare parts, packaging materials, operating supplies and inventory on consignment, in transit or deposited in a warehouse, in each case to the extent used in, or related to, the Business;

(xi) all prepayments, security deposits, refunds (other than refunds described in Section 2.02(c)(viii)) and prepaid expenses, in each case to the extent used primarily in, or related primarily to, the Business;

(xii) all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind (including all damages and payments for past, present or future infringement or misappropriation of Business Intellectual Property, the right to use and recover for past infringements or misappropriations of Business Intellectual Property, and any and all corresponding rights that have been, now or hereafter may be secured throughout the world with respect to any Business Intellectual Property), except to the extent any of the foregoing relate to (x) Excluded Assets or Excluded Liabilities or (y) intercompany receivables between Guidant and any of its Affiliates, or between any Affiliate of Guidant and any other Affiliate of Guidant;

12

(xiii) all income, royalties and payments receivable in respect of any Business Intellectual Property;

(xiv) all Books, Records and Files (other than income and similar Tax Returns and related books, records and files), to the extent used in, or related to, the Business;

(xv) all permits, licenses, certifications and approvals from all permitting, licensing, accrediting and certifying agencies, and the rights to all data and records held by such permitting, licensing and certifying agencies, in each case to the extent transferable and used in, or related to, the Business, in each case in accordance with the guidelines set forth in Schedule 2.02(a)(xv);

(xvi) all computer software data and information, and all related hardware, in each case in accordance with the guidelines set forth in Schedule 2.02(a)(xvi);

(xvii) subject to Section 5.07, all claims under insurance policies and claims or benefits in, to or under any express or implied warranties from suppliers of goods or services relating to inventory sold or delivered to Guidant or any Asset Seller prior to the Closing, in each case to the extent related to the Business;

(xviii) copies of any Tax Returns to the extent related primarily to the Assets, the Transferred Subsidiaries or the Business;

(xix) all goodwill of the Business as a going concern;

(xx) all rights of Abbott and its Affiliates arising under this Agreement or from the consummation of the transactions contemplated hereby; and

(xxi) the assets described on Schedule 2.02(a)(xxi).

(b) Guidant may redact any information related to the Excluded Businesses from any Books, Records and Files and similar materials conveyed pursuant to Section 2.02(a); provided, however, that such redaction shall not impair any information related to the Business contained in such Books, Records and Files and similar materials.

(c) Notwithstanding anything in Sections 2.01 and 2.02(a) to the contrary, the Purchasers shall not purchase, and the Assets shall not include, any right, title and interest in or to any of the following assets (the "Excluded Assets");

(i) subject to Section 2.02(d), all cash and cash equivalents, securities (other than the Shares, if any) and negotiable instruments on hand, in lock boxes, in financial institutions or elsewhere, including any cash residing in any collateral cash account securing any obligation or contingent obligation;

(ii) all intercompany receivables between Guidant and any of its Affiliates, or between any Affiliate of Guidant and any other Affiliate of Guidant;

13

(iii) except as otherwise expressly set forth in this Agreement or the Ancillary Agreements, the ownership right in any property or asset (but expressly excluding all Intellectual Property) that is used both in the Business and in any other businesses of Guidant; provided, however, that such property or asset is not used primarily in, or related primarily to, the Business (a "Shared Asset");

(iv) the Real Property listed on Schedule 2.02(c)(iv);

(v) all businesses of Guidant and its Affiliates not included in the Business, including the cardiac rhythm management, endovascular repair and cardiac surgery businesses, the capital stock and equity interests of EndoVascular Technologies, Inc., a Delaware corporation ("EVT"), or any subsidiary thereof or any assets of EVT or any subsidiary thereof, and including all rights of Guidant, EVT and any other Guidant subsidiary with respect to the ANCURE ENDOGRAFT System (collectively, the "Excluded Businesses");

(vi) subject to Section 5.08(c), the Licensed Marks;

(vii) all assets of any employee or independent contractor compensation or benefit plan, program or arrangement that is maintained or contributed to by Guidant or any of its Affiliates (other than a stand-alone plan, program or arrangement that is sponsored by a Transferred Subsidiary and covers primarily employees of the Business) and that is not transferred to a Purchaser or its Affiliate pursuant to Article VI;

(viii) subject to the provisions of Article VII, any right to any refund or credit with respect to Taxes relating to any Pre-Closing Tax Period; and

(ix) all rights of Guidant and its Affiliates arising under this Agreement or from the consummation of the transactions contemplated hereby.

(d) Guidant shall transfer, or Guidant and Abbott will share, the rights, benefits and obligations associated with investments by Guidant or any of its Affiliates in other Persons (other than Affiliates of Guidant) engaged in the vascular interventional or endovascular solutions businesses in the manner described on Schedule 2.02(d).

(e) Immediately prior to the Closing, specified Assets of the Transferred Subsidiaries may be transferred pursuant to the Intellectual Property Transfer Agreements by the applicable Transferred Subsidiary (each, an "IP Seller") to certain Asset Purchasers (each, an "IP Purchaser"). No later than five days prior to the Closing, Abbott shall provide Guidant with Schedule 2.02(e) which shall set forth the specified Assets to be transferred pursuant to this Section 2.02(e), the identity of the IP Purchaser and the corresponding IP Seller, and the portion of the Purchase Price to be paid by the relevant IP Purchaser under each Intellectual Property Transfer Agreement. Abbott shall cause each relevant IP Purchaser, and Guidant shall cause each relevant IP Seller, to execute the applicable Intellectual Property Transfer Agreement immediately prior to the Closing.

(f) Abbott and Guidant hereby covenant that the transactions to be effected immediately prior to the Closing and described in Section 2.02(e) shall occur in the following

sequence: (i) first, the transfer to be effected pursuant to the Intellectual Property Transfer Agreements, (ii) second, the distribution by the IP Sellers set forth on Schedule 2.02(e) to Guidant of the proceeds to be paid by the applicable IP Purchasers under the Intellectual Property Transfer Agreements, and (iii) third, the transfer of the Shares and the Purchased Assets other than the Purchased Assets transferred pursuant to Section 2.02(e).

SECTION 2.03. Assumption and Exclusion of Liabilities. (a) Upon the terms and subject to the conditions and exclusions set forth in this Agreement, at the Closing, Abbott shall, or shall cause the applicable Asset Purchaser to, assume and agree to pay, perform and discharge when due, any and all of the Liabilities of Guidant and its Affiliates to the extent relating to or arising out of the Business or the Purchased Assets, other than the Excluded Liabilities set forth in Section 2.03(b) below (the "Assumed Liabilities").

(b) After the Closing, Guidant and/or its Affiliates shall retain (or, if necessary, expressly assume), and shall be responsible for paying, performing and discharging when due, and none of Abbott, the Purchasers or their Affiliates shall assume (by succession, transfer or assignment or otherwise) or have any responsibility for, any of the following Liabilities (the "Excluded Liabilities"):

(i) all Liabilities to the extent relating to or arising out of the Excluded Assets;

(ii) all Liabilities to the extent relating to or arising out of assets or businesses of Guidant or any of its Affiliates that are not included in the Assets or related to the Business;

(iii) all Liabilities (1) (A) arising from death or personal injury relating to, resulting from, caused by or arising out of, directly or indirectly, the ANCORE ENDOGRAFT System used in the treatment of abdominal aortic aneurysms, including any such Liabilities for negligence, strict liability, design or manufacturing defect, conspiracy, failure to warn, or breach of express or implied warranties of merchantability or fitness for any purpose or use, or (B) otherwise relating to such System, (2) arising from defibrillator product recalls and any related litigation, or (3) arising from any Guidant shareholder litigation with respect to or arising out of the transactions pursuant hereto or the Amended and Restated Agreement and Plan of Merger, dated as of November 14, 2005, among Johnson & Johnson, Shelby Merger Sub, Inc. and Guidant or any amendment or successor agreement thereof;

(iv) except as provided in Section 6.02(f), all Liabilities (including all claims arising out of any death, accident, disease or injury occurring on or before the Closing, whether asserted before or after the Closing) relating to or arising from any employee or independent contractor compensation or benefit plan, program or arrangement that is maintained or contributed to by Guidant or any of its Affiliates (other than a stand-alone plan, program or arrangement that is sponsored by a Transferred Subsidiary and covers primarily employees of the Business) and that is not transferred to a Purchaser or its Affiliate pursuant to Article VI;

15

(v) all indebtedness for borrowed money; and

(vi) all intercompany payables and loans between Guidant and any of its Affiliates, or between any Affiliate of Guidant and any other Affiliate of Guidant.

SECTION 2.04. Purchase Price; Allocation of Purchase Price. (a) Subject to the terms and conditions of this Agreement, at the Closing, Abbott, on behalf of itself and the other Purchasers, shall pay to Guidant, on behalf of itself and the Sellers (except (i) as required by applicable Law, in which case the applicable Asset Purchaser shall pay locally to the applicable Asset Seller, (ii) as set forth in Schedule 2.02(e), in which case the applicable IP Purchaser shall pay to Guidant on behalf of the applicable IP Seller, or (iii) as set forth in Section 2.06 with respect to a Deferred Local Closing), an aggregate purchase price for the Purchased Assets and the Shares in an amount in cash equal to \$4,100,000,000 (the "Initial Purchase Price"). At the Closing, the Purchasers shall assume the Assumed Liabilities. The Initial Purchase Price, the Assumed Liabilities and the Milestone Payments are collectively referred to herein as the "Purchase Price". Except as otherwise provided in the parenthetical of Section 2.08(a), the Initial Purchase Price shall be paid at the Closing by wire transfer in immediately available funds to a bank account designated in writing by Guidant no later than three Business Days prior to the Closing. Abbott shall make any required withholding of Taxes from the Purchase Price and shall pay Guidant the Purchase Price net of any such withholding. Abbott shall have no obligation to gross-up, indemnify or otherwise compensate Guidant for any withholding Tax due or imposed with respect to the Purchase Price. No later than five days prior to the Closing, Abbott shall provide Schedule 2.04(a) to Guidant which shall set forth the jurisdictions in which Abbott or the other applicable Purchasers intend to withhold Taxes on payment of the Purchase Price.

(b) No later than five days prior to the Closing, Abbott shall provide Guidant with an allocation of the Purchase Price by country based on an estimate of the fair market values of the Shares and Purchased Assets (the "Estimated Country Allocation"). As soon as practicable, and in any event not later than five days prior to (i) the latest date required by applicable Law and (ii) seventy days after the Closing, Abbott shall provide for Guidant's review and comments (A) an allocation of the Purchase Price among the Shares and the Purchased Assets by country based on the fair market values of such Shares and Purchased Assets (the "Country Allocation"), and (B) if required by applicable Law, an allocation by asset category within a particular country (the "In-Country Allocation"). Guidant shall have the right to consent to the Estimated Country Allocation and the In-Country Allocation, which consent shall not be unreasonably withheld or delayed. If Guidant and Abbott are unable to reach agreement on the Country Allocation within five days following the relevant date provided in Section 2.04(b)(ii), the Country Allocation shall be determined by an internationally-recognized independent accounting firm mutually selected by Abbott and Guidant (the "Country Allocation Accounting Firm") using customary valuation methodologies; provided, however, that the Country Allocation Accounting Firm shall make its determination within thirty days following the date provided in Section 2.04(b)(ii). The determination made by the Country Allocation Accounting Firm shall be, absent manifest error, final and binding on Guidant, on behalf of itself and the Sellers, and Abbott, on behalf of itself and the other Purchasers. The fees and expenses of the Country Allocation Accounting Firm shall be shared equally between Guidant and Abbott. Guidant, on behalf of itself and the Sellers, and Abbott, on behalf of itself and the other Purchasers, shall acknowledge that the Country

Allocation and In-Country Allocation will be done at arm's length based upon a good faith determination of fair market values.

(c) Each of Guidant, Abbott and each of their respective Affiliates shall (i) be bound by the Country Allocation and the In-Country Allocation for purposes of determining any Taxes, and (ii) prepare and file, and cause its Affiliates to prepare and file, its Tax Returns on a basis consistent with the Country Allocation and the In-Country Allocation. None of Guidant, Abbott or their respective Affiliates shall take any position inconsistent with the Country Allocation or the In-Country Allocation in any Tax Return, in any refund claim, in any litigation, or otherwise unless required by final determination by an applicable taxing authority. In the event that the Country Allocation or the In-Country Allocation is disputed by any taxing authority, the party receiving notice of the dispute shall promptly notify the other party hereto, and Abbott and Guidant agree to use their best efforts to defend such Country Allocation or such In-Country Allocation in any audit or similar proceeding.

SECTION 2.05. Milestone Payments. In addition to the Initial Purchase Price, within three Business Days following the first date of the achievement of the following events, Abbott or any Purchaser shall pay to Guidant or, subject to the prior written consent of Abbott (not to be unreasonably withheld or delayed), its designee the following payments (each, a "Milestone Payment") by wire transfer in immediately available funds to a bank account designated by Guidant (or, if notice of such designation is received by Abbott later than three Business Days following such first date, the applicable payment shall be made within three Business Days following receipt of such designation): (a) a single, one-time payment in cash equal to \$250,000,000, upon and subject to the condition that Abbott or any of its Affiliates or designees has received approval from the FDA to market and sell an everolimus eluting stent in the United States on or before the tenth anniversary of the Closing, and (b) a single, one-time payment in cash equal to \$250,000,000, upon and subject to the condition that Abbott or any of its Affiliates or designees has received approval from the Ministry of Health, Labour and Welfare of Japan to market and sell an everolimus eluting stent in Japan on or before the tenth anniversary of the Closing; provided, however, that in the event of a failure by Boston Scientific or any of its Affiliates to pay any principal or interest when due (by operation of Law or otherwise) on the Note or on Principal Indebtedness, any proceeds Guidant or its designee receives or is entitled to receive with respect to the Milestone Payments pursuant to this Section 2.05 will be immediately applied upon receipt thereof (or, in the case of any such Milestone Payments which shall be due but not have been paid at such time, may be applied by Abbott directly), by set-off or recoupment, to prepay any amounts then outstanding under the Note. Total Milestone Payments shall not exceed \$500,000,000. As a condition to any sale, assignment or transfer of any of the Milestone Payments by Guidant to any Person (other than an Affiliate of Guidant), Guidant shall cause any such Person to acknowledge in writing (with a copy of such acknowledgement to be delivered to Abbott) its agreement to the provisions of this Section 2.05.

SECTION 2.06. Closing. Subject to the terms and conditions of this Agreement, the sale and purchase of the Shares and the Purchased Assets and the assumption of the Assumed Liabilities contemplated by this Agreement shall take place at a closing (the "Closing") to be held immediately prior to the consummation of the Merger at the offices of Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York at 10:00 a.m., New York time, on the

17

second Business Day following the satisfaction or waiver of the conditions to the obligations of the parties hereto set forth in Article VIII, or at such other place or at such other time or on such other date as Guidant and Abbott may mutually agree upon in writing; provided, however, that if the approvals described on Schedule 2.06 required in one or more of the jurisdictions listed on Schedule 2.06 ("Required Consent Jurisdictions") have not been obtained at the time of the Closing, then the parties shall defer the Closing solely with respect to the Shares or Purchased Assets related to such Required Consent Jurisdictions as described on Schedule 2.06 (each, a "Deferred Local Closing"). In such event, (a) the legal interest in and to the relevant Shares or Purchased Assets shall not be assigned, transferred or conveyed to the applicable Purchaser unless and until the Deferred Local Closing occurs, (b) to the extent permitted under applicable Law, the applicable Purchaser shall acquire a beneficial interest in and to the relevant Shares or Purchased Assets at the Closing (including all cash and cash equivalents generated with respect thereto), (c) until the Deferred Local Closing occurs, Guidant and its Affiliates shall conduct the Business in the Required Consent Jurisdictions for the benefit and at the expense of Abbott, and (d) Guidant and its Affiliates shall not integrate the Excluded Assets in the Required Consent Jurisdictions with the businesses of Boston Scientific or its Affiliates until such time as the Deferred Local Closing has occurred. The Deferred Local Closing shall occur no later than three Business Days following receipt of the necessary consents and the expiration of all mandatory waiting periods, or at such time as the parties may mutually agree upon in writing. At Guidant's election, Abbott or the applicable Purchaser shall either (i) deliver, on the date of the Closing, the portion of the Initial Purchase Price allocated to the Shares and the Purchased Assets related to each Deferred Local Closing pursuant to Section 2.04(b) to a third-party trust account maintained by an escrow agent (to be mutually agreed by Abbott and Guidant prior to the Closing), which portions shall be released to Guidant or the applicable Seller on the date of the applicable Deferred Local Closing, or (ii) pay to Guidant or the applicable Seller the portion of the Initial Purchase Price allocated to the Shares and the Purchased Assets related to each Deferred Local Closing pursuant to Section 2.04(b) on the date of such Deferred Local Closing. Guidant shall notify Abbott in writing of its election at least 10 days prior to the Closing. Solely with respect to each Deferred Local Closing, the conditions set forth in each of Sections 8.01(b) and (c) and 8.02(b) and (c) must be satisfied at or prior to such Deferred Local Closing instead of the Closing.

SECTION 2.07. Closing Deliveries by Guidant. At the Closing, Guidant shall deliver, or cause to be delivered, to the applicable Purchaser:

(a) other than with respect to uncertificated Shares (with respect to which such notarial deeds or other instruments of transfer duly executed by the applicable Share Seller will be delivered as required under applicable Law to give effect to the transfer of such uncertificated Shares), stock certificates evidencing the Shares duly endorsed in blank, or accompanied by stock powers duly executed in blank and with all required stock transfer Tax stamps affixed, in all cases free and clear of any Encumbrances;

(b) copies of the resolutions (or local equivalent) of the board of directors (or local equivalent) and, where required, the stockholders of each Seller, authorizing and approving the transactions contemplated by this Agreement and the applicable Ancillary Agreements, to the extent applicable to such Seller, certified by the respective corporate

18

secretary (or local equivalent) or a director to be true and complete and in full force and effect and unmodified as of the Closing;

(c) executed counterparts of each Ancillary Agreement to which Guidant or the applicable Seller is a party and such other instruments, in form and substance reasonably satisfactory to Abbott, as may be reasonably requested by Abbott or necessary under applicable Law to effect the

transfer of the Purchased Assets and the Shares to the Purchasers and to evidence such transfer in the public records, in each case duly executed by Guidant or the applicable Seller;

- (d) a receipt for the Initial Purchase Price; and
- (e) the certificate required by Section 8.02(a).

SECTION 2.08. Closing Deliveries by Abbott. At the Closing, Abbott shall deliver, or cause to be delivered, to Guidant or the Applicable

Seller:

(a) the Initial Purchase Price, by wire transfer in immediately available funds to an account or accounts designated in writing by Guidant not fewer than three Business Days prior to the Closing (except as otherwise may be required by applicable Law, in which case the portion of the Initial Purchase Price that must be paid locally to the applicable Asset Seller shall be paid by wire transfer in immediately available funds (in the local currency, if required by applicable Law) to a local bank account of such Asset Seller designated in writing by Guidant no fewer than three Business Days prior to the Closing);

(b) copies of the resolutions (or local equivalent) of the board of directors (or local equivalent) and, where required, the stockholders of each Purchaser, authorizing and approving the transactions contemplated by this Agreement and the applicable Ancillary Agreements to the extent applicable to such Purchaser, certified by the respective corporate secretary (or local equivalent) or a director to be true and complete and in full force and effect and unmodified as of the Closing;

(c) executed counterparts of each Ancillary Agreement to which Abbott or the applicable Purchaser is a party and such other instruments, in form and substance reasonably satisfactory to Guidant, as may be reasonably requested by Guidant or necessary under applicable Law to effect the assumption by Abbott and/or the Purchasers of the Assumed Liabilities and to evidence such assumption in the public records; and

- (d) the certificate required by Section 8.01(a).

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF GUIDANT

Guidant hereby represents and warrants to Abbott as follows:

19

SECTION 3.01. Organization, Authority and Qualification. (a) Guidant is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Indiana and has all necessary corporate power and authority to enter into, execute and deliver this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements to which it is a party. The execution and delivery by Guidant of this Agreement and the Ancillary Agreements to which it is a party, the performance by Guidant of its obligations hereunder and thereunder and the consummation by Guidant of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Guidant. This Agreement has been, and upon their execution each of the Ancillary Agreements to which Guidant is a party will be, duly executed and delivered by Guidant, and, assuming due authorization, execution and delivery by each of the other parties hereto and thereto, this Agreement is, and each of the Ancillary Agreements to which Guidant is a party will be, a legal, valid and binding obligation of Guidant, enforceable against it in accordance with its terms.

(b) Each Seller has been duly organized, is a validly existing legal entity and, where applicable, is in good standing (or its local equivalent) under the Laws of the jurisdiction of its organization, and will have when executed as provided in this Agreement all necessary corporate power and authority to enter into, execute and deliver each Ancillary Agreement to which it is a party, to carry out its obligations thereunder and to consummate the transactions contemplated thereby. The execution and delivery by each Seller of each Ancillary Agreement to which it is a party, the performance by such Seller of its obligations thereunder and the consummation by such Seller of the transactions contemplated thereby will be, when executed as provided in this Agreement, duly authorized by all requisite corporate action on the part of such Seller. Each Ancillary Agreement to which a Seller is a party will be, when executed as provided in this Agreement, duly executed and delivered by such Seller and, assuming due authorization, execution and delivery by the other parties thereto, will constitute, when executed as provided in this Agreement, a legal, valid and binding obligation of such Seller enforceable against it in accordance with its terms.

SECTION 3.02. Organization, Authority and Qualification of the Transferred Subsidiaries. Each Transferred Subsidiary is a company duly organized, validly existing under the laws of the jurisdiction of its incorporation and has all necessary corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as it has been and is currently conducted. Each Transferred Subsidiary is duly licensed or qualified to do business and is in good standing (or its local equivalent) in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary or desirable, except to the extent that the failure to be so licensed, qualified or in good standing individually or in the aggregate has not had and would not reasonably be expected to have a Material Adverse Effect. True and correct copies of the certificate of incorporation and bylaws (or similar organizational documents) of each Transferred Subsidiary have been delivered by Guidant to Abbott.

SECTION 3.03. Capitalization; Ownership of Shares. (a) Section 3.03(a) of the Disclosure Schedule sets forth a list of each Transferred Subsidiary, and sets forth, for each Transferred Subsidiary, the name, type of entity, jurisdiction and date of its incorporation or organization, its authorized capital stock, the number and type of its issued and outstanding

shares of capital stock or similar ownership interests of each Transferred Subsidiary and all of the Persons owning all the issued and outstanding shares of capital stock or similar ownership interests of each Transferred Subsidiary. All the issued and outstanding shares of capital stock or similar ownership interests of each Transferred Subsidiary have been validly issued and are fully paid and nonassessable and are owned, directly or indirectly, by Guidant, the applicable Share Seller or by a Transferred Subsidiary free and clear of all Encumbrances and free of any restriction on the right to vote, sell or otherwise dispose of such issued and outstanding shares of capital stock or similar ownership interests of each Transferred Subsidiary. Except as set forth in Section 3.03(a) of the Disclosure Schedule and except for this Agreement, there are no options, warrants, calls, subscriptions, convertible securities or other rights, securities, agreements, arrangements or commitments relating to the issued and outstanding shares of capital stock or similar ownership interests of each Transferred Subsidiary or obligating Guidant or its Affiliates to issue, transfer or sell, or cause to be issued, transferred or sold, any shares of capital stock or similar ownership interests of any Transferred Subsidiary, or grant, extend or enter into any such agreement, arrangement or commitment. The Shares constitute all the issued and outstanding capital stock of the Transferred Subsidiaries. There are no outstanding contractual obligations of Guidant or its Affiliates to repurchase, redeem or otherwise acquire any Shares or any other interest in the Transferred Subsidiaries.

(b) Section 3.03(b) of the Disclosure Schedule sets forth a true and complete list of each investment by Guidant or any of its Affiliates in other Persons (other than Affiliates of Guidant) engaged in the vascular interventional or endovascular solutions businesses.

SECTION 3.04. No Conflict. Assuming that all consents, approvals, authorizations and other actions described in Section 3.05 have been obtained, all filings and notifications listed in Section 3.05 of the Disclosure Schedule have been made and any applicable waiting period has expired or been terminated, and except as may result from any facts or circumstances relating solely to Abbott or the other Purchasers, the execution, delivery and performance by Guidant of this Agreement, and the execution, delivery and performance by each of Guidant and each Seller of the Ancillary Agreements to which it is a party, do not and will not (a) violate, conflict with or result in the breach of the certificate of incorporation or by laws (or similar organizational documents) of Guidant, the Sellers or the Transferred Subsidiaries, (b) conflict with or violate any Law or Governmental Order applicable to Guidant, the Sellers or the Transferred Subsidiaries, as applicable, or their respective properties or other assets, or (c) except as set forth in Section 3.04(c) of the Disclosure Schedule, conflict with, result in any violation or breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, or give to others any rights of, or result in, termination, cancellation or acceleration of any obligation or to the loss of a benefit under, or result in the creation of any Encumbrance (other than Permitted Encumbrances) in or upon the properties or other assets of the Business or any Transferred Subsidiary under, any Contract to which Guidant, a Seller or a Transferred Subsidiary is a party, or to which any of the respective Purchased Assets is subject, except, in the case of clauses (b) and (c), as individually or in the aggregate has not had and would not reasonably be expected to (i) have a Material Adverse Effect, (ii) impair in any material respect the ability of Guidant or any Seller to perform its obligations under this Agreement, or (iii) prevent or materially impede, interfere with, hinder or delay the consummation of the transactions contemplated by this Agreement.

21

SECTION 3.05. Governmental Consents and Approvals. The execution, delivery and performance by Guidant of this Agreement, and the execution, delivery and performance by each of Guidant and each Seller of each Ancillary Agreement to which it is a party, do not and will not require any consent, approval or other order or authorization of, action by or in respect of, or registration, declaration or filing with or notification to, any Governmental Authority, except (a) the requirements of the applicable Council Regulation of the European Union, as amended (the "EU Merger Regulation"), and, to the extent applicable, the requirements of the HSR Act and the antitrust Laws of any other relevant jurisdiction, (c) where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect, or (d) as may be necessary as a result of any facts or circumstances relating solely to Abbott or any of its Affiliates.

SECTION 3.06. Conduct in the Ordinary Course. Except for Liabilities incurred in connection with, and actions taken in compliance with, this Agreement, since the date of the most recent financial statements included in the "Filed Company SEC Documents" (as defined in the Merger Agreement), the Business has been conducted only in the ordinary course consistent with past practice, and there has not been any Material Adverse Effect, and from such date until the date hereof there has not been: (a) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any capital stock of any Transferred Subsidiary, other than dividends or distributions by a Transferred Subsidiary to Guidant or a Share Seller, (b) any purchase, redemption or other acquisition by a Transferred Subsidiary of any shares of capital stock or any other securities of such Transferred Subsidiary or any options, warrants, calls or rights to acquire such shares or other securities, (c) any split, combination or reclassification of any capital stock of a Transferred Subsidiary or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of their respective capital stock, (d) (i) any granting by Guidant or any of its Affiliates to any current or former (A) director of a Transferred Subsidiary or (B) U.S. Business Employee or Non-U.S. Business Employee who is treated as a Tier I Employee (a "Tier I Employee") or Tier II Employee (a "Tier II Employee") for purposes of Guidant's Change in Control Severance Pay Plan for Select Employees (all individuals described in the foregoing clauses (A) and (B) of this clause (d)(i), collectively, the "Key Personnel"), of any increase in compensation, bonus or fringe or other benefits, except for normal increases in cash compensation (including cash bonuses) in the ordinary course of business consistent with past practice or as was required under any (y) employment, deferred compensation, consulting, severance, change of control, termination or indemnification contract with any Key Personnel or (z) contract with any Key Personnel the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving Guidant of a nature contemplated by the Merger Agreement (all such contracts in the foregoing clauses (y) and (z) of this clause (d)(i), collectively, "Guidant Benefit Agreements") or Guidant Benefit Plan (as defined in Section 3.12), (ii) any granting by Guidant or any of its Affiliates to any Key Personnel of (A) any increase in severance or termination pay or (B) any right to receive any severance or termination pay except for severance or termination pay received in the ordinary course of business consistent with past practice or as was required under any Guidant Benefit Agreement or Guidant Benefit Plan, (iii) any entry by Guidant or any of its Affiliates into, or any amendments of, any Guidant Benefit Agreement, (iv) the removal or modification of any restrictions in any Guidant Benefit Agreement or Guidant Benefit Plan or awards made

22

thereunder, except as required to comply with applicable Law or any Guidant Benefit Agreement or Guidant Benefit Plan in effect as of the date hereof or (v) the adoption, amendment or termination of any Guidant Benefit Plan, other than, in the cases of clauses (i), (ii), (iii) and (iv), such increases, amendments, new agreements, removals, modifications or terminations with respect to Tier II Employees that (1) do not provide for any increase in compensation or benefits for any individual Tier II Employee that is material in relation to such Tier II Employee's compensation or benefits prior to such increase and (2) in the aggregate do not result in any material increase in compensation, benefits or other similar expenses of the Business, (e) any damage, destruction or loss, whether or not covered by insurance, that individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect, (f) any change in accounting methods, principles or practices of the Business materially affecting its assets, liabilities or businesses, except insofar as may have been required by a change in GAAP or (g) any material Tax election or any settlement or compromise of any material income Tax liability.

SECTION 3.07. Litigation. Except as set forth in Section 3.07 of the Disclosure Schedule, and except with respect to Taxes, which are the subject of Section 3.13, there is no Action pending or, to the Knowledge of Guidant, threatened, against or affecting a Transferred Subsidiary, the Business or the Assets that individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect, nor is there any demand or letter of any Governmental Authority or any Governmental Order outstanding against, or, to the Knowledge of Guidant, investigation by any Governmental Authority involving, a Transferred Subsidiary, the Business or the Assets that individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect. As of the date hereof, no Action by or against Guidant or any of its Affiliates is pending, or to the Knowledge of Guidant, threatened, that would reasonably be expected to affect the legality, validity or enforceability of this Agreement or prevent the consummation of the transactions contemplated hereby.

SECTION 3.08. Compliance with Laws. Except with respect to Environmental Laws, the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), Taxes and regulatory compliance, which are the subjects of Sections 3.09, 3.12, 3.13 and 3.15, respectively, each of the Transferred Subsidiaries and the Business is in compliance with all Laws and Governmental Orders applicable to it, its properties or other assets or its business or operations, except for failures to be in such compliance that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect. Each of the Transferred Subsidiaries and the Business has in effect all approvals, authorizations, certificates, filings, franchises, licenses, notices and permits of or with all Governmental Authorities (collectively, “Permits”), including all Permits under the Federal Food, Drug and Cosmetic Act of 1938, as amended (including the rules and regulations promulgated thereunder, the “FDCA”), necessary for the Transferred Subsidiaries and the Business to own, lease or operate its properties and other assets and to carry on its activities and operations as currently conducted, except where the failure to have such Permits individually or in the aggregate has not had and would not reasonably be expected to have a Material Adverse Effect. Since January 1, 2000, there has not occurred any default under, or violation of, any such Permit, except for any such default or violation that individually or in the aggregate has not had and would not reasonably be expected to have a Material Adverse Effect. The consummation of the transactions contemplated by this Agreement, in and of itself, would not cause the revocation or cancellation of any such

23

Permit that individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

SECTION 3.09. Environmental Matters. Except for those matters that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect: (i) during the period of ownership or operation by Guidant and its Affiliates of any of their current or former Owned Business Real Property or Leased Business Real Property, there have been no Environmental Releases of Hazardous Materials in, on, under or affecting any properties that would subject the Business to any Liability under any Environmental Law or require any expenditure by the Transferred Subsidiaries or the Business for remediation to meet applicable standards thereunder; (ii) prior to and after, as applicable, the period of ownership or operation by Guidant, and its Affiliates of any of their current or former Owned Business Real Property or Leased Business Real Property, to the Knowledge of Guidant, there were no Environmental Releases of Hazardous Materials in, on, under or affecting any properties that would subject the Transferred Subsidiaries or the Business to any Liability under any Environmental Law or require any expenditure by the Transferred Subsidiaries or the Business for remediation to meet applicable standards thereunder; (iii) none of the Transferred Subsidiaries are subject to any indemnity obligation or other contract with any Person relating to obligations or Liabilities under Environmental Laws; and (iv) to the Knowledge of Guidant, there are no facts, circumstances or conditions that would reasonably be expected to form the basis for any investigation, suit, claim, action, proceeding or liability against or affecting a Transferred Subsidiary or the Business relating to or arising under Environmental Laws.

SECTION 3.10. Intellectual Property. (a) Section 3.10(a) of the Disclosure Schedule sets forth, as of the date hereof, a complete and accurate list (in all material respects) of all patents and applications therefor, registered trademarks and applications therefor, domain name registrations and copyright registrations (if any) that are included in the Business Intellectual Property and are material to the conduct of the Business as currently conducted. Such Intellectual Property rights required to be listed in Section 3.10(a) of the Disclosure Schedule, together with any tradename rights, trade secret or know how rights, service mark rights, trademark rights, patent rights, Intellectual Property rights in computer programs or software or other type of Intellectual Property rights, in each case, that are used primarily in or related primarily to the Business and that are material to the conduct of the Business, taken as a whole, as currently conducted, are collectively referred to herein as the “Intellectual Property Rights”. All Intellectual Property Rights are either (i) owned by Guidant, a Transferred Subsidiary or an Asset Seller free and clear of all Encumbrances (other than Permitted Encumbrances) or (ii) licensed to Guidant, a Transferred Subsidiary or an Asset Seller free and clear (to the Knowledge of Guidant) of all Encumbrances (other than Permitted Encumbrances), except where the failure to so own or license such Intellectual Property Rights individually or in the aggregate has not had and would not reasonably be expected to have a Material Adverse Effect. There are no claims pending or, to the Knowledge of Guidant, threatened with regard to the ownership or, to the Knowledge of Guidant, licensing by Guidant, the Transferred Subsidiaries or the Asset Sellers of any Intellectual Property Rights which individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect. Guidant, a Transferred Subsidiary or an Asset Seller owns, is validly licensed or otherwise has the right to use all Intellectual Property Rights, except where the failure to own, have a valid license or otherwise have rights to use such Intellectual Property Rights individually or in the aggregate has

24

not had and would not reasonably be expected to have a Material Adverse Effect. The execution and delivery of this Agreement and the Ancillary Agreements by Guidant and its Affiliates (other than the Transferred Subsidiaries) does not, and the consummation by Guidant of the Closing and the other transactions contemplated by this Agreement and the Ancillary Agreements will not, conflict with, or result in any violation or breach of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or the loss of a benefit under, or result in the creation of any Encumbrance in or upon, any Intellectual Property Right, in each case that individually or in the aggregate has not had or would reasonably be expected to have a Material Adverse Effect. Section 3.10(a)(i) of the Disclosure Schedule sets forth, as of the date hereof, all contracts under which Guidant, the Transferred Subsidiaries or the Asset Sellers is obligated to make payments to third parties for use of any Intellectual Property Rights with respect to the commercialization of any products that are, as of the date hereof, being sold, manufactured by or under development by the Business and for which such payments are in excess of \$2,000,000 per year for any single product. The aggregate amount of all such payments that the Business is obligated to make under any contract of the type described in the immediately preceding sentence that are not required to be disclosed pursuant to such sentence does not exceed \$10,000,000 per year.

(b) There are no pending or, to the Knowledge of Guidant, threatened claims that the operation of the Business or any Transferred Subsidiary has infringed or is infringing (including with respect to the manufacture, use or sale by the Business or the Transferred Subsidiaries of any

products or to the operations of the Business and the Transferred Subsidiaries) any intellectual property rights of any Person that individually or in the aggregate have had or would reasonably be expected to have a Material Adverse Effect. To the Knowledge of Guidant, as of the date of this Agreement, there are no facts, circumstances or conditions that would reasonably be expected to form the basis for any claim by a Person to exclude or prevent the Business from freely using its Intellectual Property Rights and that individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

(c) All patents required to be listed in Section 3.10(a) of the Disclosure Schedule that are owned by Guidant or its Affiliates have been duly registered and/or filed with or issued by each appropriate Governmental Authority, all necessary affidavits of continuing use have been timely filed, and all necessary maintenance fees have been timely paid to continue all such rights in effect, other than failures to be duly registered, filed, issued or paid that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect. None of the patents required to be listed in Section 3.10(a) of the Disclosure Schedule that are owned by Guidant or its Affiliates has expired or been declared invalid, in whole or in part, by any Governmental Authority, other than such expirations or declarations of invalidity that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect. There are no ongoing interferences, oppositions, reissues, reexaminations or other proceedings challenging any of the patents or patent applications required to be listed in Section 3.10(a) of the Disclosure Schedule and owned by Guidant or its Affiliates for the benefit of the Business and the Transferred Subsidiaries (or, to the Knowledge of Guidant, challenging any such patents or patent applications licensed to the Business or the Transferred Subsidiaries), including ex parte and post-grant proceedings, in the United States Patent and Trademark Office or in any foreign patent office or similar administrative agency, other than such interferences, oppositions, reissues, reexaminations or

25

proceedings that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect.

(d) Except as has not had and would not reasonably be expected to have a Material Adverse Effect, Guidant and its Affiliates have used commercially reasonable efforts to maintain their material trade secrets included in the Business Intellectual Property in confidence.

SECTION 3.11. Title. Each of Guidant and each Asset Seller and Transferred Subsidiary has valid title to, or valid leasehold or sublease interests or other comparable contract rights in or relating to, all of its Owned Business Real Property or Leased Business Real Property, as applicable, and other tangible Assets necessary for the conduct of the Business as currently conducted, except as have been disposed of in the ordinary course of business and except for defects in title, easements, restrictive covenants and similar encumbrances that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect. Each of Guidant and each Asset Seller and Transferred Subsidiary has complied with the terms of all leases or subleases relating to Leased Business Real Property to which it is a party and under which it is in occupancy, and all leases relating to Leased Business Real Property to which Guidant or any Asset Seller or Transferred Subsidiary is a party and under which it is in occupancy are in full force and effect, except for such failure to comply or be in full force and effect that individually or in the aggregate has not had and would not reasonably be expected to have a Material Adverse Effect. None of Guidant or any Asset Seller or Transferred Subsidiary has received any written notice of any event or occurrence that has resulted or could result (with or without the giving of notice, the lapse of time or both) in a default with respect to any lease or sublease regarding the Leased Business Real Property to which it is a party, which defaults individually or in the aggregate have had or would reasonably be expected to have a Material Adverse Effect.

SECTION 3.12. Employee Benefit Matters. (a) Section 3.12(a) of the Disclosure Schedule contains a complete and accurate list, as of the date hereof, of (i) each employment, bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock appreciation, restricted stock, stock option, "phantom" stock, performance, retirement, thrift, savings, stock bonus, paid time off, perquisite, fringe benefit, vacation, severance, disability, death benefit, hospitalization, medical, welfare benefit or other plan, program, policy or contract maintained, contributed to or required to be maintained or contributed to by Guidant or any of the Asset Sellers or Transferred Subsidiaries or any other Person that, together with Guidant, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code (each, a "Commonly Controlled Entity") (exclusive of any such plan, program, policy or contract mandated by and maintained solely pursuant to applicable Law), in each case providing benefits to any current or former U.S. Business Employee or Non-U.S. Business Employee (collectively, but exclusive of individual option and restricted award agreements issued under the Company Stock Plans, the "Guidant Benefit Plans") and (ii) each Guidant Benefit Agreement (exclusive of local offer letters mandated under applicable non-U.S. Law that do not impose any severance obligations other than any mandatory statutory severance). Guidant has caused to be made available to Abbott a true and complete copy of (i) each Guidant Benefit Plan or, at Guidant's option, in the case of Guidant Benefit Plans maintained primarily for Non-U.S. Business Employees, a summary thereof (or, in either case, with respect to any unwritten Guidant Benefit Plans, descriptions thereof) and each Guidant

26

Benefit Agreement (exclusive of local offer letters mandated under applicable foreign Law that do not impose any severance obligations other than mandatory severance), (ii) the two most recent annual reports on Form 5500 required to be filed with the IRS with respect to each Guidant Benefit Plan (if any such report was required), (iii) the most recent summary plan description for each Guidant Benefit Plan for which such summary plan description is required, and (iv) each trust and insurance or group annuity contract relating to any Guidant Benefit Plan.

(b) Each Guidant Benefit Plan has been administered in all material respects in accordance with its terms and the requirements of all applicable Laws. Each of Guidant, a Transferred Subsidiary or an Asset Seller, as the case may be, has performed all material obligations required to be performed by it under, is not in any material respect in default under or in material violation of, and Guidant has no Knowledge of any material default or violation by any other party to, any Guidant Benefit Plan. No Action is pending or, to the Knowledge of Guidant, threatened with respect to any Guidant Benefit Plan (other than claims for benefits in the ordinary course) and, to the Knowledge of Guidant, no fact or event exists that could give rise to any such Action. Each of Guidant, the Transferred Subsidiaries, the Asset Sellers and all the Guidant Benefit Plans are all in compliance in all material respects with the applicable provisions of ERISA, the Code and all other applicable Laws, including Laws of foreign jurisdictions, and the terms of all collective bargaining Contracts.

(c) All Guidant Benefit Plans intended to be tax-qualified have received favorable determination letters from the IRS with respect to "TRA" (as defined in Section 1 of IRS Rev. Proc. 93-39), and have timely filed with the IRS determination letter applications (or have received such a determination letter) with respect to "GUST" (as defined in Section 1 of IRS Notice 2001-42), to the effect that such Guidant Benefit Plans are qualified and exempt from Federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, no such determination letter has been revoked (nor, to the Knowledge of Guidant, has revocation been threatened) and to the Knowledge of Guidant, no event has occurred since the date of the most recent determination letter or application therefor relating to any such Guidant Benefit Plan that would reasonably be expected to adversely affect the qualification of such Guidant Benefit

Plan or materially increase the costs relating thereto or require security under Section 307 of ERISA. Guidant has provided to Abbott a complete and accurate copy of the most recent determination letter received prior to the date hereof with respect to each Guidant Benefit Plan, as well as a complete and accurate copy of each pending application for a determination letter, if any. Guidant has also provided to Abbott a complete and accurate list of all amendments to any Guidant Benefit Plan as to which a favorable determination letter has not yet been received.

(d) Except as set forth on Section 3.12(d) of the Disclosure Schedule, neither Guidant nor any Commonly Controlled Entity has, during the six-year period ending on the date hereof, maintained, contributed to or been required to contribute to any Guidant Benefit Plan that is subject to Title IV of ERISA or Section 412 of the Code, or any "multiemployer plan" as defined in Section 3(37) or 4001(a)(3) of ERISA. Except as has not had and would not reasonably be expected to have a Material Adverse Effect, neither Guidant nor any Commonly Controlled Entity has any unsatisfied liability under Title IV of ERISA. To the Knowledge of Guidant, no condition exists that presents a material risk to Guidant, a Transferred Subsidiary or an Asset Seller of incurring a material liability under Title IV of ERISA. The Pension Benefit Guaranty Corporation has not instituted proceedings under Section 4042 of ERISA to terminate

27

any Guidant Benefit Plan and, to the Knowledge of Guidant, no condition exists that presents a material risk that such proceedings will be instituted.

(e) Except as has not had and would not reasonably be expected to have a Material Adverse Effect, (i) all reports, returns and similar documents with respect to all Guidant Benefit Plans required to be filed with any Governmental Authority or distributed to any Guidant Benefit Plan participant have been duly and timely filed or distributed, (ii) none of Guidant or any of the Transferred Subsidiaries has received notice of, and to the Knowledge of Guidant, there are no investigations by any Governmental Authority with respect to, termination proceedings or other claims (except claims for benefits payable in the normal operation of the Guidant Benefit Plans), suits or proceedings against or involving any Guidant Benefit Plan or asserting any rights or claims to benefits under any Guidant Benefit Plan that could reasonably be expected to give rise to any material liability, and (iii) to the Knowledge of Guidant, there are not any facts that could give rise to any liability in the event of any such investigation, claim, suit or proceeding.

(f) Except as has not had and would not reasonably be expected to have a Material Adverse Effect, (i) all contributions, premiums and benefit payments under or in connection with any Guidant Benefit Plans that are required to have been made as of the date hereof in accordance with the terms of the Guidant Benefit Plans and applicable Laws have been timely made or will be made in accordance with applicable Law, and (ii) no Guidant Benefit Plan has an "accumulated funding deficiency" (as such term is defined in Section 302 of ERISA or Section 412 of the Code), whether or not waived.

(g) With respect to each Guidant Benefit Plan, except as has not had and would not reasonably be expected to have a Material Adverse Effect, (i) there has not occurred any prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) in which any Transferred Subsidiary or Asset Seller or any U.S. Business Employee or Non-U.S. Business Employee, or, to the Knowledge of Guidant, any trustee, administrator or other fiduciary of such Guidant Benefit Plan, or any agent of the foregoing, has engaged that could reasonably be expected to subject any Transferred Subsidiary or Asset Seller or any U.S. Business Employee or Non-U.S. Business Employee, or any such trustee, administrator or other fiduciary, to the tax or penalty on prohibited transactions imposed by Section 4975 of the Code or the sanctions imposed under Title I of ERISA, and (ii) none of the Transferred Subsidiaries, Asset Sellers, U.S. Business Employees or Non-U.S. Business Employees or, to the Knowledge of Guidant, trustees, administrators or other fiduciaries of any Guidant Benefit Plan nor any agent of any of the foregoing, has engaged in any transaction or acted in a manner, or failed to act in a manner, that could reasonably be expected to subject any Transferred Subsidiary, Asset Seller or any U.S. Business Employee or Non-U.S. Business Employee or, to the Knowledge of Guidant, any such trustee, administrator or other fiduciary, to any liability for breach of fiduciary duty under ERISA or any other applicable Law.

(h) Each Guidant Benefit Plan that is an "employee welfare benefit plan" (as defined in Section 3(1) of ERISA) may be amended or terminated (including with respect to benefits provided to retirees and other former employees) at any time after Closing. Each of Guidant and the Commonly Controlled Entities complies in all material respects with the applicable requirements of Section 4980B(f) of the Code, Sections 601-609 of ERISA or any

28

similar state or local Law with respect to each Guidant Benefit Plan that is a group health plan, as such term is defined in Section 5000(b)(1) of the Code or such state Law. None of Guidant, any Transferred Subsidiary or any Asset Seller has any material obligations for health or life insurance benefits following termination of employment under any Guidant Benefit Plan (other than for continuation coverage required under Section 4980(B)(f) of the Code).

(i) Except as set forth on Section 3.12(i) of the Disclosure Schedule, none of the execution and delivery of this Agreement or the consummation of any transaction contemplated by this Agreement (alone or in conjunction with any other event, including as a result of any termination of employment on or following the Closing) will (i) entitle any current or former U.S. Business Employee or Non-U.S. Business Employee to severance or termination pay, (ii) accelerate the time of payment or vesting, or trigger any payment or funding (through a grantor trust or otherwise) of, compensation or benefits under, increase the amount payable or trigger any other material obligation pursuant to, any Guidant Benefit Plan or Guidant Benefit Agreement, or (iii) result in any breach or violation of, or a default under, any Guidant Benefit Plan or Guidant Benefit Agreement.

(j) Neither Guidant nor any of the Transferred Subsidiaries or Asset Sellers has any material liability or obligations, including under or on account of a Guidant Benefit Plan, arising out of the hiring of persons to provide services to the Business and treating such persons as consultants or independent contractors and not as employees of the Business. No current or former independent contractor that provides or provided personal services to the Business (other than a current or former director) is entitled to any material fringe or other benefits (other than cash consulting fees) pursuant to any plan, program, policy or contract to which Guidant, any Transferred Subsidiary or any Asset Seller is a party or which is maintained, sponsored or contributed to by Guidant, any Transferred Subsidiary or any Asset Seller.

(k) No material deduction by a Transferred Subsidiary in respect of any "applicable employee remuneration" (within the meaning of Section 162(m) of the Code) has been disallowed or is subject to disallowance by reason of Section 162(m) of the Code. For each of the Key Personnel, Guidant has previously provided to Abbott (i) accurate Form W-2 information for the 1999, 2000, 2001, 2002 and 2003 calendar years, (ii) annual base salary as of the date hereof, actual bonus earned for the 2003 calendar year and target annual bonus for the 2004 calendar year, (iii) a list, as of the date hereof, of all outstanding Company Stock Options, Company Restricted Stock and Company Stock-Based Awards granted under the Company Stock Plans or otherwise (other than rights under the ESPP), together with (as applicable) the number of shares of Guidant common stock subject thereto, and the grant dates,

expiration dates, exercise or base prices and vesting schedules thereof, (iv) estimated current annual cost of welfare benefits, and (v) estimated costs of the pension benefit enhancement under Section 8 of Guidant's Change in Control Severance Pay Plan for Select Employees. For purposes of this Section 3.12(k), the terms "Company Stock Options", "Company Restricted Stock", "Company Stock-Based Awards", "Company Stock Plans" and "ESPP" shall have the meanings ascribed to such terms in Section 3.01(c) of the Merger Agreement.

(l) Except as provided in accordance with Guidant's Change in Control Severance Pay Plan for Select Employees, no current or former U.S. Business Employee or Non-U.S. Business Employee is entitled to receive any additional payment from Guidant or any

29

Transferred Subsidiary or Asset Seller by reason of the excise tax required by Section 4999(a) of the Code being imposed on such person by reason of the transactions contemplated by the Merger Agreement.

(m) From the date of the most recent financial statements included in the Filed Company SEC Documents through the date of this Agreement, there has not been any adoption, material amendment or termination by Guidant or any of its Affiliates of any collective bargaining or other labor union contract to which Guidant or any of its Affiliates is a party or by which Guidant or any of its Affiliates is bound and affecting the U.S. Business Employees, the Non-U.S. Business Employees or the Transferred Subsidiaries. As of the date of this Agreement, none of the U.S. Business Employees are represented by any union with respect to their employment by Guidant, a Transferred Subsidiary or an Asset Seller. Except as set forth in Section 3.12(m) of the Disclosure Schedule, there are no collective bargaining agreements or other labor union contracts to which Guidant or any of its Subsidiaries is a party or by which Guidant or any of its Subsidiaries is bound. Since January 1, 2003, with respect to the Business, none of Guidant, a Transferred Subsidiary or an Asset Seller has experienced any material labor disputes, union organization attempts or work stoppages, slowdowns or lockouts due to labor disagreements.

SECTION 3.13. Taxes. Except as has not had and would not reasonably be expected to have a Material Adverse Effect:

(a) all Tax Returns required by applicable Law to have been filed with any Governmental Authority by, or with respect to, Guidant and its Affiliates (with respect to the Shares, the Assets or the Business) have been filed in a timely manner (taking into account any valid extension) in accordance with all applicable Laws, and all such Tax Returns are true and complete in all material respects;

(b) Guidant and its Affiliates (with respect to the Shares, the Assets or the Business) have paid (or have had paid on its behalf) all Taxes due and owing, and the most recent financial statements of Guidant filed with the SEC for which Guidant and its Affiliates are included reflect an adequate accrual for all Taxes payable by Guidant and its Affiliates (with respect to the Shares, the Assets or the Business) for all taxable periods and portions thereof accrued through the date of such financial statements;

(c) there are no Encumbrances for Taxes on any of the Shares or the Assets other than for Taxes not yet due and payable;

(d) Guidant and its Affiliates (with respect to the Shares, the Assets or the Business) have complied with all applicable Laws relating to the payment and withholding of Taxes;

(e) no written notification has been received by Guidant and its Affiliates (with respect to the Shares, the Assets or the Business) that any federal, state, local or foreign audit, examination or similar proceeding is pending, proposed or asserted with regard to any Taxes or Tax Returns of Guidant and its Affiliates (with respect to the Shares, the Assets or the Business);

30

(f) there is no currently effective Contract extending, or having the effect of extending, the period of assessment or collection of any federal, state or, to the Knowledge of Guidant, non-United States Taxes by Guidant and its Affiliates (with respect to the Shares, the Assets or the Business) nor has any request been made for any such extension;

(g) no written notice of a claim or pending investigation has been received from any state, local or other jurisdiction with which Guidant and its Affiliates currently does not file tax returns, alleging that Guidant or its Affiliate (with respect to the Shares, the Assets or the Business) has a duty to file tax returns and pay taxes or is otherwise subject to the taxing authority of such jurisdiction;

(h) none of the Transferred Subsidiaries joins or has joined, for any taxable period during the eight years prior to the date of this Agreement, in the filing of any affiliated, aggregate, consolidated, combined or unitary federal, state, local or, to the Knowledge of Guidant, non-United States Tax Return other than consolidated Tax Returns for the consolidated group of which Guidant is the common parent;

(i) none of Guidant or its Affiliates (with respect to the Shares, the Assets or the Business) is a party to or bound by any Tax sharing agreement or Tax indemnity agreement, arrangement or practice (including any advance pricing agreement, closing agreement or other agreement relating to Taxes with any taxing authority);

(j) none of the Transferred Subsidiaries has constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code in the two years prior to the date of this Agreement;

(k) none of the Transferred Subsidiaries will be required to include in a taxable period ending after the Closing taxable income attributable to income that accrued in a prior taxable period (or portion of a taxable period) but was not recognized for Tax purposes in any prior taxable period as a result of (i) an open transaction disposition made on or before the Closing, (ii) a prepaid amount received on or prior to the Closing, (iii) the installment method of accounting, (iv) the long-term contract method of accounting, (v) the cash method of accounting or Section 481 of the Code, or (vi) any comparable provisions of state or local Tax Law, domestic or foreign, or for any other reason, other than any amounts that are specifically reflected in a reserve for Taxes on the most recent financial statements of Guidant filed with the SEC for which the Transferred Subsidiaries are included; and

(l) none of the Transferred Subsidiaries has entered into a "listed transaction" within the meaning of Treasury Regulation § 1.6011-4(b)(2).

SECTION 3.14. Material Contracts. (a) Except as set forth in Section 3.14(a) of the Disclosure Schedule, as of the date hereof, neither Guidant nor any of its Affiliates is a party to, and none of the Assets are subject to, any Contract related to the Business that is a “material contract” (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC).

(b) Section 3.14(b) of the Disclosure Schedule contains a complete and accurate list, as of the date hereof, of:

31

(i) each material Contract related to the Business restricting or purporting to restrict the ability of Guidant or any Asset Seller or Transferred Subsidiary to compete in any line of business, geographic area or customer segment; and

(ii) each material Contract relating to distribution, sale, supply, licensing, co-promotion or manufacturing of any products or services of the Business or any products licensed by the Business.

(c) None of Guidant or any Share Seller, Asset Seller or Transferred Subsidiary or, to the Knowledge of Guidant, any other party thereto is in violation of or in default under (nor does there exist any condition which upon the passage of time or the giving of notice or both would cause such a violation or default by any of Guidant or any of its Affiliates or, to the Knowledge of Guidant, any other party thereto under) any Contract relating to the Business to which it is a party or by which it or any of its Assets is bound, except for violations or defaults that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect. Neither Guidant nor any of its Affiliates has entered into any Contract relating to the Business that is currently in effect that is required to be disclosed pursuant to Item 404 of Regulation S-K of the SEC.

SECTION 3.15. Regulatory Matters. Except as set forth in Section 3.15 of the Disclosure Schedule:

(a) As to each product subject to the FDCA or similar Law in any foreign jurisdiction that is developed, manufactured, tested, distributed and/or marketed by the Business (a “Medical Device”), each such Medical Device is being developed, manufactured, tested, distributed and/or marketed in compliance with all applicable requirements under the FDCA and similar Laws, including those relating to investigational use, premarket clearance or marketing approval to market a Medical Device, good manufacturing practices, labeling, advertising, record keeping, filing of reports and security, and in compliance with the Advanced Medical Technology Association Code of Ethics on Interactions with Healthcare Professionals and the American Medical Association’s guidelines on gifts to physicians, except for failures that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect. None of Guidant or its Affiliates has received any notice or other communication from the FDA or any other Governmental Authority (i) contesting the premarket clearance or approval of, the uses of or the labeling and promotion of any products of the Business, or (ii) otherwise alleging any violation applicable to any Medical Device of any Law, in the case of (i) and (ii), that individually or in the aggregate have not had and would reasonably be expected to have a Material Adverse Effect.

(b) No Medical Device is under consideration by senior management of Guidant or its Affiliates for recall, withdrawal, suspension, seizure or discontinuance, or has been recalled, withdrawn, suspended, seized or discontinued (other than for commercial or other business reasons) by, Guidant, a Transferred Subsidiary or an Asset Seller in the United States or outside the United States (whether voluntarily or otherwise), in each case since January 1, 2002. No proceedings in the United States or outside of the United States of which Guidant has Knowledge (whether completed or pending) seeking the recall, withdrawal, suspension, seizure or discontinuance of any Medical Device are pending against Guidant, a Transferred Subsidiary

32

or an Asset Seller or any licensee of any Medical Device that individually or in the aggregate have had or would reasonably be expected to have a Material Adverse Effect.

(c) As to each Medical Device for which a premarket approval application, premarket notification, investigational device exemption or similar state or foreign regulatory application has been approved, the Business and the Transferred Subsidiaries are in compliance with 21 U.S.C. §§ 360 and 360e or 21 C.F.R. Parts 812 or 814, respectively, and all similar Laws and all terms and conditions of such licenses or applications, except for any such failure or failures to be in compliance that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect. In addition, with respect to the Business and the Transferred Subsidiaries, Guidant and its Affiliates are in substantial compliance with all applicable registration and listing requirements set forth in 21 U.S.C. § 360 and 21 C.F.R. Part 807 and all similar Laws, except for any such failures to be in compliance that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect.

(d) No article of any Medical Device is (i) adulterated within the meaning of 21 U.S.C. § 351 (or similar Law), (ii) misbranded within the meaning of 21 U.S.C. § 352 (or similar Law), or (iii) a product that is in violation of 21 U.S.C. § 360 or § 360e (or similar Law), except for failures to be in compliance with the foregoing that would not reasonably be expected to have a Material Adverse Effect.

(e) With respect to the Business and the Transferred Subsidiaries, none of Guidant or its Affiliates, nor, to the Knowledge of Guidant, any officer, employee or agent of Guidant or any of its Affiliates, has made an untrue statement of a material fact or fraudulent statement to the FDA or any other Governmental Authority, failed to disclose a material fact required to be disclosed to the FDA or any other Governmental Authority, or committed an act, made a statement, or failed to make a statement that, at the time such disclosure was made, could reasonably be expected to provide a basis for the FDA or any other Governmental Authority to invoke its policy respecting “Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities”, set forth in 56 Fed. Reg. 46191 (September 10, 1991) or any similar policy.

(f) With respect to the Business and the Transferred Subsidiaries, none of Guidant or its Affiliates, nor, to the Knowledge of Guidant, any officer, employee or agent of Guidant or any of its Affiliates, has been convicted of any crime or engaged in any conduct for which debarment is mandated by 21 U.S.C. § 335a(a) or any similar Law or authorized by 21 U.S.C. § 335a(b) or any similar Law. With respect to the Business and the Transferred Subsidiaries, none of Guidant or its Affiliates, nor, to the Knowledge of Guidant, any officer, employee or agent of Guidant or its Affiliates has been convicted of any crime or engaged in any conduct for which such Person or entity could be excluded from participating in the federal health care programs under Section 1128 of the Social Security Act of 1935, as amended (the “Social Security Act”) or any similar Law.

(g) With respect to the Business and the Transferred Subsidiaries, since January 1, 2002, none of Guidant or its Affiliates has received any written notice that the FDA or any other Governmental Authority has (i) commenced, or threatened to initiate, any action to withdraw its approval or request the recall of any Medical Device, (ii) commenced, or threatened

to initiate, any action to enjoin production of any Medical Device, or (iii) commenced, or threatened to initiate, any action to enjoin the production of any medical device produced at any facility where any Medical Device is manufactured, tested or packaged, except for any such action that individually or in the aggregate have not had and would not reasonably be expected to have a Material Adverse Effect.

(h) To the Knowledge of Guidant, there are no facts, circumstances or conditions that would reasonably be expected to form the basis for any investigation, suit, claim, action or proceeding against or affecting the Business relating to or arising under (i) the FDCA, or (ii) the Social Security Act or regulations of the Office of the Inspector General of the Department of Health and Human Services, in each case individually or in the aggregate that has had or would reasonably be expected to have a Material Adverse Effect.

SECTION 3.16. Assets. The Asset Sellers represent all of the Affiliates of Guidant, other than a Transferred Subsidiary, that own, lease, control or hold a license or otherwise have a right to use the Purchased Assets. The Assets, together with the Intellectual Property to be provided under the License and Technology Transfer Agreement and the services to be provided under the Transition Services Agreement, constitute all of the assets necessary to operate the Business in all material respects in the manner as it is now being conducted by Guidant and its Affiliates.

SECTION 3.17. Brokers. Guidant will be solely responsible for the fees and expenses of any broker, finder or investment banker entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Guidant, and in no way will such fee or expense be deemed an Asset or Assumed Liability.

SECTION 3.18. Disclaimer. EXCEPT AS SET FORTH IN THIS ARTICLE III OR AS MAY BE SET FORTH IN ANY ANCILLARY AGREEMENT, NONE OF GUIDANT, ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES MAKE OR HAVE MADE ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF GUIDANT, ITS AFFILIATES OR THE BUSINESS. ANY SUCH OTHER REPRESENTATION OR WARRANTY IS HEREBY EXPRESSLY DISCLAIMED.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF ABBOTT

Abbott hereby represents and warrants to Guidant as follows:

SECTION 4.01. Organization and Authority. (a) Abbott is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Illinois and has all necessary corporate power and authority to enter into, execute and deliver this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements to which it is a party. The execution and delivery by Abbott of this Agreement and the Ancillary Agreements to which it is a party, the performance

by Abbott of its obligations hereunder and thereunder and the consummation by Abbott of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Abbott. This Agreement has been, and upon their execution each of the Ancillary Agreements to which Abbott is a party will be, duly executed and delivered by Abbott, and, assuming due authorization, execution and delivery by the other parties hereto and thereto, this Agreement is, and each of the Ancillary Agreements to which Abbott is a party will be, a legal, valid and binding obligation of Abbott, enforceable against it in accordance with its terms.

(b) Each Purchaser (other than Abbott) is an entity duly organized, validly existing and, where applicable, is in good standing under the Laws of the jurisdiction of its organization, and has all necessary corporate power and authority to enter into, execute and deliver each Ancillary Agreement to which it is a party, to carry out its obligations thereunder and to consummate the transactions contemplated thereby. The execution and delivery by each Purchaser (other than Abbott) of each Ancillary Agreement to which it is a party, the performance by such Purchaser of its obligations thereunder and the consummation by such Purchaser of the transactions contemplated thereby will be, when executed as provided in this Agreement, duly authorized by all requisite corporate action on the part of such Purchaser. Each Ancillary Agreement to which a Purchaser (other than Abbott) is a party will be, when executed as provided in this Agreement, duly executed and delivered by such Purchaser and, assuming due authorization, execution and delivery by the other parties thereto, will constitute, when executed as provided in this Agreement, a legal, valid and binding obligation of such Purchaser enforceable against it in accordance with its terms.

SECTION 4.02. No Conflict. Assuming compliance with the HSR Act, the pre-merger notification and waiting period requirements of the EU Merger Regulation and the making and obtaining of all filings, notifications, consents, approvals, authorizations and other actions referred to in Section 4.03, the execution, delivery and performance by Abbott of this Agreement, and the execution, delivery and performance by Abbott and each other Purchaser of each Ancillary Agreement to which it is a party do not and will not (a) violate, conflict with or result in the breach of any provision of the certificate of incorporation or bylaws (or similar organizational documents) of Abbott or such other Purchaser, as applicable, (b) conflict with or violate any Law or Governmental Order applicable to Abbott or such other Purchaser, as applicable, or their respective assets, properties or businesses or (c) conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license, permit, franchise or other instrument or arrangement to which Abbott or such other Purchaser, as applicable, is a party, except, in the case of clauses (b) and (c), as would not materially and adversely affect the ability of Abbott or such other Purchaser to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the Ancillary Agreements.

SECTION 4.03. Governmental Consents and Approvals. The execution, delivery and performance by Abbott of this Agreement, and the execution, delivery and performance by Abbott and each other Purchaser of each Ancillary Agreement to which it is a party do not and will not require any consent, approval, authorization or other order of, action by, filing with, or

35

notification to, any Governmental Authority, except (a) the EU Merger Regulation and the requirements of the antitrust Laws of any other relevant jurisdiction or (b) where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by Abbott or such other Purchaser, as applicable, of the transactions contemplated by this Agreement and the Ancillary Agreements.

SECTION 4.04. Litigation. As of the date hereof, no Action by or against Abbott or any other Purchaser is pending or, to the knowledge of Abbott and the other Purchasers, threatened, that could affect the legality, validity or enforceability of this Agreement, any Ancillary Agreement or the consummation of the transactions contemplated hereby or thereby.

SECTION 4.05. Brokers. Abbott will be solely responsible for the fees and expenses of any broker, finder or investment banker entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Abbott and the other Purchasers.

SECTION 4.06. Disclaimer. EXCEPT AS SET FORTH IN THIS ARTICLE IV OR AS MAY BE SET FORTH IN ANY ANCILLARY AGREEMENT, NONE OF ABBOTT, ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES MAKE OR HAVE MADE ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF ABBOTT OR ITS AFFILIATES. ANY SUCH OTHER REPRESENTATION OR WARRANTY IS HEREBY EXPRESSLY DISCLAIMED.

ARTICLE V

ADDITIONAL AGREEMENTS

SECTION 5.01. Acknowledgment. The parties acknowledge and agree that the entry of the parties hereto into this Agreement shall in no way affect the effectiveness of the Transaction Agreement and the Transaction Agreement shall remain in full force and effect pursuant to the terms thereof; provided, however, that to the extent that any provisions of this Agreement conflict with any provisions of the Transaction Agreement, the provisions herein shall control.

SECTION 5.02. Access to Information; Confidentiality. (a) From the date hereof until the Closing, upon reasonable notice, Guidant shall: (i) afford the Purchasers and their authorized representatives reasonable access to the offices, properties and books and records of the Business, and (ii) furnish to the officers, employees, and authorized agents and representatives of the Purchasers such additional financial and operating data and other information regarding the Business (or copies thereof) as the Purchasers may from time to time reasonably request; provided, however, that any such access or furnishing of information shall be conducted at Abbott's expense, during normal business hours, under the supervision of Guidant's or its Affiliates' personnel and in such a manner as not to interfere with the normal operations of the Business. Notwithstanding anything to the contrary in this Agreement, Guidant shall not be required to disclose any information to a Purchaser if such disclosure would be reasonably likely to (x) cause significant competitive harm to the Business if the transactions contemplated hereby

36

are not consummated, (y) jeopardize any attorney-client or other legal privilege or (z) contravene any applicable Laws, fiduciary duty or binding agreement entered into prior to the date hereof.

(b) The terms of the Confidentiality Agreement, dated as of February 2, 2006, among Guidant, Boston Scientific and Abbott (the "Confidentiality Agreement") are hereby incorporated herein by reference and shall continue in full force and effect until the Closing, at which time such Confidentiality Agreement and the obligations of Abbott under this Section 5.02(b) shall terminate; provided, however, that, from and after the Closing, except as would have been permitted under the terms of the Confidentiality Agreement, (i) Abbott shall, and shall cause its officers, directors, employees, representatives and Affiliates to, treat and hold as confidential, and not disclose to any Person, information related to the discussions and negotiations between the parties regarding this Agreement, the Transaction Agreement and the transactions contemplated hereby and thereby and all confidential information relating to Guidant and the Excluded Businesses, and (ii) Guidant shall, and shall cause its officers, directors, employees, representatives and Affiliates to, treat and hold as confidential, and not disclose to any Person, information related to the discussions and negotiations between the parties regarding this Agreement, the Transaction Agreement and the transactions contemplated hereby and thereby and all confidential information relating to the Assets and the Business. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall nonetheless continue in full force and effect.

(c) Nothing provided to Abbott pursuant to Section 5.02(a) shall in any way amend or diminish Abbott's obligations under the Confidentiality Agreement. Abbott acknowledges and agrees that any Confidential Information (as defined in the Confidentiality Agreement) provided to Abbott pursuant to Section 5.02(a) or otherwise by or on behalf of Guidant or any officer, director, employee, agent, representative, accountant or counsel thereof shall be subject to the terms and conditions of the Confidentiality Agreement.

SECTION 5.03. Regulatory and Other Authorizations; Notices and Consents. (a) Each of Guidant and Abbott shall use its reasonable best efforts to obtain promptly all authorizations, consents, orders and approvals of all Governmental Authorities that may be or become necessary for the performance of its and the other party's obligations pursuant to, and the consummation of the transactions contemplated by, this Agreement. Guidant and Abbott will cooperate with one another in promptly seeking to obtain all such authorizations, consents, orders and approvals; provided, however, that Guidant shall not be required to pay any fees or other payments to any such Governmental Authorities in order to obtain any such authorization, consent, order or approval (other than normal filing fees that are imposed by Law on Guidant). Neither Guidant nor Abbott shall knowingly take any action that would have the effect of materially delaying, impairing or impeding the receipt of any authorizations, consents, orders and approvals of any Governmental Authority;

provided, however, that in no way shall reasonable and timely negotiations in good faith by Abbott with any applicable Governmental Authority relating to the sale, license or other disposition or holding separate (through the establishment of a trust or otherwise) of Assets or assets or property of Abbott requested or required by such Governmental Authority in order to obtain such authorization, consent, order or approval be deemed to constitute an act materially delaying, impairing, or impeding the receipt of authorizations, consents, orders and approvals of such Governmental Authority. Guidant and Abbott each agree to make, or to cause to be made, (i) if required, an appropriate filing of a

notification and report form pursuant to the HSR Act and the EU Merger Regulation and (ii) any other filing or notification required by any other applicable Law, in each case, with respect to the transactions contemplated by this Agreement as promptly as practicable after the date of this Agreement in the case of the HSR Act and the EU Merger Regulation, and as promptly as reasonably practicable in the case of any other filing or notification, and to supply promptly any additional information and documentary material that may be requested pursuant to the HSR Act and the EU Merger Regulation or any other applicable Law.

(b) Without limiting the generality of Abbott's undertaking pursuant to Section 5.03(a), Abbott shall, on a reasonable and timely basis consistent with Section 5.03(a): (i) to the extent necessary to obtain timely approval by a Governmental Authority, propose, negotiate, commit to and effect, by consent decree, hold separate orders or otherwise, the sale, divestiture or disposition of the Carotid Stent Assets, Abbott's carotid stent assets or any other assets not material to the Business or the Assets, or (ii) if a Governmental Authority does not allow Abbott to acquire the Carotid Stent Assets (for purposes of divestiture or otherwise), agree to exclude the Carotid Stent Assets from the Assets. If the Carotid Stent Assets are excluded from the Assets, then (x) Guidant shall engage an investment banking firm selected by, or satisfactory to, Abbott and on terms reasonably satisfactory to Abbott to sell the Carotid Stent Assets within a reasonable period of time following the Closing or as otherwise directed by the applicable Governmental Authorities, (y) Guidant shall remit all of the proceeds of such sale (net of Taxes and the costs and expenses paid by Guidant and any of its Affiliates in connection with such sale) to Abbott, and (z) Abbott shall use its reasonable best efforts to effect the separation of the Carotid Stent Assets from the Assets, including entering into appropriate transition services or similar agreements with Guidant or any other Person to which the Carotid Stent Assets are divested. For all Tax purposes, the parties agree to treat all remittances of proceeds pursuant to this Section 5.03(b)(y) as adjustments to the Purchase Price.

(c) Each party to this Agreement shall promptly notify the other party of any communication it or any of its Affiliates receives from any Governmental Authority relating to the matters that are the subject of this Agreement and permit the other party to review in advance any proposed communication by such party to any Governmental Authority. Neither party to this Agreement shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry related to the transactions contemplated by this Agreement unless it consults with the other party in advance and, to the extent permitted by such Governmental Authority, gives the other party the opportunity to attend and participate at such meeting. Subject to the Confidentiality Agreement, the parties to this Agreement will coordinate and cooperate fully with each other in exchanging such information and providing such assistance as the other party may reasonably request in connection with the foregoing and in seeking early termination of any applicable waiting periods including under the HSR Act and the EU Merger Regulation. Subject to the Confidentiality Agreement, the parties to this Agreement will provide each other with copies of all correspondence, filings or communications between them or any of their representatives, on the one hand, and any Governmental Authority or members of its staff, on the other hand, with respect to this Agreement and the transactions contemplated by this Agreement.

SECTION 5.04. Notifications. Each party hereto shall promptly notify the other party in writing of any fact, change, condition, circumstance or occurrence or nonoccurrence of

any event of which it is aware that will or is reasonably likely to result in (a) any representation or warranty made by such party to be untrue or inaccurate in any material respect at any time after the date of this Agreement and prior to the Closing, (b) any material failure on such party's part to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder, and (c) the failure of any condition precedent set forth in Article VIII of this Agreement; provided, however, that the delivery of any notice pursuant to this Section 5.04 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice. In addition, Guidant shall promptly (i) notify Abbott in writing upon the occurrence of any event that will or is reasonably likely to result in the termination of the Merger Agreement, and (ii) to the extent permitted, forward copies of any notices received or delivered by Guidant pursuant to the Merger Agreement that materially affect the Business, the Assets, the Purchasers' rights with respect thereto or the likelihood of consummation of the transactions contemplated by this Agreement in accordance with the terms hereof or of the Merger pursuant to the Merger Agreement.

SECTION 5.05. Release of Indemnity Obligations. (a) Guidant and Abbott will cooperate with each other with a view to entering into arrangements effective as of the Closing whereby (i) the applicable Purchaser would be substituted for Guidant or its Affiliates (other than the Transferred Subsidiaries) in any guarantees, letters of comfort, indemnities or similar arrangements entered into by Guidant or its Affiliates (other than the Transferred Subsidiaries) in respect of the Business (but only to the extent such guarantees, letters of comfort, indemnities or arrangements constitute Assumed Liabilities) and (ii) Guidant or its Affiliates (other than the Transferred Subsidiaries) would be substituted for the applicable Transferred Subsidiary in any guarantees, letters of comfort, indemnities or similar arrangements entered into by Guidant or its Affiliates in respect of any other businesses of Guidant (but only to the extent such guarantees, letters of comfort, indemnities or arrangements constitute Excluded Liabilities). If such substitution cannot be effected in accordance with this Section 5.05, the guaranteeing party shall not terminate such guaranty arrangements without the consent of the other party; provided, however, that such party shall enter into a separate guaranty with the other party or its Affiliates to guarantee the performance of the obligations of the relevant Person pursuant to the contract underlying such guaranty arrangements.

(b) After the Closing, each of Guidant and Abbott, at the request of the other party, shall use, and shall cause their respective Affiliates to use, reasonable best efforts to obtain any consent, substitution or amendment required to novate or assign all Assumed Liabilities to the applicable Purchaser and any Excluded Liabilities to Guidant or its Affiliates (other than the Transferred Subsidiaries), and obtain in writing the unconditional release of Guidant and its Affiliates (other than the Transferred Subsidiaries) with respect to the Assumed Liabilities and the unconditional release of Abbott and its Affiliates with respect to the Excluded Liabilities.

SECTION 5.06. Tax Election. (a) Abbott, in its sole discretion, may require Guidant and/or its Affiliates to participate in the making of an election under section 338(h)(10) of the Code with respect to the purchase of any Shares that qualify for such treatment, including as a result of such an

(b) In connection with each such election, Abbott and Guidant shall agree to allocate the Country Allocation made to such Transferred Subsidiary under Section 2.04(b) among the assets of such Transferred Subsidiary. As promptly as practical following the Closing, Abbott will prepare a proposed allocation among the assets of each such Transferred Subsidiary and will furnish a copy thereof to Guidant for its review at least 45 days prior to the due date for the filing of the Section 338(h)(10) election. Guidant shall have the right to consent to such allocation, which consent shall not be unreasonably withheld. Such allocations shall be binding on Guidant, Abbott and their respective Affiliates in completing any income tax returns reflecting gain or loss from the election and for all other Tax purposes.

(c) Abbott shall reimburse Guidant and its Affiliates for any additional Taxes incurred as a result of their participation in any election under section 338(h)(10) of the Code (including any Taxes resulting from such reimbursement). Such additional Taxes shall exist to the extent that the Taxes with respect to the gain realized from such election exceeds the Taxes that would have been payable by Guidant in respect of its sale of the stock of such Transferred Subsidiary absent such election, and such additional Taxes shall be determined in accordance with Section 5.06(d). Abbott shall make such reimbursement on the due date of the relevant Tax Return in which the Code section 338(h)(10) deemed asset sale is reflected. For Tax purposes, the parties agree that any reimbursement by Abbott to Guidant and its Affiliates pursuant to this Section 5.06(c), shall be treated as additional Purchase Price.

(d) Prior to the Closing, Abbott shall provide Guidant a list of Share purchases for which an election under Code section 338(h)(10) is being considered. Within thirty days after Guidant's receipt of such list, Guidant shall provide Abbott with a pro forma calculation of additional Taxes referred to in Section 5.06(c), together with all workpapers relating to those calculations, which workpapers shall include all relevant detail, including inside and outside tax basis information and consolidated and entity specific net operating loss information. If Abbott does not provide comments in writing to Guidant within thirty days after Abbott's receipt of pro forma calculations, then those pro forma calculations shall be deemed to be the final pro forma calculation. If, however, Abbott submits comments to Guidant within such thirty-day period, Abbott and Guidant shall negotiate in good faith to resolve any differences during such thirty-day period following Abbott's submission. If Abbott and Guidant are unable to reach a resolution during that thirty-day period, any disputed items shall be submitted for resolution to an internationally recognized independent accounting firm mutually selected by Abbott and Guidant which shall make a final determination as to the disputed items within 30 days after such submission, and such determination shall be final and binding upon Abbott and Guidant. Abbott shall be responsible for the fees and expenses of such accounting firm. Guidant shall prepare and file all relevant Tax Returns reflecting the tax consequences of the Section 338(h)(10) elections (i) consistent with the principles used in the preparation of the final pro forma calculation as determined under this Section 5.06(d), and (ii) the allocation among the Assets of such Transferred Subsidiaries as determined in accordance with Section 5.06(b). The additional amount of Taxes shall exist to the extent that Taxes payable with respect to the gain realized from such election (taking into account all net operating losses and other tax attributes that would be attributed to such Transferred Subsidiary under applicable Law ("Transferred Subsidiary Tax Attributes")) exceed Taxes that would have been payable by Guidant in respect of its sale of stock of such Transferred Subsidiary absent such election, provided that, Guidant shall be deemed to have paid Taxes in respect of gain realized from such election (determined

using a 35% marginal rate) to the extent that Guidant is required to absorb net operating losses or other tax attributes other than Transferred Subsidiary Attributes in excess of those that would have been absorbed had no such election been made.

(e) If (i) Assets are transferred pursuant to an Intellectual Property Transfer Agreement, (ii) an election under Section 338(h)(10) of the Code is not made by Abbott with respect to the relevant IP Seller, and (iii) Taxes of Guidant with respect to the sale of such Assets and the sales of the Shares of the IP Seller exceeds the amount of Taxes of Guidant that would have been due if there had been no such sale of Assets, then Abbott shall reimburse Guidant and its Affiliates for any such additional Taxes incurred as a result of such sale of Assets (including Taxes resulting from such reimbursement).

SECTION 5.07. Insurance. (a) The parties agree to cooperate in structuring the transactions contemplated by this Agreement so as to preserve to the fullest extent possible available insurance coverage with respect to Assumed Liabilities, the Business and any "D&O" coverage for employees of Guidant or its subsidiaries who primarily perform or have primarily performed their services for or with respect to the Business prior to the Closing.

(b) Prior to the Closing, Guidant shall notify all of its insurers of the sale of the Business to Abbott and the other Purchasers and the Merger so as to ensure that there will not be any lapse in insurance coverage of the Business due to any failure to make such notification.

(c) In the event that a loss related to the Business which occurred prior to the Closing is covered by an insurance policy of Guidant insuring, in whole or in part, the Business, the parties shall cooperate in filing all necessary insurance claims. Upon receiving any payment from the insurance carrier related to such loss, Guidant shall promptly remit such amount to Abbott.

(d) If Guidant or any of its Affiliates continues coverage under any insurance policy which includes a provision allowing for continued coverage after the expiration of such policy for losses that occur during the policy period but which are reported following the expiration of the policy (an "Occurrence Based Policy"), then (i) Guidant or such Affiliate shall use its reasonable best efforts, for so long as coverage under such Occurrence Based Policy remains effective and including with respect to the payment of insurance premiums, to assure continued coverage under such Occurrence Based Policy with respect to losses related to the Business, and (ii) Abbott shall reimburse Guidant for any such insurance premiums or other costs allocable the Business in continuing coverage under such Occurrence Based Policy.

SECTION 5.08. Trademarks. (a) All Trademarks that are used primarily in, or related primarily to, the Business and do not include the name "Guidant" (i) to the extent that they are owned by Guidant and its Affiliates as of the Closing, shall constitute Assets to be assigned to the applicable Purchaser at the Closing, and (ii) to the extent that they are licensed (with a right to sublicense) to Guidant and its Affiliates by third parties as of the Closing, shall be sublicensed to the applicable Purchaser at the Closing.

(b) Guidant shall retain the ownership of any Trademarks that are used both in the Business and any other business of Guidant, that are not used primarily in, or related primarily

to, the Business and that do not include the name "Guidant" (the "Non-Guidant Licensed Marks"). At the Closing Guidant shall grant to Abbott and its Affiliates a perpetual, non-terminable, non-exclusive, worldwide and royalty free right, license and privilege to use the Non-Guidant Licensed Marks solely within the field of the Business. Except as expressly provided in this Section 5.08, Abbott and its Affiliates shall have no right to use in any way the Non-Guidant Licensed Marks.

(c) Guidant shall retain the ownership of the trade name "Guidant" and any Trademarks that include the name "Guidant" used in the Business as of the Closing (the "Guidant Licensed Marks" and, together with the Non-Guidant Licensed Marks, the "Licensed Marks") and, except as expressly provided in this Section 5.08, Abbott and its Affiliates shall have no right to use in any way the Guidant Licensed Marks.

(i) As soon as reasonably practicable after the Closing, but in no event later than three hundred sixty-five days after the Closing, the Purchasers shall cease to use and remove or cover the name "Guidant" from all signs, billboards, telephone listings, stationary, office forms or other similar materials of the Business, unless such use is required by a Governmental Authority.

(ii) Subject to the terms and conditions contained herein, Guidant hereby grants to Abbott and its Affiliates, for a period of five years after the Closing, a non-exclusive, non-assignable, worldwide and royalty-free license, right and privilege to use the Guidant Licensed Marks on any packages, labels, displays promotional and other materials of the products of the Business ("Materials") used in the Business as of the Closing for the sole purpose of the operation of the Business by Abbott and its Affiliates after the Closing.

(d) Abbott, on behalf of itself and its Affiliates, acknowledges and agrees that Guidant is the owner of all right, title, and interest in and to the Licensed Marks, and all such right, title, and interest shall remain with Guidant and its Affiliates. All rights not expressly granted to Abbott and/or its Affiliates under this Agreement shall remain the exclusive property of Guidant and its Affiliates. Abbott shall not (and shall ensure its Affiliates do not) otherwise contest, dispute, or challenge the right, title, and interest of Guidant and its Affiliates in and to the Licensed Marks. Abbott shall not (and shall ensure its Affiliates do not) file applications to register any Trademarks or apply for any domain names in any jurisdiction worldwide that are (i) confusingly similar to any of the Licensed Marks or (ii) consist of, in whole or part, any of the Licensed Marks. All goodwill and improved reputation generated by Abbott's or its Affiliates' use of the Licensed Marks shall inure to the benefit of Guidant.

(e) Guidant hereby agrees and acknowledges that its and its Affiliates' use of the Licensed Marks immediately prior to the Closing on the Materials fully complies with Guidant's standard of quality for the use of the Licensed Marks. If, after the Closing, Abbott changes the use of the Licensed Marks on the Materials used in the Business, Abbott must submit samples of its and its Affiliates' proposed use of the Licensed Marks to Guidant prior to such proposed use so Guidant may review such use in accordance with the terms and conditions of this Section 5.08. Guidant may not unreasonably withhold its consent to any changes in the use of the Licensed Marks on the Materials by Abbott. If Guidant does not provide any comments to

42

Abbott within 15 Business Days of receiving such samples, Guidant shall be deemed to have accepted the changes proposed by Abbott.

(f) Effective upon the fifth anniversary of the Closing, Abbott and its Affiliates shall not use the Guidant Licensed Marks in connection with the Business or otherwise; provided, however, that nothing in this Section 5.08 shall prohibit Abbott and any of its Affiliates from selling any inventory in existence as of the fifth anniversary of the Closing, which inventory bears any such Guidant Licensed Marks.

(g) The parties will discuss in good faith whether Abbott may, at its request, continue to use the Guidant Licensed Marks after the fifth anniversary of the Closing.

(h) Other than as provided in the Supply Agreements, Guidant hereby covenants that, for a period of five years after the Closing, none of Guidant or any of its Affiliates shall use, assign to any third party, or license any third party to use, any of the Guidant Licensed Marks in connection with products included in the vascular intervention or endovascular solutions field. In addition, Guidant, Abbott and their respective Affiliates will cooperate with each other to avoid any confusion in the marketplace during the period when such parties are using the Guidant name.

(i) If Guidant or Abbott divests the Carotid Stent Assets in accordance with Section 5.03(b), then Guidant shall grant to the purchaser of such Carotid Stent Assets a license to use the Guidant name in connection therewith in a manner consistent with this Section 5.08 for a reasonable transition period.

SECTION 5.09. Further Action. (a) Each of Guidant and Abbott shall use its reasonable best efforts to take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable under applicable Law and the agreements included in the Assets, and to execute and deliver such documents and other papers and any other agreements, as may be necessary to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement or to effect the separation of the Business and the Assets from other Guidant assets, including, to the extent practicable, reasonable steps to divide Shared Assets that are divisible and to obtain all required consents from third parties.

(b) Guidant agrees that it shall not solicit, initiate, facilitate or pursue any arrangement relating to the Business or the Assets with any third parties other than a Purchaser prior to the termination of this Agreement.

(c) To the extent that any of the transfers, distributions, deliveries and the assumptions required to be made in connection with the transactions contemplated by this Agreement shall not have been so consummated at Closing, the parties shall cooperate and use their reasonable best efforts to effect such consummation as promptly thereafter as reasonably practicable, including executing and delivering such further instruments of transfer and taking such other actions as the parties may reasonably request in order to effectuate the purposes of this Agreement or to more effectively transfer to the applicable Purchaser or confirm the applicable Purchaser's right, title to or interest in, all of the Assets, to put the applicable

43

Purchaser in actual possession and operating control thereof and to permit the applicable Purchaser to exercise all rights with respect thereto (including rights under contracts and other arrangements as to which the consent of any third party to the transfer thereof shall not have previously been obtained). In the event and to the extent that Guidant or Abbott is unable to obtain any required consents, Guidant or the applicable Seller shall (i) continue to be bound thereby pending assignment to the applicable Purchaser, (ii) at the direction and expense of Abbott, pay, perform and discharge fully all of its obligations thereunder from and after the closing and prior to assignment to the applicable Purchaser, (iii) exercise or exploit its rights and options under all such agreements, leases, licenses and other rights and commitments when and only as reasonably directed by Abbott, and (iv) without further consideration therefor, pay, assign and remit to the applicable Purchaser promptly all monies, rights and other consideration received in respect of such agreements or otherwise make available to the applicable Purchaser the benefit of such agreements as contemplated by this Agreement; provided, however, that none of Guidant nor any of its Affiliates shall be obligated to transfer to the Purchasers any Business Intellectual Property licensed from third parties that, despite the use by Guidant and its Affiliates of such efforts, is incapable of being transferred. If and when any such consent shall be obtained or such agreement, lease, license or other right shall otherwise become assignable, Guidant or the applicable Seller shall promptly assign all its rights and obligations thereunder to the applicable Purchaser without payment of further consideration and Abbott or such Purchaser shall, without the payment of any further consideration therefor, assume such rights and obligations.

(d) In the event that certain assets, rights or properties which properly constitute Assets were not transferred to the applicable Purchaser at Closing, then Guidant shall promptly take all steps reasonably necessary to transfer and deliver any and all of such Assets to the applicable Purchaser without the payment by Abbott of any further consideration therefor. In the event that certain assets which do not properly constitute Assets were transferred to a Purchaser at Closing, then the applicable Purchaser shall promptly take all steps reasonably necessary to transfer and deliver any and all of such assets to Guidant without the payment by Guidant of any further consideration therefor.

SECTION 5.10. Mixed Contracts and Accounts. (a) Unless the parties agree otherwise, any agreement to which Guidant or any of its Affiliates is a party prior to the Closing that inures to the benefit or burden of each of the Business and the Excluded Assets (a "Mixed Contract") shall be separated on or as promptly as practicable after the Closing, so that the applicable Purchaser and Guidant or its Affiliates shall be entitled to the rights and benefits and shall assume the related portion of any Liabilities (other than in the case of the Purchasers, Excluded Liabilities) inuring to their respective businesses. If any Mixed Contract cannot be so separated, Abbott and Guidant shall, and shall cause each of their respective Affiliates to, take such other reasonable and permissible action to cause (i) the Assets associated with that portion of each Mixed Contract that relates to the Business to be enjoyed by the applicable Purchaser; (ii) the Liabilities (other than in the case of the Purchasers, Excluded Liabilities) related with that portion of each Mixed Contract that relates to the Business to be borne by the applicable Purchaser; (iii) the assets associated with the portion of each Mixed Contract that relates to the Excluded Assets to be enjoyed by Guidant or its Affiliates; and (iv) the Liabilities (other than in the case of Guidant or its Affiliates, Assumed Liabilities) related with that portion of each Mixed Contract that relates to the Excluded Assets to be borne by Guidant or its Affiliates. The parties will cooperate with each other to effect such separation.

44

(b) Except as may otherwise be agreed by the parties, the parties shall not seek to assign any account receivable or accounts payable relating to both the Business and the Excluded Assets (a "Mixed Account"). Abbott and Guidant shall, and shall cause each of their respective Affiliates to, take such other reasonable and permissible actions to cause (i) the Assets associated with that portion of each Mixed Account that relates to the Business to be enjoyed by the applicable Purchaser; (ii) the Liabilities (other than in the case of the Purchasers, Excluded Liabilities) related with that portion of each Mixed Account that relates to the Business to be borne by the applicable Purchaser; (iii) the assets associated with that portion of each Mixed Account that relates to the Excluded Assets to be enjoyed by Guidant or its Affiliates; and (iv) the Liabilities (other than in the case of Guidant or its Affiliates, Assumed Liabilities) related with that portion of each Mixed Account that relates to the Excluded Assets to be borne by Guidant.

SECTION 5.11. Intercompany Arrangements. (a) Prior to the Closing, Guidant shall, and shall cause its Affiliates to, terminate all agreements or arrangements, written or unwritten, of any kind (other than any Ancillary Agreements), between (i) Guidant or any of its Affiliates (other than the Transferred Subsidiaries), on the one hand, and a Transferred Subsidiary, on the other hand, or (ii) any Transferred Subsidiary, on the one hand, and another Transferred Subsidiary, on the other hand.

(b) Prior to the Closing, all intercompany receivables, payables and loans between Guidant or any of its Affiliates (other than the Transferred Subsidiaries), on the one hand, and a Transferred Subsidiary, on the other hand, shall be settled, capitalized, distributed or otherwise terminated, with the result that there will not be intercompany receivables, payables and loans between Guidant or any of its Affiliates (other than the Transferred Subsidiaries), on the one hand, and a Transferred Subsidiary, on the other hand, after the Closing.

(c) Prior to the Closing, Guidant shall cause all indebtedness for borrowed money of the Transferred Subsidiaries to be repaid in full or otherwise satisfied or eliminated without any contingent Liability or obligation of any of the Transferred Subsidiaries to repay such indebtedness for borrowed money after the Closing.

SECTION 5.12. Restructuring. Prior to the Closing, Guidant shall, or shall cause the Transferred Subsidiaries to, use reasonable best efforts to take the actions described in Schedule 5.12 for the purposes of distributing or otherwise transferring from the Transferred Subsidiaries to Guidant, Boston Scientific or one of their respective Affiliates (other than the Transferred Subsidiaries) any Excluded Assets, Excluded Liabilities and employees who are not Transferred Employees.

SECTION 5.13. Books, Records and Files. (a) Subject to Section 2.02(b), Guidant shall transfer all Books, Records and Files, to the extent related to the Business, to Abbott or its Affiliates at the Closing or as soon as practicable thereafter. Abbott shall transfer all Books, Records and Files of the Transferred Subsidiaries, to the extent related to the Excluded Businesses, to Guidant or its Affiliates at the Closing or as soon as practicable thereafter. Abbott may redact any information related to the Business from any such Books, Records and Files transferred to Guidant.

45

(b) Each party shall only be obligated to provide Books, Records and Files pursuant to Section 5.13(a) in the form, condition and format in which they exist as of the Closing, and in no event shall either party be required to perform any improvement, modification, conversion, updating or reformatting of any such Books, Records and Files.

SECTION 5.14. Other Agreements. Nothing in this Agreement, the Transaction Agreement or the Ancillary Agreements shall prohibit Abbott from pursuing arrangements or agreements with any third party which has publicly announced a proposal that the Guidant board of directors has determined to be, or to be reasonably likely to result in or lead to, a Superior Proposal (as defined in the Merger Agreement).

SECTION 5.15. Third Party Claims Against Both the Business and the Excluded Business. (a) Without duplication of Section 10.05, from and after the Closing: (i) if Guidant or any of its Affiliates receives notice of any Mixed Action or any Action from or involving any third party that Guidant believes is reasonably likely to involve the Business but as to which neither Abbott nor any other Purchaser is a named party, then Guidant shall as promptly as practicable provide Abbott notice of such Action; and (ii) if Abbott or any of its Affiliates receives notice of any Mixed Action or any Action from or involving any third party that Abbott believes is reasonably likely to involve the Excluded Business but as to which neither Guidant nor any other Seller is a named party, then Abbott shall as promptly as practicable provide Guidant notice of such Action. For purposes of this Agreement, "Mixed Action" means any Action that a party believes is reasonably likely to: (i) include claims that both give rise to a right of indemnification under Article X and claims as to which no right of indemnification under Article X exists; or (ii) include claims that both give rise to a right of the indemnification under Article X of the Abbott Indemnified Parties and claims that give rise to a right of indemnification under Article X of the Guidant Indemnified Parties.

(b) Subject to the provisions of Article X, for any Mixed Action, whether arising before or after the Closing, Abbott or its Affiliates shall have the right to control the defense of such Mixed Action to the extent such Mixed Action relates to the Business, and Guidant or its Affiliates shall have the right to control the defense of such Mixed Action to the extent such Mixed Action relates to the Excluded Business.

(c) Neither Abbott nor its Affiliates shall Settle any portion of a Mixed Action that relates to the Excluded Business without the express written consent of Guidant, which may be withheld in its sole discretion. Neither Guidant nor its Affiliates shall Settle any portion of a Mixed Action that relates to the Business without the express written consent of Abbott, which may be withheld in its sole discretion. Subject to the provisions of Article X: (i) Abbott and its Affiliates may Settle a Mixed Action to the extent it relates to the Business without consent of Guidant so long as such judgment or settlement does not negatively impact the Excluded Business, in which case the prior written consent of Guidant shall be required, which consent may not be unreasonably withheld or delayed; (ii) Guidant and its Affiliates may Settle a Mixed Action to the extent it relates to the Excluded Business without consent of Abbott so long as such judgment or settlement does not negatively impact the Business, in which case the prior written consent of Abbott shall be required, which consent may not be unreasonably withheld or delayed. As used in this Agreement, "Settle" means, with respect to any Action, the consent to the entry of any judgment for such Action or entry into any settlement of such Action.

46

(d) To the extent that any of the provisions of this Section 5.15 conflict with any provisions of the Ancillary Agreements, the provisions of the Ancillary Agreements shall govern.

ARTICLE VI

EMPLOYEE MATTERS

SECTION 6.01. Transferred Employees. (a) As of the Closing, the applicable Purchaser or one of its Affiliates shall employ the U.S. Business Employees (as defined below) who are employed by the Transferred Subsidiaries, and on or prior to the Closing, the applicable Purchaser or one of its Affiliates shall offer employment to each of the other then-current U.S. Business Employees, in each case on substantially the same terms and conditions as in effect prior to the Closing (except as otherwise provided herein). For purposes of this Agreement, "U.S. Business Employee" means an employee of a Transferred Subsidiary employed in the United States as of the Closing, or an employee of the Business employed by an employer domiciled in the United States, in each case who (except as otherwise expressly agreed to in writing by Abbott) primarily performs his or her services for or with respect to the Business as of the Closing, including any such employee who is inactive because of leave of absence, vacation, holiday or long-term disability. For purposes of this Agreement, "U.S. Transferred Employee" means each U.S. Business Employee of the Transferred Subsidiaries and each other U.S. Business Employee who accepts the offer of employment by the applicable Purchaser or its Affiliate. Schedule 6.01(a) contains a true and complete list, as of the date hereof, of each U.S. Business Employee.

(b) The applicable Purchaser or one of its Affiliates shall (i) continue to employ each Non-U.S. Business Employee (as defined below) of a Transferred Subsidiary as of the Closing (where employment continues by operation of Law), (ii) continue to employ each Non-U.S. Business Employee as of the Closing (where employment transfers by operation of Law), and (iii) on or prior to the Closing, make offers of employment with respect to all other Non-U.S. Business Employees whose employment does not transfer to the applicable Purchaser by operation of Law, in each case on substantially the same terms and conditions as in effect for each such employee prior to the Closing (except as otherwise provided herein). For purposes of this Agreement, "Non-U.S. Business Employee" means an employee of the Business employed by an employer domiciled outside the United States as of the Closing who (except as otherwise expressly agreed to in writing by Abbott) primarily performs his or her services for or with respect to the Business outside the U.S. as of the Closing, including any such employee who is inactive because of leave of absence, vacation, holiday or long-term disability, and "Non-U.S. Transferred Employee" means each Non-U.S. Business Employee of a Transferred Subsidiary, and each Non-U.S. Business Employee whose employment transfers to the applicable Purchaser or one of its Affiliates by operation of Law, or who accepts the offer of employment by a Purchaser or one of its Affiliates. Collectively, the U.S. Transferred Employees and the Non-U.S. Transferred Employees shall be referred to as "Transferred Employees". Schedule 6.01(b) contains a true and complete list of, as of the date hereof, of each Non-U.S. Business Employee.

SECTION 6.02. Employee Benefits. (a) For a period of twelve months following the Closing, Transferred Employees who remain in the employment of the applicable

47

Purchaser or any of its Affiliates shall receive employee benefits that in the aggregate are substantially comparable to the employee benefits provided to such employees immediately prior to the Closing. For the six-month period immediately following the expiration of the twelve-month period described in the preceding sentence, the Transferred Employees who remain in the employment of the applicable Purchaser or any of its Affiliates shall receive employee benefits that in the aggregate are substantially comparable to either the employee benefits provided to such employees immediately prior to the Closing or the employee benefits provided to similarly situated employees of such Purchaser or its Affiliate. For a period of not less than eighteen months following the

Closing, the Transferred Employees who remain in the employment of the applicable Purchaser or any of its Affiliates shall receive base salary or wage rates that are not less than those in effect for such Transferred Employees immediately prior to the Closing; provided, however, that neither such Purchaser nor any of its Affiliates shall have any obligation to issue, or adopt any plans or arrangements providing for the issuance of, shares of capital stock, warrants, options, stock appreciation rights or other rights in respect of any shares of capital stock of any entity or any securities convertible or exchangeable into such shares pursuant to any such plans or arrangements; and provided, further, that no plans or arrangements of Guidant or Boston Scientific or any of its or their respective Affiliates providing for such issuance shall be taken into account in determining whether employee benefits are substantially comparable in the aggregate, except as otherwise required by Law. Except as required by Law or expressly provided in Section 6.03(c), nothing contained in this Agreement shall be construed as requiring a Purchaser or one of its Affiliates to continue or offer any specific employee benefit plans or to continue the employment of any specific person. Notwithstanding anything in this Article VI to the contrary, the applicable Purchaser and its Affiliates shall be responsible for any severance or similar termination payments or to pay severance benefits that may become payable to any U.S. Business Employee who is not a Transferred Employee, and Abbott shall indemnify Guidant and its Affiliates from any and all liabilities for such payments. In the event that any of the obligations to make severance or similar termination payments or to pay severance benefits to U.S. Business Employees are covered by cash, insurance contracts, or other assets specifically set aside and designated by Guidant or its Affiliates for this purpose, Guidant shall cause to be transferred to the applicable Purchaser or its Affiliate or to the appropriate benefit or compensation plan or arrangement of such Purchaser or its Affiliate, such cash, insurance contracts or other assets as of the Closing.

(b) The applicable Purchaser shall recognize the prior service of each Transferred Employee as if such service had been performed with such Purchaser (i) for purposes of vesting (but not benefit accrual) under such Purchaser's defined benefit pension plan, (ii) for purposes of eligibility for vacation under such Purchaser's vacation program, (iii) for purposes of eligibility and participation under any health or welfare plan maintained by such Purchaser (other than any post-employment health or post-employment welfare plan), (iv) for purposes of eligibility for the company matching contribution under a 401(k) savings plan maintained by such Purchaser (it being understood that each Transferred Employee who was participating in Guidant's 401(k) savings plan immediately prior to becoming eligible to participate in that 401(k) savings plan of such Purchaser or its Affiliates shall be immediately eligible for the company matching contribution under that 401(k) savings plan maintained by such Purchaser or one of its Affiliates), and (v) unless covered under another arrangement with or of Guidant or any of its Affiliates, for benefit accrual purposes under such Purchaser's severance plan, (in the case of each of clauses (i), (ii), (iii), (iv) and (v), solely to the extent that (x) Boston Scientific makes

48

such plan or program available to employees of the Surviving Corporation (as defined in the Merger Agreement), it being Boston Scientific's current intention to do so, (y) such recognition does not result in any duplication of benefits, but (z) not for purposes of any other employee benefit plan of the applicable Purchaser or any of its Affiliates or any other purpose not expressly described in this Section 6.02(b), except as required by Law).

(c) With respect to any welfare plan maintained by the applicable Purchaser in which Transferred Employees are eligible to participate after the Closing, such Purchaser shall (i) waive all limitations as to preexisting conditions and exclusions with respect to participation and coverage requirements applicable to such employees to the extent such conditions and exclusions were satisfied or did not apply to such employees under the welfare plans maintained by Guidant or any of its Affiliates prior to the Closing and (ii) provide each Transferred Employee with credit for any co-payments and deductibles paid prior to the Closing in satisfying any analogous deductible or out-of-pocket requirements to the extent applicable under any such plan.

(d) With respect to Non-U.S. Transferred Employees, the applicable Purchaser shall, and shall cause its applicable Affiliates to, comply with all applicable Laws, directives and regulations relating to the Non-U.S. Transferred Employees. The applicable Purchaser and its Affiliates shall be responsible for any severance, redundancy or similar termination payments that may become payable to any Non-U.S. Business Employee in connection with the transactions contemplated by this Agreement, and Abbott shall indemnify Guidant and its Affiliates from any and all liabilities for such payments; provided, however, that to the extent that, after the Closing, the applicable Purchaser or any of its Affiliates incurs a second severance, redundancy or similar termination payment liability with respect to any particular Non-U.S. Business Employee who becomes a Non-U.S. Transferred Employee under Section 6.01(b) and who is subsequently terminated by such Purchaser or its Affiliate for just cause within 12 months of the Closing, Guidant and its Affiliates shall indemnify such Purchaser or its Affiliates for an amount equal to the lesser of the two severance liabilities. In the event that any of the obligations to make severance, redundancy or similar termination payments to Non-US Business Employees are covered by cash, insurance contracts, or other assets specifically set aside and designated by Guidant or its Affiliates for this purpose, Guidant shall cause to be transferred to the applicable Purchaser or its Affiliates or to the appropriate benefit or compensation plan or arrangement of such Purchaser or its Affiliate, such cash, insurance contracts, or other assets as of the Closing.

(e) The applicable Purchaser or its Affiliates shall assume all liabilities (other than any stock option liabilities described in Section 6.03(a)) related to the Non-U.S. Transferred Employees, including any liabilities under any Guidant Benefit Plan regardless of whether such employee benefit plan transfers automatically to such Purchaser or its Affiliates as a result of the transactions contemplated by this Agreement. In addition to any cash, insurance contracts or other assets that will transfer automatically to the applicable Purchaser or its Affiliates or to the Non-U.S. Transferred Employees as a result of the transactions contemplated by this Agreement, Guidant shall cause to be transferred to such Purchaser or its Affiliates, or the appropriate compensation or benefit plan of such Purchaser or its Affiliates, such cash, insurance contracts, or other assets, if any, specifically set aside and designated by Guidant in respect of the liabilities related to the Non-U.S. Transferred Employees as of the Closing, including, without limitation,

49

assets of any applicable compensation or benefit plan of Guidant, to the extent such assets do not transfer automatically to such Purchaser or its Affiliates as a result of the transactions contemplated by this Agreement. However, any such transfer shall be subject to the consent of the affected Non-U.S. Transferred Employees to the extent required by Law.

(f) With respect to U.S. Transferred Employees, Abbott shall pay Guidant an amount equal to the present value as of the Closing of the excess, if any, of the pre-Closing liabilities attributable to the U.S. Transferred Employees over the assets, accruals and reserves set aside and designated by Guidant or its Affiliates in respect of those types of liabilities, in each instance to the extent provided by, and as determined in accordance with, the principles set forth on Schedule 6.02(f). Should such designated assets, accruals and reserves allocable to such liabilities exceed those liabilities, Guidant shall pay Abbott such excess. In either event, a single payment for the net amount of the difference shall be paid within 12 months of the Closing. In addition, Guidant will cause all Transferred Employees to be fully vested in their account balances under the Guidant Employee Savings and Stock Ownership Plan (as defined in the Merger Agreement) and they shall receive a proportionate share of any previously unallocated shares of stock that may be allocated to

participants under such plan in connection with the transactions contemplated by this Agreement and the Merger Agreement; provided, however, that nothing in this sentence shall require Guidant or any of its Affiliates to contribute any additional amount to such plan.

SECTION 6.03. General Matters. (a) All outstanding Guidant stock options held immediately prior to the Closing by any Transferred Employee shall be extinguished in accordance with their terms upon the Closing, and, in satisfaction thereof, Guidant shall provide or cause to be provided to the holder of each such option, as soon as practicable following the Closing, but in all cases within the period necessary to comply with Code Section 409A, either (i) a payment in cash equal to the excess of the aggregate fair market value of the Guidant shares as of the Closing subject to each such option as of the Closing over the aggregate exercise price of such option with respect to those shares, net any applicable withholding Taxes, or (ii) a number of shares of common stock of Boston Scientific with a fair market value as of the Closing equal to the excess of the aggregate fair market value of the shares subject to each such option over the aggregate exercise price of such option, net any applicable withholding Taxes, to be determined by applying the conversion formula in Section 5.03(a) of the Merger Agreement to each Guidant option to determine the number of shares of common stock of Boston Scientific that would have been subject to such option and the exercise price of such option, adjusted as if the option holder had not been a Transferred Employee, at Boston Scientific's election provided that such election applies to all Transferred Employees.

(b) Guidant shall not, prior to the Closing:

(i) dispose of or otherwise encumber any assets of, or with respect to, any employee or independent contractor compensation or benefit plan, program or arrangement (1) that is sponsored by a Transferred Subsidiary and covers primarily U.S. Business Employees or Non-U.S. Business Employees, or (2) for which the Purchasers or their Affiliates have assumed liabilities pursuant to the provisions of this Article VI;

50

(ii) terminate the employment of any U.S. Business Employee or Non-U.S. Business Employee, other than in the ordinary course of business consistent with past practice; or

(iii) increase the compensation or fringe benefits of any U.S. Business Employee or Non-U.S. Business Employee, other than in the ordinary course of business consistent with past practice.

(c) After the Closing, the Purchasers shall maintain and administer the Guidant Change in Control Severance Pay Plan for Select Employees and the Guidant Change in Control Severance Pay Plan for Employees (the "Guidant CIC Plans") with respect to any benefits afforded thereunder to any Transferred Employees; provided, however, that the applicable Purchaser or any of its Affiliates shall have the right to amend or terminate the Guidant CIC Plans with respect to the Transferred Employees in accordance with their terms.

(d) No provision of this Agreement shall create any third party beneficiary rights in any employee of a Transferred Subsidiary or in any employee of the Business, or any other current or former employee, independent contractor, or director of Guidant, Boston Scientific, any Purchaser or any of its or their respective Affiliates, in respect of employment or any other matter.

(e) With respect to Non-U.S. Business Employees, Section 6.03(e) of the Disclosure Schedule sets forth a true and complete list of each works council, union or other labor organization which has to be notified or consulted or with which negotiations need to be conducted in connection with the transactions contemplated by this Agreement and each collective bargaining agreement which has any impact on the terms and conditions of employment with respect to the Non-U.S. Business Employees. Where required under applicable Law, Guidant and any of its Affiliates will have, prior to the Closing, properly and timely notified, or where appropriate, consulted or negotiated with, the local works council, union, labor board or relevant Governmental Authority concerning the transactions contemplated by this Agreement.

SECTION 6.04. Mutual Non-Solicitation. Without the prior written consent of Abbott, neither Guidant nor any of its Affiliates shall, for a period of two years following the Closing, take any action to solicit any sales representative or person performing a similar function who is a Transferred Employee and who is employed by the Business (whether as an employee or independent contractor) to terminate his or her employment with the Business or to seek or accept employment with Guidant or any of its Affiliates. Without the prior written consent of Guidant, Abbott shall not, and shall cause each Purchaser and each of its other Affiliates not to, for a period of two years following the Closing, take any action to solicit any sales representative or person performing a similar function who is employed by Guidant or its Affiliates immediately prior to the consummation of the Merger (other than any Transferred Employee) and who, after the consummation of the Merger, is employed by the Surviving Corporation or its successor or any of their Affiliates (whether as an employee or independent contractor) and primarily performs his or her services for or with respect to the Excluded Businesses, to terminate his or her employment with the Surviving Corporation or its successor or their Affiliates or to seek or accept employment with Abbott or any of its Affiliates.

51

Notwithstanding the foregoing, nothing contained herein shall prevent either party or their Affiliates from offering employment or service to persons who respond to a general solicitation or advertisement that is not specifically directed at them (and nothing shall prohibit such general solicitation or advertisement).

ARTICLE VII

TAXES

SECTION 7.01. Apportionment. Any Tax imposed on any gain or income recognized by reason, or as the result, of (a) a transfer of any Excluded Assets or Excluded Liabilities of a Transferred Subsidiary, or (b) any action required or contemplated by Section 5.11 shall be attributable to the Pre-Closing Tax Period. With respect to any Tax Return for any Straddle Period of a Transferred Subsidiary, Abbott will, to the extent permitted by Law, elect to treat the Closing as the last day of the taxable year or period and will apportion any Taxes arising out of or relating to a Straddle Period to the Pre-Closing Tax Period and the Post-Closing Tax Period under the "closing-the-books" method as described in Treasury Regulation Section 1.1502-76(b)(2)(i) (or any similar provision of state, local or foreign law). In any case where applicable Law does not permit a Transferred Subsidiary to treat the Closing as the last day of the taxable year or period, any Taxes arising out of or relating to a Straddle Period will be apportioned to the Pre-Closing Tax Period and the Post-Closing Tax Period based on a closing of the books; provided, however, that (i) exemptions, allowances or deductions that are calculated on an annualized basis

(including depreciation, amortization and depletion deductions) will be apportioned on a daily pro rata basis, (ii) solely for purposes of determining the marginal tax rate applicable to income during such period in a jurisdiction in which such tax rate depends upon the level of income, annualized income will be taken into account, and (iii) real and personal property Taxes shall be allocated on a per diem basis.

SECTION 7.02. Tax Return Filing and Amendment. Guidant will prepare and file, or cause to be prepared and filed, all Tax Returns of each Transferred Subsidiary with respect to periods ending on or before Closing to the extent such returns have not been filed prior to Closing, and Guidant will pay, or cause to be paid, all Taxes shown as due thereon; provided that nothing in this Section 7.02 shall affect the rights of Guidant and its Affiliates to indemnification under Section 5.06. Abbott will prepare and file, or cause to be prepared and filed all Tax Returns of each Transferred Subsidiary with respect to any Straddle Period to the extent such returns have not been filed prior to Closing, and Abbott will pay, or cause to be paid, all Taxes shown as due thereon; provided that nothing in this Section 7.02 shall affect the rights of Abbott to indemnification under Section 10.02(a)(iii). Abbott shall deliver, at least 20 days prior to the due date (taking into account extensions) for the filing of each such Tax Return for any Straddle Period, to Guidant a statement setting forth the amount of tax for which Guidant is responsible pursuant to Section 10.02(a)(iii) and copies of such Tax Return. Guidant shall have the right to review such Tax Return and the statement prior to the filing of such Tax Return. Guidant and Abbott agree to consult and resolve in good faith any issue arising as a result of the review of such Tax Return and statement and mutually consent to the filing of such Tax Return. Neither Abbott nor any of its Affiliates shall file any amended Tax Returns for any periods for or in respect of any Transferred Subsidiary with respect to which Abbott is not obligated to prepare,

52

or cause to be prepared, the original such Tax Returns pursuant to this Section 7.02 without the prior written consent of Guidant (which consent shall not be unreasonably withheld).

SECTION 7.03. Refunds. Guidant shall be entitled to retain or, to the extent actually received by or otherwise available to Abbott or its Affiliate, receive immediate payment from Abbott or any of its Affiliates (including the Transferred Subsidiaries) of, any refund or credit with respect to Taxes (including without limitation refunds arising by reason of amended Tax Returns filed after the Closing Date or otherwise) with respect to any Pre-Closing Tax Period relating to the Transferred Subsidiaries or any Asset Sellers. Any refunds or credits of Taxes with respect to Straddle Periods shall be apportioned to the period ending on the date of the Closing pursuant to the principles set forth in Section 7.01. Abbott shall be entitled to retain or, to the extent actually received by Guidant or its Affiliate, receive immediate payment from Guidant or any of its Affiliates of, any refund or credit with respect to Taxes (including without limitation refunds arising by reason of amended Tax Returns filed after the Closing or otherwise) with respect to any Post-Closing Tax Period relating to the Transferred Subsidiaries or any Asset Sellers. Any refunds or credit of Taxes with respect to Straddle Periods shall be apportioned to the period beginning after the date of the Closing pursuant to the principles set forth in Section 7.01.

SECTION 7.04. Resolution of Tax Controversies. If a claim shall be made by any Governmental Authority that might result in an indemnity payment to the Abbott or any of its affiliates pursuant to Section 10.02(a)(iii), Abbott shall promptly notify Guidant of such claim. In the event that a Governmental Authority determines a deficiency in any Tax, the party ultimately responsible for such Tax under this Agreement, whether by indemnity or otherwise, shall have authority to determine whether to dispute such deficiency determination and to control the prosecution or settlement of such dispute; provided that with respect to Straddle Periods, the party with the greater potential Tax burden shall control the dispute. The party that is not ultimately responsible for such Tax under this Agreement shall have the right to participate at its own expense in the conduct of any such proceeding involving a Tax claim that would adversely affect such party.

SECTION 7.05. Tax Cooperation. Each of Abbott and Guidant shall provide the other party with such information and records and make such of its officers, directors, employees and agents available as may reasonably be requested by such other party in connection with the preparation of any Tax Return or any audit or other proceeding that relates to the Transferred Subsidiaries or the Asset Sellers.

SECTION 7.06. Conveyance Taxes. Notwithstanding any other provisions of this Agreement to the contrary, all transfer, documentary, recording, sales, use, registration, stamp and other similar Taxes (including all applicable real estate transfer Taxes, but excluding any Taxes based on or attributable to income or capital gains) together with any notarial and registry fees and recording costs imposed by any taxing authority or other Governmental Authority in connection with the transfer of the Shares and the Purchased Assets to the Purchasers ("Conveyance Taxes") will be shared equally by the Purchasers, on the one hand, and Guidant or the applicable Seller, on the other hand, regardless of which Person is obligated to pay such Conveyance Taxes under applicable Law; provided, however, that the Purchasers shall pay and be solely responsible for all value added, goods and services and any other similar taxes

53

that are recoupable by a Purchaser. To the extent that one party claims any exemptions from any Conveyance Taxes, such party shall provide to the other party the appropriate exemption certificates. Abbott, Guidant and their respective Affiliates will cooperate in timely making and filing all Tax Returns that may be required to comply with Law relating to Conveyance Taxes. Abbott shall be responsible for any incremental Conveyance Taxes incurred as a result of the participation by Guidant and its Affiliates in any election under section 338(h)(10) of the Code.

ARTICLE VIII

CONDITIONS TO CLOSING

SECTION 8.01. Conditions to Obligation of Guidant. The obligation of Guidant to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or written waiver, at or prior to the Closing, of each of the following conditions:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of Abbott contained in this Agreement shall be true and correct in all material respects as of the Closing, with the same force and effect as if made as of the Closing (other than such representations and warranties as are made as of another date, which shall be true and correct in all material respects as of such date), except in either case where any failure of such representations and warranties to be so true and correct would not materially delay or prevent the consummation of the transactions contemplated hereby in accordance with the terms hereof, and the covenants and agreements contained in this Agreement to be complied with by Abbott on or before the Closing shall have been complied with in all material respects, and Guidant shall have received a certificate signed on behalf of Abbott by an officer of Abbott to such effect;

(b) Governmental Approvals. Any waiting period (and any extension thereof) under the HSR Act and the EU Merger Regulation applicable to the purchase of the Business contemplated by this Agreement, and any agreement with a Governmental Authority not to consummate the transactions contemplated by this Agreement, shall have expired or shall have been terminated, and Boston Scientific, Guidant or Abbott, as the case may be, shall have obtained all authorizations, consents, orders and approvals of all Governmental Authorities that, if not received, would make any of the transactions contemplated by this Agreement or any of the other Ancillary Agreements illegal or otherwise prohibit the consummation of such transactions;

(c) No Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Governmental Order (whether temporary, preliminary or permanent) that has the effect of making the transactions contemplated by this Agreement illegal or otherwise prohibiting the consummation of such transactions; and

(d) Closing Conditions Satisfied. All of the respective conditions to Boston Scientific's, Sub's and Guidant's obligations to consummate the Merger, as set forth in the Merger Agreement, shall have been satisfied or waived, and each of Boston Scientific and Sub shall have notified Guidant, and Guidant shall have notified Boston Scientific

54

and Sub, in writing (with copies of such notices having been delivered to Abbott) that it is ready, willing and able to consummate the Merger and that it intends to consummate the Merger immediately following the consummation of the transactions contemplated by this Agreement and the Transaction Agreement.

SECTION 8.02. Conditions to Obligation of Abbott. The obligation of Abbott to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or written waiver, at or prior to the Closing, of each of the following conditions:

(a) Representations, Warranties and Covenants. Each of the representations and warranties of Guidant contained in this Agreement shall be true and correct in all material respects as of the Closing, with the same force and effect as if made as of the Closing (other than such representations and warranties as are made as of another date, which shall be true and correct in all material respects as of such date), except in either case where any failure of such representations and warranties to be so true and correct would not materially delay or prevent the consummation of the transactions contemplated hereby in accordance with the terms hereof, and the covenants and agreements contained in this Agreement to be complied with by Guidant on or before the Closing shall have been complied with in all material respects, and Abbott shall have received a certificate signed on behalf of Guidant by an officer of Guidant to such effect;

(b) Governmental Approvals. Any waiting period (and any extension thereof) under the HSR Act or the EU Merger Regulation applicable to the purchase of the Business contemplated by this Agreement, and any agreement with a Governmental Authority not to consummate the transactions contemplated by this Agreement, shall have expired or shall have been terminated, and Boston Scientific, Guidant or Abbott, as the case may be, shall have obtained all authorizations, consents, orders and approvals of all Governmental Authorities that, if not received, would make any of the transactions contemplated by this Agreement illegal or otherwise prohibit the consummation of such transactions;

(c) No Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Governmental Order (whether temporary, preliminary or permanent) that has the effect of making the transactions contemplated by this Agreement illegal or otherwise prohibiting the consummation of such transactions; and

(d) Closing Conditions Satisfied. All of the respective conditions to Boston Scientific's, Sub's and Guidant's obligations to consummate the Merger, as set forth in the Merger Agreement, shall have been satisfied or waived, and each of Boston Scientific and Sub shall have notified Guidant, and Guidant shall have notified Boston Scientific and Sub, in writing (with copies of such notices having been delivered to Abbott) that it is ready, willing and able to consummate the Merger and that it intends to consummate the Merger immediately following the consummation of the transactions contemplated by this Agreement and the Transaction Agreement.

55

ARTICLE IX

TERMINATION

SECTION 9.01. Termination. This Agreement may be terminated, or in the case of clause (d) below shall terminate, at any time prior to the Closing in the following circumstances:

(a) by the mutual written consent of Guidant and Abbott;

(b) by either Guidant or Abbott, if the Closing shall not have occurred by September 30, 2006; provided, however, that the right to terminate this Agreement under this Section 9.01(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;

(c) by either Guidant or Abbott in the event that any Governmental Order restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement shall have become final and non-appealable; or

(d) immediately, without any action by either Guidant or Abbott, upon any termination of the Merger Agreement.

SECTION 9.02. Effect of Termination. In the event of termination of this Agreement as provided in Section 9.01, this Agreement shall forthwith become void and there shall be no liability on the part of either party hereto except (a) as set forth in Section 5.02 and Article XI and (b) that nothing herein shall relieve either party from liability for any breach of this Agreement occurring prior to such termination.

ARTICLE X

INDEMNIFICATION

SECTION 10.01. Survival of Representations and Warranties. The representations and warranties of the parties hereto contained in this Agreement and the Transaction Agreement shall terminate at the Closing.

SECTION 10.02. Indemnification by Guidant. (a) From and after the Closing, Abbott and its Affiliates, officers, directors, agents, successors and assigns (the "Abbott Indemnified Parties") shall be indemnified and held harmless by Guidant for and against all losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including reasonable attorneys' and consultants' fees and expenses) actually suffered or incurred by them (hereinafter, a "Loss") to the extent arising out of or related to:

- (i) the Excluded Assets;
- (ii) the Excluded Liabilities;

56

(iii) Taxes of Boston Scientific, Guidant or any of their Affiliates (including any Liability arising as a transferee or successor by contract or otherwise and including any Taxes arising under Regulation 1.1502-6 or similar Law) attributable to any Pre-Closing Tax Period (other than Taxes referred to in the first sentence of Section 5.06(c)); and

(iv) Taxes of Abbott or any of its Affiliates for any Post-Closing Period that would not have been incurred but for a net adjustment to a Pre-Closing Period Tax Liability of Guidant or any of its Affiliates.

(b) In addition to the provisions of Section 10.02(a), from and after the Closing, the Abbott Indemnified Parties shall be indemnified and held harmless by Guidant for and against (i) any action between the date hereof and the Closing with respect to the Assets, the U.S. Business Employees, the Non-U.S. Business Employees or the Business that would have been a breach of the covenants contained in Section 4.01 of the Merger Agreement if such covenants had been made with respect to the Assets, the U.S. Business Employees, the Non-U.S. Business Employees or the Business rather than having been made with respect to Guidant's assets, employees and businesses; provided, however, that Guidant shall have no obligation to indemnify any Abbott Indemnified Party pursuant to this clause (i) unless and until the aggregate amount of all such amounts indemnifiable under this clause (i) exceeds \$100,000,000, in which case Guidant will only be liable for amounts indemnifiable under this clause (i) in excess of such amount; and (ii) the occurrence of a Material Adverse Effect between the date of this Agreement and the Closing. Guidant and Abbott will use their reasonable best efforts to agree on the amount of any indemnification payable under this Section 10.02(b). In the event Guidant and Abbott are unable to reach agreement on such amount despite the use of such efforts, such amount shall be determined by an independent investment banking firm or accounting firm (depending on the subject matter of the claim) of international reputation reasonably acceptable to each of Guidant and Abbott using customary valuation methodologies. The determination of such independent investment banking firm shall be final and binding on Guidant and Abbott. The fees and expenses of such independent investment banking firm shall be shared equally between Guidant and Abbott.

SECTION 10.03. Indemnification by Abbott. From and after the Closing, Guidant and its Affiliates, officers, directors, agents, successors and assigns shall be indemnified and held harmless by Abbott for and against any and all Losses to the extent arising out of or related to the Business (other than the Excluded Liabilities) and the Assumed Liabilities, except for Taxes described in Section 10.02(iii).

SECTION 10.04. Limits on Indemnification. (a) Notwithstanding anything to the contrary contained in this Agreement, neither party hereto shall have any Liability under Section 10.02(a) for any punitive, incidental, consequential, special or indirect damages, except to the extent that any such damages are awarded in connection with a Third Party Claim against an indemnified party and such indemnified party is entitled to be indemnified hereunder as a result of the facts or circumstances giving rise to such Third Party Claim.

(b) For all purposes of this Article X, "Losses" shall be net of (i) any insurance or other recoveries actually paid to an indemnified party or its Affiliates in connection with the

57

facts giving rise to the right of indemnification, and (ii) any Tax benefit to which an indemnified party or any of its Affiliates is or will be entitled in connection with the facts giving rise to the right of indemnification.

SECTION 10.05. Notice of Loss; Third Party Claims. (a) An indemnified party shall give the indemnifying party notice of any matter that an indemnified party has determined has given or could give rise to a right of indemnification under this Agreement, within 60 days of such determination, stating the amount of the Loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises.

(b) If an indemnified party shall receive notice of any Action from or involving any third party that the indemnified party believes is reasonably likely to give rise to a right of indemnification under this Article X (each, a "Third Party Claim"), then, as promptly as practicable after the receipt of such notice, the indemnified party shall give the indemnifying party notice of such Third Party Claim, stating the amount of the Loss, if known, and method of computation thereof and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; provided, however, that the failure to provide such notice shall not release the indemnifying party from any of its obligations under this Article X except to the extent that such failure actually results in a detriment to the indemnifying party and shall not relieve the indemnifying party from any other Liability that it may have to any indemnified party other than under this Article X. The indemnifying party shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel reasonably satisfactory to the indemnified person if it gives notice of its intention to do so to the indemnified party within 15 days of the receipt of such notice from the indemnified party. If the indemnifying party elects to undertake any such defense against a Third Party Claim, the indemnified party may participate in such defense at its own expense. The indemnified party shall reasonably cooperate with

the indemnifying party in such defense and make available to the indemnifying party, at the indemnifying party's expense, all witnesses, pertinent records, materials and information in the indemnified party's possession or under the indemnified party's control relating thereto as is reasonably required by the indemnifying party. If the indemnifying party elects to direct the defense of any such claim or proceeding, it shall not consent to the entry of any judgment or enter into any settlement with respect to such Third Party Claim without the prior written consent of the indemnified party, which consent shall not be unreasonably withheld or delayed. No indemnifying party shall be liable for any settlement of a Third Party Claim effected without such indemnifying party's prior written consent, which consent shall not be unreasonably withheld or delayed.

SECTION 10.06. Tax Treatment of Indemnity Payments. For all Tax purposes, the parties agree to treat all payments made under any indemnity provisions contained in this Agreement as adjustments to the Purchase Price, except to the extent applicable Law requires otherwise.

58

ARTICLE XI

GENERAL PROVISIONS

SECTION 11.01. Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the other Ancillary Agreements and the transactions contemplated hereby and thereby shall be borne by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

SECTION 11.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, by facsimile, by e-mail or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.02):

- (a) if to Guidant or any Seller:

Guidant Corporation
111 Monument Circle, 29th Floor
Indianapolis, Indiana 46204
Fax: (317) 971-2119
Attention: General Counsel

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
333 West Wacker Drive
Chicago, Illinois 60606
Fax: (312) 407-0411
Attention: Charles W. Mulaney, Jr.
Brian W. Duwe

- (b) if to Abbott or any other Purchaser:

Abbott Laboratories
Dept. 0392, Bldg. AP6D
100 Abbott Park Road
Abbott Park, Illinois 60064-3500
Fax: (847) 935-8207
Attention: Chief Operating Officer, Medical Products Group

with a copy to:

Abbott Laboratories
Dept. 364, Bldg. AP6D

59

100 Abbott Park Road
Abbott Park, Illinois 60064-6020 USA
Fax: (847) 938-6277
Attention: General Counsel

and a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017-3903
Fax: (212) 455-2502
Attention: Charles I. Cogut
William E. Curbow

SECTION 11.03. Public Announcements. Each party to this Agreement shall consult with the other party before issuing, and shall provide the other party the opportunity to review and comment upon, any press release or other public announcement in respect of this Agreement or the transactions contemplated hereby and shall not issue any press release or other public statements or otherwise communicate with any news media regarding this Agreement and/or the transactions contemplated hereby without the consultation and prior written consent of the other party unless otherwise required by Law or applicable stock exchange regulation and then only with such advance notice to and consultation with the other party as is practical. The parties to this Agreement shall cooperate as to the timing and contents of any such press release, public announcement or communication. The parties agree that they shall each issue a press release announcing the execution of this Agreement, the contents of which shall be reasonably satisfactory to the other party. Notwithstanding the foregoing, neither party shall have any obligation to consult with the other party or provide the other party with an opportunity to review and comment upon any press release or other public announcement announcing a termination of this Agreement, and such party may issue such press release or public announcement or otherwise communicate with any news media regarding such termination without the consent of the other party; provided, however, that the non-terminating party shall have received advance written notice of the other party's intention to terminate this Agreement.

SECTION 11.04. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to either party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the greatest extent possible.

SECTION 11.05. Entire Agreement. This Agreement, the Transaction Agreement, the Confidentiality Agreement and the Ancillary Agreements constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and

60

supersede all prior agreements and undertakings, both written and oral, between Guidant and Abbott with respect to the subject matter hereof and thereof.

SECTION 11.06. Assignment. This Agreement may not be assigned without the express written consent of Guidant and Abbott (which consent may be granted or withheld in the sole discretion of Guidant or Abbott), as the case may be; provided, however, that (a) either party may, without the consent of the other party, assign its rights and obligations, in whole or in part, under this Agreement to one or more of its controlled Affiliates, except that no such assignment shall relieve the assigning party from the performance of its obligations hereunder, and (b) Abbott may, without the consent of Guidant, assign its rights and obligations, in whole or in part, under this Agreement to any designee of Abbott (in the event Abbott divests any of the Assets that would otherwise be acquired by Abbott pursuant hereto due to applicable antitrust laws and regulations) or to any acquirer of all or substantially all of Abbott's vascular intervention business.

SECTION 11.07. Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, Guidant and Abbott or (b) by a waiver in accordance with Section 11.08.

SECTION 11.08. Waiver. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto or (c) to the extent permitted by applicable Law, waive compliance with any of the agreements of the other party or conditions to such party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of either party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

SECTION 11.09. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

SECTION 11.10. Other Remedies; Specific Performance. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at Law or in equity.

61

SECTION 11.11. Interpretive Rules. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and all Article and Section references are to this Agreement unless otherwise specified. The words "include," "includes" and "including" will be deemed to be followed by the phrase "without limitation." The word "days" means calendar days unless otherwise specified herein. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. No provision of this Agreement shall be construed to require either party or their respective officers, directors, subsidiaries or Affiliates to take any action which would violate or conflict with any applicable Law. The word "if" means "if and only if." The word "or" shall not be exclusive. The meanings given to terms defined herein will be equally applicable to both the singular and plural forms of such terms. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. Except as otherwise expressly provided herein, all references to "dollars" or "\$" will be deemed references to the lawful money of the United States of America.

SECTION 11.12. Guarantees of Performance. (a) Abbott hereby (i) absolutely, unconditionally and irrevocably guarantees all of the obligations of each Purchaser under this Agreement and the Ancillary Agreements to which such Purchaser is a party, and (ii) unconditionally and irrevocably waives any right to revoke this guarantee and acknowledges that this guarantee is continuing in nature and applies to all obligations of such Purchaser under

this Agreement and the Ancillary Agreements. The obligations of Abbott under or in respect of this guarantee are independent of the guaranteed obligations, and a separate action or actions may be brought and prosecuted against Abbott to enforce this guarantee, irrespective of whether any action is brought against the applicable Purchaser or whether such Purchaser is joined in any such action or actions.

(b) Guidant hereby (i) absolutely, unconditionally and irrevocably guarantees all of the obligations of each Seller under this Agreement and the Ancillary Agreements to which such Seller is a party, and (ii) unconditionally and irrevocably waives any right to revoke this guarantee and acknowledges that this guarantee is continuing in nature and applies to all obligations of such Seller under this Agreement and the Ancillary Agreements. The obligations of Guidant under or in respect of this guarantee are independent of the guaranteed obligations, and a separate action or actions may be brought and prosecuted against Guidant to enforce this guarantee, irrespective of whether any action is brought against the applicable Seller or whether such Seller is joined in any such action or actions.

SECTION 11.13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. All Actions arising out of or relating to this Agreement shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of The City of New York; provided, however, that if such federal court does not have jurisdiction over such Action, such Action shall be heard and determined exclusively in any New York state court sitting in the Borough of Manhattan of The City of New York. Consistent with the preceding sentence, the parties hereto hereby (a) submit to the exclusive jurisdiction of any federal or state court sitting in the Borough of Manhattan of The City of New York for the purpose of any Action arising out of or relating to this Agreement brought by either party hereto and (b) irrevocably waive, and agree not to assert by way of

62

motion, defense, or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the Action is brought in an inconvenient forum, that the venue of the Action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Each party further irrevocably consents to the service of process out of any of the aforementioned courts in any such Action by the mailing of copies thereof by mail to such party at its address set forth in this Agreement, such service of process to be effective upon acknowledgment of receipt by registered mail; provided, however, that nothing in this Section 11.13 shall affect the right of any party to serve legal process in any other manner permitted by law. The consent to jurisdiction set forth in this Section 11.13 shall not constitute a general consent to service of process in the State of New York and shall have no effect for any purpose except as provided in this Section 11.13.

SECTION 11.14. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.14.

SECTION 11.15. Exchange Rate. If applicable Law requires that any payment pursuant to this Agreement be made in local currency, the parties shall use the applicable exchange rate published in the Wall Street Journal three Business Days prior to the Closing.

SECTION 11.16. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

63

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

GUIDANT CORPORATION

By: /s/ Bernard E. Kury
Name: Bernard E. Kury
Title: Vice President and General
Counsel

ABBOTT LABORATORIES

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

FORM OF ASSUMPTION AGREEMENT

FORM OF BILL OF SALE

FORM OF BUSINESS TRANSFER AGREEMENT

FORM OF EQUITY PURCHASE AGREEMENT

FORM OF INTELLECTUAL PROPERTY TRANSFER AGREEMENT

FORM OF LICENSE AND TECHNOLOGY TRANSFER AGREEMENT

FORM OF NOTE

FORM OF RELEASE

FORM OF SUPPLY AGREEMENT

FORM OF TRANSITION SERVICES AGREEMENT

Schedule 1.01(a) — Asset Purchasers & Asset Sellers

Schedule 1.01(b) — Leased Business Real Property

Schedule 1.01(c) — Owned Business Real Property

Schedule 1.01(d) — Share Sellers, Share Purchasers and Transferred Subsidiaries

Schedule 2.02(a)(i) — Clonmel—Purchased Assets

Schedule 2.02(a)(ii) — Leased Business Real Property—Purchased Assets

Schedule 2.02(a)(iii) — Guidelines for Allocation of Tangible Personal Property

Schedule 2.02(a)(xv) — Guidelines for Permits, Licenses, Certifications and Approvals

Schedule 2.02(a)(xvi) — Guidelines for Computer Software Data and Information

Schedule 2.02(a)(xxi) — Aircraft Assets

Schedule 2.02(c)(iv) — Real Property—Excluded Assets

Schedule 2.02(d) — Investments

Schedule 2.02(e) — Intellectual Property Transfers

Schedule 2.04(a) — Withholding Taxes

Schedule 2.06 — Required Consent Jurisdictions & Deferred Local Closings

Schedule 5.12 — Restructuring

Schedule 6.01(a) — U.S. Business Employees

Schedule 6.01(b) — Non-U.S. Business Employees

Schedule 6.02(f) — Payment Principles

Guidant Disclosure Schedules:

Section 3.01 — Organization, Authority and Qualification

Section 3.02 — Organization, Authority and Qualification of the Transferred Subsidiaries

Section 3.03(a) — Capitalization; Ownership of Shares

Section 3.03(b) — Capitalization; Ownership of Shares

Section 3.04(c) — No Conflict

Section 3.05 — Governmental Consents and Approvals

Section 3.06 — Conduct in the Ordinary Course

Section 3.07 — Litigation

Section 3.08 — Compliance with Laws

Section 3.09 — Environmental Matters

Section 3.10(a) — Intellectual Property

Section 3.10(a)(i) — Intellectual Property

Section 3.10(b) — Intellectual Property

Section 3.10(c) — Intellectual Property

Section 3.10(d) — Intellectual Property

Section 3.11 — Title

Section 3.12(a) — Employee Benefit Matters

Section 3.12(b) — Employee Benefit Matters

Section 3.12(d) — Employee Benefit Matters

Section 3.12(e) — Employee Benefit Matters

Section 3.12(f) — Employee Benefit Matters

Section 3.12(g) — Employee Benefit Matters

Section 3.12(h) — Employee Benefit Matters

Section 3.12(i) — Employee Benefit Matters
Section 3.12(j) — Employee Benefit Matters
Section 3.12(k) — Employee Benefit Matters
Section 3.12(l) — Employee Benefit Matters
Section 3.12(m) — Employee Benefit Matters
Section 3.13(e) — Taxes
Section 3.13(f) — Taxes
Section 3.13(h) — Taxes
Section 3.13(i) — Taxes
Section 3.14(b)(i) — Material Contracts
Section 3.14(b)(ii) — Material Contracts

Section 3.14(c) — Material Contracts
Section 3.15(a) — Regulatory Matters
Section 3.15(b) — Regulatory Matters
Section 3.15(c) — Regulatory Matters
Section 3.15(d)-(g) — Regulatory Matters
Section 3.15(h) — Regulatory Matters
Section 3.16 — Assets
Section 6.03(e) — Non-U.S. Labor Organizations

AMENDMENT TO PURCHASE AGREEMENT

THIS AMENDMENT TO PURCHASE AGREEMENT (this "Amendment"), dated as of April 21, 2006, between GUIDANT CORPORATION, an Indiana corporation ("Guidant"), and ABBOTT LABORATORIES, an Illinois corporation ("Abbott").

WHEREAS, Guidant and Abbott are parties to that certain Purchase Agreement dated as of the date hereof, pursuant to which Abbott is acquiring certain assets and businesses and assuming certain liabilities of Guidant (the "Agreement"); and

WHEREAS, Guidant and Abbott desire to amend the Agreement as provided in this Amendment in accordance with Section 11.07 of the Agreement.

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

SECTION 1. Certain Definitions. Notwithstanding anything to the contrary in the Agreement, the parties agree and acknowledge that (a) in Section 1.01 of the Agreement the definitions of "License and Technology Transfer Agreement" and "Supply Agreements" are hereby deleted, and (b) all other references to "Supply Agreements" in the Agreement mean the provisions of Section 5.07 of the Transaction Agreement and all other references to "License and Technology Agreement" in the Agreement mean the provisions of Section 5.08 of the Transaction Agreement.

SECTION 2. Intercompany Receivables and Payables. For the avoidance of doubt, the parties hereby agree and acknowledge that (a) notwithstanding Section 2.02(a)(ix), Section 2.02(a)(xii) and 2.02(c)(ii), the Purchased Assets shall include intercompany receivables only to the extent such intercompany receivables are between Transferred Subsidiaries, and (b) notwithstanding Section 2.03(b)(vi), the Excluded Liabilities shall not include intercompany payables only to the extent such intercompany payables are between Transferred Subsidiaries.

SECTION 3. Cash and Indebtedness. Notwithstanding anything to the contrary in the Agreement, the parties agree and acknowledge that (a) Assumed Liabilities shall include the indebtedness of Guidant International Trading (Shanghai) Co. Ltd. as of the Deferred Local Closing equal to (i) money borrowed under a Citibank credit line in the amount of 1,200,000.00 CNY, plus (ii) accrued interest as of the date of the Deferred Local Closing (the "Outstanding China Borrowings"), and (b) the Assets shall include an amount of cash of Guidant International Trading (Shanghai) Co. Ltd. as of the Deferred Local Closing equal to the Outstanding China Borrowings.

SECTION 4. Receipts and Local Payments. Notwithstanding anything in the Agreement to the contrary, the parties hereby agree that the receipt to be delivered by Guidant pursuant to Section 2.07(d) shall exclude: (a) that portion of the Initial Purchase Price attributable to Austria, India, Norway and Thailand (the "Local Cash Consideration") which shall be paid locally to the respective Asset Sellers located in such countries by wire transfer in immediately available funds to such Asset Sellers on or prior to two Business Days after the Closing, and each such Asset Seller shall deliver a receipt for the Local Cash Consideration to the relevant Asset Purchaser when such Asset Seller receives the Local Cash Consideration in its bank account; (b) the portion of the Initial Purchase Price allocated to a Deferred Local Closing (the "Deferred Cash Consideration") which shall be paid

at the time of such Deferred Local Closing, and Guidant or the applicable Asset Seller(s) shall deliver a receipt for the Deferred Cash Consideration to the relevant Asset Purchaser when the Deferred Cash Consideration is received; and (c) the portion of the Initial Purchase Price set forth in Schedule 2.02(e), and Guidant shall deliver a separate receipt for such portion to the applicable IP Purchaser.

SECTION 5. Exchange Rate. Each of the parties agrees and acknowledges that: (a) for the Local Cash Consideration allocated to India and Thailand, the exchange rate shall be determined as set forth in Section 11.15; and (b) for the Local Cash Consideration allocated to Austria and Norway, the exchange rate shall be approximately the exchange rates between the Dollar and the Euro or the Norwegian Krone, as the case may be, reported on the Bloomberg screen at 7:00 am EDT on the date of the Closing.

SECTION 6. Intellectual Property Transfer Agreement. Notwithstanding anything to the contrary in Section 2.02(e), Guidant Luxembourg S.a.r.l. shall be an IP Seller and the Intellectual Property Transfer Agreement shall be executed at the Closing.

SECTION 7. Closing. For the avoidance of doubt, the parties agree and acknowledge that the Closing shall be effective as of the opening of business in each country on April 21, 2006.

SECTION 8. Ratification of Agreement. Except as expressly provided in this Amendment, all of the terms, covenants, and other provisions of the Agreement are hereby ratified and confirmed and shall continue to be in full force and effect in accordance with their respective terms. From and after the date hereof, all references to the Agreement shall refer to the Agreement as amended by this Amendment. Capitalized terms used but not defined in this Amendment shall have the meanings assigned to them in the Agreement.

SECTION 9. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York. All Actions arising out of or relating to this Amendment shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of The City of New York; provided, however, that if such federal court does not have jurisdiction over such Action, such Action shall be heard and determined exclusively in any New York state court sitting in the Borough of Manhattan of The City of New York.

SECTION 10. Counterparts. This Amendment may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

[signature page follows]

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

GUIDANT CORPORATION

By: /s/ Bernard E. Kury
Name: Bernard E. Kury
Title: Vice President and General
Counsel

ABBOTT LABORATORIES

By: /s/ Thomas C. Freyman
Name: Thomas C. Freyman
Title: Executive Vice President,
Finance and
Chief Financial Officer

BSC INTERNATIONAL HOLDING LIMITED

Promissory Note

\$900,000,000

New York, New York
April 21, 2006

BSC International Holding Limited, a company organized and existing under the laws of Ireland (the "Borrower"), for value received, hereby promises to pay to Abbott Laboratories, an Illinois corporation (the "Lender"), the principal amount of \$900,000,000.

1. Payments on the Note. The Borrower agrees to pay in cash semi-annually in arrears on the last Business Day of each March and September, beginning September 30, 2006, and on the Maturity Date (as defined below) (each, an "Interest Payment Date"), interest from the date hereof with respect to the first interest payment, and from the first day following the immediately preceding Interest Payment Date with respect to any subsequent interest payment, in each case to and including the date such interest shall become due and payable, on the unpaid principal amount of the loan evidenced by this Note (the "Loan"), at a rate per annum equal to 4.0%. If all or a portion of the principal amount of, or interest on, the Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), the Loan shall bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2%. Interest and fees payable pursuant hereto shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed.

All then unpaid principal and accrued interest shall be due and payable in cash on April 21, 2011 (the "Maturity Date").

Subject to subsection 3(b), all payments (including prepayments) to be made to the Lender hereunder, whether on account of principal, interest, fees or otherwise, shall be made in United States Dollars and in immediately available funds without setoff or counterclaim by wire transfer to an account notified by the Lender to the Borrower and shall be made prior to 5:00 p.m., New York City time on the due date thereof. If any payment on this Note becomes due and payable on a day other than a day on which commercial banks in New York, New York are open for the transaction of normal business (a "Business Day"), payment shall be due on the immediately succeeding Business Day and, with respect to any payment of principal, interest thereon shall be payable at the then applicable rate.

2. Optional Prepayments. The Borrower may, at its option, upon notice delivered to the Lender one day prior thereto, prepay at any time all, or from time to time any part of, this Note, plus accrued but unpaid cash interest through the prepayment date, with respect to the

1

principal amount so prepaid, without any premium or penalty. Any such prepayment shall be in an aggregate principal amount of \$1,000,000 or a whole multiple thereof.

3. Mandatory Reductions and Prepayments. (a) If on any date the Lender or any of its Affiliates shall receive Net Proceeds from the sale of any Shares issued pursuant to Section 2.1 of the Subscription and Stockholder Agreement, then (i) if the Net Proceeds from any such sales are greater than 110% but equal to or less than 120% of the Stock Purchase Price, the portion of the Net Proceeds in excess of 110% of the Stock Purchase Price (minus any Taxes imposed on Abbott on or with respect to gain on the Net Proceeds in excess of 110% of the Stock Purchase Price) shall be immediately applied upon receipt thereof to reduce any amounts then outstanding under this Note and (ii) if the Net Proceeds from any such sales are greater than 120% of the Stock Purchase Price, (x) the portion of the Net Proceeds in excess of 110% but less than or equal to 120% of the Stock Purchase Price (minus any Taxes imposed on Abbott on or with respect to gain on the Net Proceeds in excess of 110% of the Stock Purchase Price but less than or equal to 120% of the Stock Purchase Price) shall be immediately applied upon receipt thereof to reduce any amounts then outstanding under this Note and (y) 50% of the Net Proceeds in excess of 120% of the Stock Purchase Price (minus any Taxes imposed on Abbott on or with respect to gain on such 50% of the Net Proceeds in excess of 120% of the Stock Purchase Price) shall be immediately applied upon receipt thereof to reduce any amounts then outstanding under this Note. The amount by which the outstanding principal balance of the Note shall be reduced under this subsection 3(a) on any sale of Shares shall be determined in accordance with Section 3.5 of the Subscription and Stockholder Agreement.

(b) Upon the occurrence and during the continuance of a Trigger Event, any cash proceeds the Borrower or any of its Affiliates receives or is entitled to receive with respect to Milestone Payments pursuant to Section 2.05 of the Purchase Agreement shall be immediately applied upon receipt thereof (or in the case of any such Milestone Payments which shall be due but not have been paid at such time, may be applied by the Lender directly) to prepay any amounts then outstanding under this Note.

(c) Any amounts required to be applied pursuant to this Section 3 shall be applied, first, to any fees or expenses then due and owing to the Lender under subsection 13(e), second, to the payment of any interest due with respect to the amount of the principal prepaid, and third, to the principal amount of the Loan.

4. Representations and Warranties. (a) The Borrower hereby represents and warrants that:

(i) The Borrower is duly organized, validly existing and in good standing under the laws of Ireland.

(ii) The Borrower has the corporate power and authority, and the legal right, to make, deliver and perform this Note and has taken all necessary corporate action to authorize the execution, delivery and performance of this Note.

2

(iii) No consent or authorization of, filing with or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of this Note.

(iv) This Note has been duly executed and delivered on behalf of the Borrower.

(v) This Note constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(vi) The execution, delivery and performance of this Note, the borrowings hereunder and the use of the proceeds hereof will not violate any Requirement of Law or Contractual Obligation of the Borrower and will not result in, or require, the creation or imposition of any Lien on any of its properties or revenues pursuant to any Requirement of Law or Contractual Obligation.

(vii) No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending, or to the knowledge of the Borrower, threatened by or against the Borrower or against any of its properties or revenues that would prevent the Borrower from paying any interest or principal on this Note or from paying or reimbursing the Lender for any fees and expenses pursuant to subsection 13(e).

(viii) No Default or Event of Default has occurred and is continuing.

(ix) No part of the proceeds of the Loan will be used for any purpose that violates the provisions of the Regulations of the Board.

(b) Boston Scientific hereby represents and warrants that:

(i) Boston Scientific is duly organized, validly existing and in good standing under the laws of the State of Delaware.

(ii) Boston Scientific has the corporate power and authority, and the legal right, to make, deliver and perform this Note and the guarantee and has taken all necessary corporate action to authorize the execution, delivery and performance of this Note and the guarantee.

(iii) No consent or authorization of, filing with or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the guarantee hereunder or with the execution, delivery, performance, validity or enforceability of such guarantee.

3

(iv) This Note has been duly executed and delivered on behalf of Boston Scientific.

(v) This Note constitutes a legal, valid and binding obligation of Boston Scientific enforceable against Boston Scientific in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(vi) The execution, delivery and performance of this Note and the guarantee hereunder will not violate any Requirement of Law or Contractual Obligation of Boston Scientific.

5. Conditions Precedent. The obligation of the Lender to make the Loan is subject to the satisfaction, prior to or concurrently with the making of such Loan, of the following conditions:

(a) The Lender shall have received this Note duly executed and delivered by the Borrower;

(b) The Lender shall have received a certificate of the Borrower, dated the date hereof, in form and substance reasonably satisfactory to the Lender, with attachments, including copies of the organizational documents of the Borrower, and resolutions authorizing the transactions contemplated by this Note;

(c) The Lender shall have received (i) a certificate of Boston Scientific, dated the date hereof, in form and substance reasonably satisfactory to the Lender, with attachments, including the certificate of incorporation of Boston Scientific certified by the Secretary of State of Delaware, the by-laws of Boston Scientific and resolutions authorizing the transactions contemplated by this Note and (ii) a long-form good standing certificate from the State of Delaware;

(d) The Lender shall have received a notice from the Borrower designating in writing the bank account to which the amount of the Loan is to be wired not fewer than three Business Days prior to the date hereof;

(e) All of the conditions to Guidant's obligations to consummate the transactions contemplated by the Purchase Agreement, as set forth in the Purchase Agreement, shall have been satisfied or waived, and Guidant shall have notified the Lender, in writing that it is ready, willing and able to consummate the transactions contemplated by the Purchase Agreement;

(f) All of the respective conditions to Boston Scientific's, Sub's and Guidant's obligations to consummate the Merger, as set forth in the Merger Agreement, shall have been satisfied or waived, and each of Boston Scientific and Sub shall have notified Guidant, and Guidant shall have notified Boston Scientific and Sub, in writing (with copies of such notices

4

having been delivered to the Lender) that it is ready, willing and able to consummate the Merger, and that it intends to consummate the Merger immediately following the consummation of the transactions contemplated by the Transaction Agreement or the Purchase Agreement;

(g) The Transaction Agreement and the Purchase Agreement shall be in full force and effect and no default shall have occurred and be continuing thereunder;

(h) Each of the representations and warranties made by the Borrower in Section 4 of this Note shall be true and correct on and as of the date hereof; and

(i) No Default or Event of Default shall have occurred and be continuing on the date hereof or after giving effect to the Loan to be made on the date hereof.

In the event that Boston Scientific, Sub and Guidant do not complete the Merger on the same day as, or on the first Business Day following, the Share Closing Date, then on the second Business Day following the Share Closing Date, the Borrower shall pay in cash the full amount of the Loan outstanding under this Note together with interest compounded daily on such amount at the rate publicly announced by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City.

6. Covenants. The Borrower covenants that for so long as this Note remains in effect and any amounts are owing hereunder it shall:

(a) Preserve, renew and keep in full force and effect its corporate existence.

(b) Give notice to the Lender within ten days of the occurrence of any Default or Event of Default.

7. Default. The entire unpaid principal amount of this Note, together with all accrued and unpaid interest and all other amounts owing under this Note shall become immediately due and payable upon written demand of the Lender (or in the case of an event specified in subsection 7(d) below, automatically, without notice), without any other notice or demand of any kind or any presentment or protest, if any one of the following events shall occur and be continuing at the time of such demand:

(a) The Borrower (i) defaults in any payment of principal on this Note when due in accordance with the terms of this Note, which default shall have continued for a period of five days, or (ii) defaults in any payment of interest on this Note when due in accordance with the terms of this Note, which default shall have continued for a period of five days following Borrower's receipt of written notice from the Lender; or

(b) The Borrower defaults in the observance or performance of any covenant or agreement contained in this Note (other than those referred to in subsection 7(a) above), which default cannot be or has not been cured within 30 days after the Borrower's receipt of written notice of such default from Lender; or

5

(c) Any representation or warranty made by the Borrower in this Note shall prove to have been inaccurate on or as of the date made, such as would prevent the Borrower from paying any interest or principal on this Note or from paying or reimbursing the Lender for any fees and expenses pursuant to subsection 13(e) or would materially impair the Lender's ability to enforce this Note; or

(d) (i) The Borrower or Boston Scientific shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or Boston Scientific shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or Boston Scientific any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed or undischarged for a period of 60 days; or (iii) there shall be commenced against the Borrower or Boston Scientific any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or Boston Scientific shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or Boston Scientific shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due.

The rights of the Lender specified herein upon the occurrence of an Event of Default shall be in addition to the Lender's rights specified in the last sentence of Section 5.10(a) of the Transaction Agreement.

8. Certain Definitions. As used in this Note, the following terms shall have the following meanings:

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; provided, however, that TAP Pharmaceutical Products, Inc. ("TAP") and its subsidiaries shall be deemed not to be Affiliates of the Lender only for so long as the Lender (either directly or indirectly) owns fifty percent or less of the voting stock of TAP (or its subsidiaries) or does not otherwise have control of TAP (or its subsidiaries). For purposes of this Note, "Affiliate" shall include (i) with respect to the Borrower, Guidant and its Affiliates following the Merger, (ii) with respect to the Lender, any Person acquired pursuant to the Transaction Agreement, and (iii) any Person resulting from any internal reorganization, provided such resulting Person is an Affiliate.

6

"Board" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower" shall have the meaning set forth in the first paragraph of this Note.

"Boston Scientific" means Boston Scientific Corporation, a Delaware corporation, and the parent of the Borrower.

“Business Day” shall have the meaning set forth in Section 1.

“Capital Stock” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

“Contractual Obligations” means as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Credit Agreement” means the principal credit agreement of Boston Scientific, as amended, restated, modified, renewed, refunded, replaced or refinanced, in whole or in part from time to time.

“Default” means any of the events specified in Section 7, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Event of Default” means any of the events specified in Section 7, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Excluded Taxes” means net income taxes imposed on the Lender as a result of a present or former connection between the Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Note).

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

“Guidant” means Guidant Corporation, an Indiana corporation.

“Indebtedness” means of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of

7

such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all capital lease obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) all guarantee obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (f) above and (h) all obligations of the kind referred to in clauses (a) through (g) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

“Interest Payment Date” shall have the meaning set forth in Section 1.

“Lender” shall have the meaning set forth in the first paragraph of this Note.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

“Loan” shall have the meaning set forth in Section 1.

“Maturity Date” shall have the meaning set forth in Section 1.

“Merger” means the merger of Sub with and into Guidant pursuant to the Merger Agreement.

“Merger Agreement” means the Agreement and Plan of Merger, dated as of January 25, 2006, among Boston Scientific, Sub and Guidant, as amended, supplemented or otherwise modified from time to time.

“Net Proceeds” means, in respect of any sale of Shares, the proceeds per share received from such sale (net of any underwriting discounts and commissions incurred in connection therewith).

“Obligations” means the unpaid principal of and interest on (taking into account reductions and prepayments pursuant to Section 3 and including interest accruing after the maturity of the Loan and interest accruing after the filing of any petition in bankruptcy, or the

8

commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loan and all other obligations and liabilities of the Borrower to the Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with this Note or any other document made,

delivered or given in connection herewith, whether on account of principal, interest, reimbursement obligations, fees, costs, expenses (including all fees, charges and disbursements of counsel to the Lender that are required to be paid by the Borrower pursuant hereto) or otherwise.

“Permitted Junior Securities” means (i) equity interests in the Borrower or any direct or indirect parent of the Borrower or (ii) unsecured debt securities that are subordinated to all Senior Indebtedness (and any debt securities issued in exchange for Senior Indebtedness) to substantially the same extent as, or to a greater extent than, the Loan is subordinated to Senior Indebtedness under this Note.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Principal Indebtedness” means the amounts owing in respect of the Credit Agreement and any Public Indebtedness.

“Public Indebtedness” means Indebtedness of Boston Scientific or any of Boston Scientific’s Subsidiaries issued in a public offering, Rule 144A transaction or Regulation S transaction.

“Purchase Agreement” means the purchase agreement to be entered into by Guidant and the Lender in connection with the purchase and sale of the business contemplated by the Transaction Agreement.

“Representative” means any trustee, agent or representative (if any) for an issue of Senior Indebtedness of the Borrower.

“Requirements of Law” means as to any Person, the certificate of incorporation and bylaws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Senior Indebtedness” means (i) with respect to the Borrower, all Indebtedness under the Credit Agreement dated as of April 21, 2006 among Boston Scientific, the Borrower, the financial institutions and other lenders party thereto and Bank of America, N.A., as administrative agent, as amended, amended and restated, modified, supplemented or refinanced from time to time to the extent there is no increase in the principal amount thereof, and (ii) with respect to Boston Scientific, all Indebtedness of Boston Scientific incurred from and including

9

the date hereof to and including the Maturity Date (including interest accruing on or after the filing of any petition in bankruptcy or similar proceeding or for reorganization of any such Person (at the rate provided for in the documentation with respect thereto, regardless of whether or not a claim for post-filing interest is allowed in such proceedings)), and any and all other fees, expense reimbursement obligations, indemnification amounts, penalties and other amounts payable in respect of such Indebtedness (whether existing on the date hereof or thereafter created or incurred on or before the Maturity Date); provided, however, that, with respect to both the Borrower and Boston Scientific, Senior Indebtedness will not include (i) any obligation of the Borrower or Boston Scientific to any of their respective Subsidiaries, (ii) any liability for Federal, state, foreign, local or other taxes owed or owing by the Borrower or Boston Scientific, (iii) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities), (iv) any Indebtedness, guarantee or obligation of the Borrower or Boston Scientific that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of the Borrower or Boston Scientific, as applicable, or (v) any Capital Stock.

“Shares” means the shares of common stock, par value \$0.01 per share, of Boston Scientific issued to the Lender or any of its Affiliates pursuant to Section 2.1 of the Subscription and Stockholder Agreement, it being understood and agreed that shares issued to the Lender or any of its Affiliates pursuant to Section 2.3 of the Subscription and Stockholder Agreement shall not be deemed Shares for purposes of this Note.

“Share Closing Date” shall have the meaning set forth in the Subscription and Stockholder Agreement.

“Stock Purchase Price” shall have the meaning as set forth in the Subscription and Stockholder Agreement.

“Sub” means Galaxy Merger Sub, Inc., an Indiana corporation.

“Subscription and Stockholder Agreement” means the subscription and stockholder agreement to be entered into by Boston Scientific and the Lender.

“Subsidiary” means as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

“Taxes” means any and all taxes, levies, duties, tariffs and similar charges in the nature of a tax (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority or taxing authority, including taxes on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, share capital, capital stock, payroll, employment, social security, workers’

10

compensation, unemployment compensation, or net worth; taxes in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gain taxes; license, registration and documentation fees; and customs’ duties and tariffs.

“Transaction Agreement” means the Transaction Agreement between Boston Scientific and the Lender, dated as of January 8, 2006, as amended, supplemented or otherwise modified from time to time.

“Trigger Event” means a failure by Borrower to pay any principal or interest when due (by operation of law or otherwise) on the Loan or a failure by Boston Scientific or any of its Subsidiaries to pay any principal or interest when due on any Principal Indebtedness.

9. Subordination.

(a) The Lender agrees that the payment of all obligations of the Borrower and Boston Scientific owing in respect of this Note is subordinated in right of payment, to the extent and in the manner provided in this Section 9, to the prior payment in full in cash of the Senior Indebtedness of the Borrower and Boston Scientific and that the subordination is for the benefit of and enforceable by the holders of such Senior Indebtedness. The Borrower’s and Boston Scientific’s obligations under this Note shall in all respects rank pari passu in right of payment with all existing and future Indebtedness of the Borrower and Boston Scientific that is not Senior Indebtedness; and only Indebtedness of the Borrower and Boston Scientific that is Senior Indebtedness shall rank senior to the obligations of the Borrower and Boston Scientific under this Note in accordance with the provisions set forth herein.

(b) Upon any payment or distribution of the assets of the Borrower or Boston Scientific to creditors upon a total or partial liquidation or a total or partial dissolution of the Borrower or Boston Scientific or in a reorganization of or similar proceeding relating to the Borrower or Boston Scientific or its property:

(i) the holders of Senior Indebtedness of the Borrower or Boston Scientific, as applicable, shall be entitled to receive payment in full in cash of such Senior Indebtedness before the Lender shall be entitled to receive any payment; and

(ii) until the Senior Indebtedness of the Borrower or Boston Scientific, as applicable, is paid in full in cash, any payment or distribution to which the Lender would be entitled but for the subordination provisions of this Note shall be made to holders of such Senior Indebtedness as their interests may appear, except that the Lender may receive Permitted Junior Securities.

(c) If a distribution is made to the Lender that, due to the subordination provisions, should not have been made to it, the Lender is required to hold it in trust for the holders of Senior Indebtedness of the Borrower and Boston Scientific and pay it over to them as their interests may appear.

11

(d) After all Senior Indebtedness of the Borrower and Boston Scientific is paid in full and until this Note is paid in full, the Lender shall be subrogated to the rights of holders of such Senior Indebtedness to receive distributions applicable to such Senior Indebtedness.

(e) This Section 9 defines the relative rights of the Lender and holders of Senior Indebtedness of the Borrower and Boston Scientific. Nothing in this Note shall:

(i) impair, as between the Borrower and Boston Scientific on the one hand, and the Lender on the other hand, the obligation of the Borrower and Boston Scientific, which is absolute and unconditional, to pay principal of and interest on the Loan in accordance with the terms hereof; or

(ii) affect the relative rights of the Lender and creditors of the Borrower and Boston Scientific other than their rights in relation to holders of Senior Indebtedness.

(f) No right of any holder of Senior Indebtedness of the Borrower or Boston Scientific to enforce the subordination of the Loan shall be impaired by any act or failure to act by the Borrower or Boston Scientific, as applicable, or by their failure to comply with this Note.

(g) The failure to make a payment pursuant to this Note by reason of any provision in this Section 9 shall not be construed as preventing the occurrence of a Default. Nothing in this Section 9 shall have any effect on the right of the Lender to accelerate the maturity of this Note.

(h) Upon any payment or distribution pursuant to this Section 9, the Lender shall be entitled to rely (a) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in subsection 9(b) hereof are pending, (b) upon a certificate of the liquidating trustee or agent or other Person making such payment or distribution to the Lender or (c) upon the Representatives of Senior Indebtedness of the Borrower and Boston Scientific for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of such Senior Indebtedness and other Indebtedness of the Borrower and Boston Scientific, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 9. In the event that the Lender determines, in good faith, that evidence is required with respect to the right of any Person as a holder of Senior Indebtedness of the Borrower or Boston Scientific to participate in any payment or distribution pursuant to this Section 9, the Lender shall be entitled to request such Person to furnish evidence to the reasonable satisfaction of the Lender as to the amount of such Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Section 9, and, if such evidence is not furnished, the Lender shall be entitled to defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

(i) Except as set forth in subsection 9(c), the Lender shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of the Borrower or Boston Scientific.

(j) Nothing contained in this Note shall prevent the Borrower or Boston Scientific from incurring any Indebtedness, it being understood and agreed that any Indebtedness to be

12

incurred by the Borrower or Boston Scientific, as applicable, shall be ranked in accordance with the second sentence of subsection 9(a).

10. Loss, Theft, Destruction or Mutilation. Upon receipt of evidence satisfactory to the Borrower of the loss, theft, destruction or mutilation of this Note and, in the case of such loss, theft or destruction, upon delivery to the Borrower of an indemnity undertaking reasonably satisfactory to the

Borrower, or, in the case of any such mutilation, upon surrender of this Note to the Borrower, the Borrower will issue a new note, of like tenor and principal amount, in lieu of or in exchange for such lost, stolen, destroyed or mutilated Note.

11. Gross-Up. Any and all payments by the Borrower, any Affiliate or any future transferee or assignee hereunder shall be made free and clear of and without deduction for any Taxes (other than Excluded Taxes). If the Borrower, any Affiliate or any future transferee or assignee is required by applicable Law to deduct any Taxes (other than Excluded Taxes) from or in respect of any amount payable hereunder, then the amount payable by the Borrower, any Affiliate or any future transferee or assignee shall be increased as may be necessary so that, after the Borrower has made such deductions, the Lender receives an amount equal to the amount that it would have received had no such deductions been made.

12. Guarantee.

(a) Boston Scientific hereby, unconditionally and irrevocably, guarantees to and for the benefit of the Lender and its successors, indorsees, transferees and assigns permitted hereunder, as primary obligor and not merely as surety, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

(b) The guarantee contained in this Section 12 shall remain in full force and effect until all the Obligations shall have been satisfied by payment in full.

(c) Notwithstanding any payment made by Boston Scientific hereunder or any set-off or application of funds of Boston Scientific by the Lender, Boston Scientific shall not be entitled to be subrogated to any of the rights of the Lender against the Borrower or right of offset held by the Lender for the payment of the Obligations, nor shall Boston Scientific seek or be entitled to seek any contribution or reimbursement from the Borrower in respect of payments made by it hereunder, until all amounts owing to the Lender by the Borrower on account of the Obligations are paid in full. If any amount shall be paid to Boston Scientific on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by Boston Scientific in trust for the Lender, segregated from other funds of Boston Scientific, and shall, forthwith upon receipt by Boston Scientific, be turned over to the Lender in the exact form received by Boston Scientific (duly indorsed by Boston Scientific to the Lender, if required), to be applied against the Obligations, whether matured or unmatured, in such order as the Lender may determine.

(d) Boston Scientific shall remain obligated hereunder notwithstanding that, without any reservation of rights against Boston Scientific and without notice to or further assent by Boston Scientific, any demand for payment of any of the Obligations made by the Lender may

13

be rescinded by the Lender and any of the Obligations continued, and the Obligations, or the liability of any other Person upon or for any part thereof, or any guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Lender, and this Note and any other documents executed and delivered in connection herewith may be amended, modified, supplemented or terminated, in whole or in part, in any case as the Lender and the Borrower may deem advisable from time to time, and any guarantee or right of offset at any time held by the Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released.

(e) Boston Scientific waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Lender upon the guarantee contained in this Section 12 or acceptance of the guarantee contained in this Section 12; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 12; and all dealings between the Borrower and Boston Scientific likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 12. Boston Scientific waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or Boston Scientific with respect to the Obligations. Boston Scientific understands and agrees that the guarantee contained in this Section 12 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (i) the validity or enforceability of this Note, any of the Obligations or any guarantee or right of offset with respect thereto at any time or from time to time held by the Lender, (ii) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Borrower or any other Person against the Lender, (iii) any change in the corporate existence or structure of the Borrower or any other Person or any change in any law, regulation or order affecting the Obligations, or (iv) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or Boston Scientific) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Obligations, or of Boston Scientific under the guarantee contained in this Section 12 in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against Boston Scientific, the Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, or any other Person or against any guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, or any other Person or to realize upon any such guarantee or to exercise any such right of offset, or any release of the Borrower, or any other Person or any such guarantee or right of offset, shall not relieve Boston Scientific of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Lender against Boston Scientific. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

(f) The guarantee contained in this Section 12 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon the

14

insolvency, bankruptcy, dissolution, liquidation or reorganization of any the Borrower or Boston Scientific, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower, Boston Scientific or any substantial part of their respective property, or otherwise, all as though such payments had not been made.

(g) Boston Scientific hereby guarantees that payments hereunder will be made in the manner set forth in Section 1.

13. Miscellaneous.

(a) The parties hereby acknowledge that this Note is being entered into the parties pursuant to Section 5.10 of the Transaction Agreement. The parties further acknowledge and agree that the entry of the parties hereto into this Note shall in no way affect the effectiveness of the Transaction Agreement and the Transaction Agreement shall remain in full force and effect pursuant to the terms thereof; provided, however, that to the extent that any of the provisions of this Note conflict with any provisions of the Transaction Agreement, the provisions herein shall control.

(b) No term of this Note may be changed, waived, discharged or terminated orally, but may only be amended or modified by an instrument in writing signed by the Lender and the Borrower.

(c) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy or electronic transmission), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy or electronic notice, when received addressed as follows:

Borrower: BSC International Holding Limited
Gaetano Martinolaan 50
6229 GS Maastricht
The Netherlands
Fax: (011) 31-43-3568270
Attention: Director

with copies to:

Boston Scientific Corporation
One Boston Scientific Place
Natick, Massachusetts 01760
Fax: (508) 650-8960
Attention: General Counsel

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022-6069
Fax: (212) 848-7179

15

Attention: Peter D. Lyons
Clare O'Brien

Boston Scientific: Boston Scientific Corporation
One Boston Scientific Place
Natick, Massachusetts 01760
Fax: (508) 650-8960
Attention: General Counsel

with a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022-6069
Fax: (212) 848-7179
Attention: Peter D. Lyons
Clare O'Brien

Lender: Abbott Laboratories
Dept. 0392, Bldg. AP6D
100 Abbott Park Road
Abbott Park, Illinois 60064-3500
Fax: (847) 935-8207
Attention: Chief Operating Officer, Medical Products Group

with copies to:

Abbott Laboratories
Dept. 364, Bldg. AP6D
100 Abbott Park Road
Abbott Park, Illinois 60064-6020 USA
Fax: (847) 938-6277
Attention: General Counsel

Abbott Laboratories
Dept. 312, Bldg. AP6D
100 Abbott Park Road
Abbott Park, Illinois 60064-6028 USA
Fax: (847) 938-6307
Attention: Treasurer

Jay M. Ptashek

provided that any notice, request or demand to or upon the Lender shall not be effective until received.

(d) No failure to exercise and no delay in exercising, on the part of the Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law or in any other Contractual Obligations of the Borrower or Boston Scientific.

(e) The Borrower agrees to pay or reimburse the Lender for all its costs and expenses (including reasonable attorney's fees) incurred in connection with the enforcement by the Lender of any of its rights under this Note.

(f) Subject to the provisions of this subsection 13(f), the Lender may sell, assign, transfer or otherwise hypothecate this Note, in whole or in part, to any Person without the consent of the Borrower or Boston Scientific. Any such transferee, shall thereafter be deemed to be the "Lender" for all purposes herein other than Section 3, it being understood and agreed that any amounts then outstanding under this Note shall continue to be reduced in accordance with Section 3 regardless of any such sale, assignment, transfer or hypothecation by the Lender, and that, as a condition to any such sale, assignment, transfer or hypothecation by the Lender, the Lender shall cause any such transferee to acknowledge in writing (with a copy of such acknowledgement to be delivered to the Borrower) its agreement to the foregoing. Notwithstanding anything to the contrary in this Section 13(f), unless any sale, assignment, transfer or other hypothecation of this Note by the Lender in accordance with this Section 13(f) is to the same Person (or its Affiliate) to which Abbott's (or its successor's) rights and obligations under Section 5.08 of the Transaction Agreement are assigned in accordance with Section 12.06 thereof, the last sentence of Section 5.10(a) of the Transaction Agreement and the last sentence of Section 7(d) hereof shall forthwith become inapplicable. The Borrower may assign or otherwise transfer any of its rights or obligations hereunder to any of its Affiliates; provided that the guarantee of Boston Scientific of all the obligations of the Borrower under this Note shall remain in full force and effect regardless of any such assignment or transfer. Boston Scientific may not assign or otherwise transfer any of its rights or obligations hereunder; provided, however, that Boston Scientific may, without the consent of the other parties hereto, assign its rights and obligations, in whole or in part, to any acquirer of all or substantially all of Boston Scientific's vascular intervention business. Any attempted assignment or transfer by the Lender, the Borrower or Boston Scientific in contravention of this subsection (f) without the consent of the other parties hereto, as applicable, shall be null and void.

(g) In addition to any rights and remedies of the Lender provided by law or contract, the Lender shall have the right, without prior notice to the Borrower or Boston Scientific, upon any amount becoming due and payable by the Borrower or Boston Scientific hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in

any currency, and any other credits, Indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Lender or for the credit or the account of the Borrower or Boston Scientific.

(h) This Note may be executed by one or more of the parties to this Note on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Note by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

(i) Any provision of this Note that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(j) THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(k) Each of the Borrower and Boston Scientific hereby irrevocably and unconditionally: (i) submits for itself and its property in any legal action or proceeding relating to this Note, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York and appellate courts from any thereof; (ii) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid to Boston Scientific at its address set forth in subsection 13(c) above or at such other address of which the Lender shall have been notified pursuant thereto; (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and (v) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection 13(k) any special, exemplary, punitive or consequential damages.

(l) THE BORROWER, BOSTON SCIENTIFIC AND THE LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS NOTE AND FOR ANY COUNTERCLAIM THEREIN.

(m) This Note shall be binding upon and inure to the benefit of the Borrower, Boston Scientific and the Lender and their respective heirs, successors and permitted assigns

18

(n) Nothing in this Note, express or implied, shall give to any Person, (other than the parties hereto and their successors hereunder) any benefit or any legal or equitable right, remedy or claim under this Note.

(o) The Borrower has, at the time of the signing of this Note, caused Irish stamp duty in an amount of €0.15 to be paid on this Note, and a stamp for such amount is affixed to this Note, which stamp (i) (A) has been signed by or bears the initials of a duly authorized signatory of the Borrower, or (B) bears "BSC International Holding Limited" written over the stamp, and (ii) is dated as of the date of this Note.

[Remainder of page was intentionally left blank]

19

IN WITNESS WHEREOF, the Borrower and Boston Scientific have caused this Note to be duly executed and delivered as of the day and year first above written.

BSC INTERNATIONAL HOLDING
LIMITED

By: /s/ Daniel Philip Florin

Name: Daniel Philip Florin
Title: Director

BOSTON SCIENTIFIC CORPORATION

By: /s/ Lawrence C. Best

Name: Lawrence C. Best
Title: Executive Vice President and
Chief Financial Officer

ACKNOWLEDGED AND AGREED:

ABBOTT LABORATORIES

By: /s/ Thomas C. Freyman

Name: Thomas C. Freyman
Title: Executive Vice President, Finance, and
Chief Financial Officer

20

SUBSCRIPTION AND STOCKHOLDER AGREEMENT

THIS SUBSCRIPTION AND STOCKHOLDER AGREEMENT (this "Agreement") dated as of April 21, 2006, is by and between BOSTON SCIENTIFIC CORPORATION, a Delaware corporation ("Boston Scientific") and ABBOTT LABORATORIES, an Illinois corporation ("Abbott").

WHEREAS, Boston Scientific and Abbott are parties to that certain Transaction Agreement dated as of January 8, 2006 (as amended to date and as may be further amended, restated, supplemented or otherwise modified from time to time, the "Transaction Agreement"), pursuant to which Abbott agreed, through itself or one of its affiliates, to acquire the vascular intervention and endovascular solutions businesses of Guidant Corporation ("Guidant") on the terms and subject to the conditions set forth in the Transaction Agreement and the Purchase Agreement (as hereinafter defined);

WHEREAS, the Transaction Agreement provides that, at the Closing, Abbott shall purchase from Boston Scientific, and Boston Scientific shall issue and sell to Abbott, shares of common stock, par value \$0.01 per share (the "Common Stock"), of Boston Scientific;

WHEREAS, Abbott desires to purchase from Boston Scientific, and Boston Scientific desires to sell to Abbott, the Shares (as hereinafter defined) upon the terms and subject to the conditions set forth herein; and

WHEREAS, the parties hereto desire to restrict the sale or transfer of the Shares and to provide for certain rights and obligations in respect of the Shares, all as hereinafter provided.

NOW, THEREFORE, in consideration of the promises and the mutual agreements and covenants set forth herein, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. (a) Capitalized terms used herein and not defined shall have the meanings ascribed to them in that Purchase Agreement, dated as of the date hereof, between Guidant and Abbott (the "Purchase Agreement"), unless otherwise indicated.

(b) For purposes of this Agreement, all references to "Abbott" shall refer to Abbott Laboratories and any of its Affiliates that Abbott Laboratories designates to purchase Shares in lieu of Abbott in accordance with Section 7.9.

ARTICLE II

SALE OF STOCK; SHARE CLOSING; ADDITIONAL ISSUANCES

Section 2.1 Purchase and Sale. (a) On the basis of the representations, warranties, covenants and agreements herein, at the Share Closing (as defined below), Abbott shall purchase from Boston Scientific, and Boston Scientific shall issue and sell to Abbott, 56,000,000 shares of Common Stock (the "Shares") at a purchase price of \$25.00 per Share, for an aggregate purchase price of \$1,400,000,000 (the "Aggregate Stock Purchase Price"); provided that if the average of the per share closing prices of the shares of Common Stock on the New York Stock Exchange during the five consecutive trading days ending (and including) the date that is three trading days prior to the Share Closing Date (as defined below) is less than \$25.00, Abbott shall purchase from Boston Scientific, and Boston Scientific shall issue and sell to Abbott, the number of shares of Common Stock (which shall be deemed to be Shares for purposes of this Agreement) that is equal to the quotient obtained by dividing \$1,400,000,000 by such average per share closing price (the per Share purchase price payable by Abbott or the applicable Purchaser under this Section 2.1(a) being, the "Stock Purchase Price"). In no event shall the number of Shares acquired by Abbott pursuant to this Section 2.1(a) equal or exceed 5% of the number of shares of Common Stock outstanding immediately following the issuance of Shares pursuant to this Section 2.1 and the consummation of the Merger, and, in such event, the number of Shares to be purchased by Abbott hereunder and the Aggregate Stock Purchase Price shall be reduced accordingly.

(b) At the Share Closing, (i) Abbott shall pay the Aggregate Stock Purchase Price by wire transfer of immediately available funds to a bank account designated in writing by Boston Scientific to Abbott not fewer than three Business Days prior to the Share Closing Date, and (ii) Boston Scientific shall deliver to Abbott the Shares in either book entry form or evidenced by stock certificates having the legend described in Section 3.3, as determined by Boston Scientific not fewer than ten business days prior to the Share Closing Date; provided, however, that in the event that Boston Scientific determines to issue the Shares evidenced by stock certificates, Boston Scientific shall deliver such stock certificates to Abbott or an agent of Abbott (which agent shall be designated by Abbott not fewer than five business days prior to the Share Closing Date), and Boston Scientific shall bear any risk of loss related to such delivery.

Section 2.2 Time and Place of Share Closing; Conditions Precedent. (a) The closing with respect to the purchase and sale of the Shares (the "Share Closing") shall take place simultaneously with, and at the same location as, the Closing contemplated by the Purchase Agreement, or on such other date and at such other location as mutually agreed between the parties (the date of the Share Closing, the "Share Closing Date"), provided that the conditions set forth in Section 2.2(b) and 2.2(c) have been satisfied or waived.

(b) The obligation of Boston Scientific to consummate the transactions contemplated by this Agreement is subject to the satisfaction or written waiver by Boston Scientific, at or prior to the Share Closing, of the following conditions:

(i) each of the representations and warranties of Abbott contained in this Agreement shall be true and correct in all material respects as of the Share

Closing Date, with the same force and effect as if made as of the Share Closing Date (other than such representations and warranties as are made as of another date, which shall be true and correct in all material respects as of such date), except in either case where any failure of such representations and warranties to be so true and correct would not materially delay or prevent the consummation of the transactions contemplated hereby, and the covenants and agreements contained in this Agreement to be complied with by Abbott on or before the Share Closing Date shall have been complied with in all material respects;

(ii) all of the respective conditions to Boston Scientific's, Sub's and Guidant's obligations to consummate the Merger, as set forth in the Merger Agreement, shall have been satisfied or waived, and each of Boston Scientific and Sub shall have notified Guidant, and Guidant shall have notified Boston Scientific and Sub, in writing (with copies of such notices having been delivered to Abbott) that it is ready, willing and able to consummate the Merger and that it intends to consummate the Merger immediately following the consummation of the transactions contemplated by this Agreement, the Purchase Agreement and the Transaction Agreement; and

(iii) all of the respective conditions to Abbott's and Guidant's obligations to consummate the transactions contemplated by the Purchase Agreement, as set forth in the Purchase Agreement, shall have been satisfied or waived, and each party thereto shall have notified the other party in writing (with copies of such notices having been delivered to Boston Scientific) that it is ready, willing and able to consummate the transactions contemplated by the Purchase Agreement and that it shall consummate such transactions simultaneously with the consummation of the transactions contemplated by this Agreement.

(c) The obligation of Abbott to consummate the transactions contemplated by this Agreement is subject to the satisfaction or written waiver by Abbott, at or prior to the Share Closing, of the following conditions:

(i) each of the representations and warranties of Boston Scientific contained in this Agreement shall be true and correct in all material respects as of the Share Closing Date, with the same force and effect as if made as of the Share Closing Date (other than such representations and warranties as are made as of another date, which shall be true and correct in all material respects as of such date), except in either case where any failure of such representations and warranties to be so true and correct would not materially delay or prevent the consummation of the transactions contemplated hereby, and the covenants and agreements contained in this Agreement to be complied with by Boston Scientific on or before the Share Closing Date shall have been complied with in all material respects;

(ii) all of the respective conditions to Boston Scientific's, Sub's and Guidant's obligations to consummate the Merger, as set forth in the Merger Agreement, shall have been satisfied or waived, and each of Boston Scientific and

3

Sub shall have notified Guidant, and Guidant shall have notified Boston Scientific and Sub, in writing (with copies of such notices having been delivered to Abbott) that it is ready, willing and able to consummate the Merger and that it intends to consummate the Merger immediately following the consummation of the transactions contemplated by this Agreement, the Purchase Agreement and the Transaction Agreement; and

(iii) all of the respective conditions to Abbott's and Guidant's obligations to consummate the transactions contemplated by the Purchase Agreement, as set forth in the Purchase Agreement, shall have been satisfied or waived, and Guidant shall have notified Abbott in writing that it is ready, willing and able to consummate the transactions contemplated by the Purchase Agreement and that it shall consummate such transactions simultaneously with the consummation of the transactions contemplated by this Agreement.

(d) In the event that Boston Scientific, Sub and Guidant do not complete the Merger on the same day as, or on the first Business Day following, the Share Closing Date, then on the second Business Day following the Share Closing Date, Boston Scientific shall repurchase all of the Shares sold to Abbott pursuant to Section 2.1 for an amount equal to the Aggregate Stock Purchase Price plus interest compounded daily on such amount for the period from and including the Share Closing Date and ending on the date of repayment at the rate publicly announced by JPMorgan Chase Bank, N. A. as its prime rate in effect at its principal office in New York City.

Section 2.3 Additional Issuance of Common Stock; Interest Reimbursement. (a) On the date (such date, the "Interest Reimbursement Issuance Date") that is eighteen months following the Share Closing Date, Boston Scientific shall issue to Abbott a number of shares of Common Stock, as calculated by Abbott and set forth in a written notice sent by Abbott to Boston Scientific within three Business Days prior to the Interest Reimbursement Issuance Date (which notice shall set forth any relevant calculations), that is equal to the quotient obtained by dividing the Cost of Borrowing (as defined below) by the average of the per share closing prices of shares of Common Stock on the New York Stock Exchange during the twenty consecutive trading days ending (and including) the date that is five trading days prior to the Interest Reimbursement Issuance Date (and such shares of Common Stock shall be included in the definition of "Shares" herein (other than with respect to Section 3.5)) (such price, the "Interest Reimbursement Share Price"). Any Shares issued to Abbott pursuant to this Section 2.3 shall, at the time of issuance to Abbott, be registered under the Securities Act (as defined below). For purposes of this Section 2.3, the "Cost of Borrowing" means Abbott's weighted average actual cost of borrowing on a principal amount equal to the Aggregate Stock Purchase Price during the period commencing on the Share Closing Date and ending on the Interest Reimbursement Issuance Date, using for purposes of determining the weighted average actual cost of borrowing the interest rates payable by Abbott pursuant to borrowings incurred by it during the period commencing 30 days prior to the Share Closing Date and ending 30 days prior to the Interest Reimbursement Issuance Date; provided that Boston Scientific will only be required to reimburse Abbott pursuant to this Section 2.3 with respect to any Cost of Borrowing greater than \$10 million and less than or equal to \$70 million; provided further that, for purposes of calculating the Cost of Borrowing, (i) the Net Proceeds (as defined below) to Abbott or any of its

4

Affiliates from sales of Shares that are retained by Abbott as described in Section 3.5 shall be deemed to have been applied by Abbott (minus any Taxes) to reduce the amount of Abbott's borrowing in respect of the Aggregate Stock Purchase Price, and (ii) such calculation shall be based solely on the actual cost of borrowing and shall not be offset by any earnings or other interest income received by or due to Abbott in respect of any investments or otherwise. Nothing contained in this Section 2.3 shall require Abbott to make any actual payment with respect to such borrowing.

(b) Each fiscal quarter following the Share Closing, Abbott shall notify Boston Scientific in writing of its Cost of Borrowing during the immediately preceding fiscal quarter. The calculation of the Cost of Borrowing shall be subject to a one-time audit on or after the Interest Reimbursement Issuance Date by a third party designated by Boston Scientific and reasonably acceptable to Abbott. The costs of any such third party audit shall be shared equally by Boston Scientific and Abbott. In the event the audit discloses that too many or too few Shares were issued by Boston Scientific pursuant to this Section 2.3 as the result of a miscalculation of the Cost of Borrowing, Abbott (in the case of an overissuance of Shares) or Boston Scientific (in the case of an underissuance of Shares), as applicable, shall make a cash payment to the other party, calculated based on the Interest Reimbursement Share Price and the number of excess or shortfall Shares, as applicable, to account for such miscalculation.

ARTICLE III

CERTAIN RESTRICTIONS ON TRANSFER AND VOTING; USE OF PROCEEDS ON TRANSFER OF SHARES

Section 3.1 Sale Restrictions. (a) Neither Abbott nor any of its Affiliates shall sell, transfer, assign or otherwise dispose of, directly or indirectly ("Transfer"), any Shares during the six-month period following the Share Closing; provided that if the average of the per share closing prices of shares of Common Stock on the New York Stock Exchange during any consecutive twenty trading days during the six-month period following the Share Closing is greater than \$30.00, Abbott may sell Shares in accordance with Article IV during such six-month period. Subject to the second proviso in Section 4.2(b), neither Abbott nor any of its Affiliates shall Transfer, during any one-month period following the Share Closing, a number of Shares that is greater than 8.33% of the Shares acquired by Abbott at the Share Closing (such number of Shares, the "Monthly Sale Volume Limitation"); provided, however, that such restrictions on the ability of Abbott or any of its Affiliates to Transfer Shares shall terminate on the date that is eighteen months following the Share Closing Date. The provisions of this Section 3.1(a) may be amended or waived at any time in accordance with Section 7.11.

(b) Nothing in Section 3.1(a) shall prevent Abbott from Transferring any of its Shares in any change of control transaction involving Boston Scientific or from tendering its Shares into any tender offer for the Shares commenced by Boston Scientific or any other Person.

Section 3.2 Violation of Transfer Restrictions. Notwithstanding anything herein to the contrary, Abbott shall not Transfer any Shares unless such Transfer is made in accordance with applicable securities laws. Any attempt to Transfer any Shares in violation of the terms of this Agreement shall be null and void, and neither Boston Scientific nor any transfer

5

agent shall register upon its books any Transfer of Shares by Abbott to any Person except a Transfer in accordance with this Agreement.

Section 3.3 Legends. (a) Each certificate representing Shares shall, except as otherwise provided in this Section 3.3, be stamped or otherwise imprinted with a legend substantially in the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE RESTRICTIONS ON DISPOSITION OF A SUBSCRIPTION AND STOCKHOLDER AGREEMENT DATED AS OF APRIL 21, 2006, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, BETWEEN ABBOTT LABORATORIES AND BOSTON SCIENTIFIC CORPORATION."

(b) Each certificate representing shares of Registrable Stock (as defined below) shall, except as otherwise provided in this Section 3.3, be stamped or otherwise imprinted with legends substantially in the following form:

(i) "THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE RESTRICTIONS ON DISPOSITION OF A SUBSCRIPTION AND STOCKHOLDER AGREEMENT DATED AS OF APRIL 21, 2006, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, BETWEEN ABBOTT LABORATORIES AND BOSTON SCIENTIFIC CORPORATION.;" and

(ii) "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THEY HAVE BEEN REGISTERED UNDER THAT ACT OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE."

(c) Boston Scientific shall, at the request of Abbott, (i) remove from each certificate evidencing Shares or Registrable Stock the legend described in Section 3.3(a) and 3.3(b)(i), as applicable, on the earlier to occur of (A) such time as Abbott and its Affiliates own fewer than 8.33% of the Shares acquired by Abbott at the Share Closing, and (B) the 18 month anniversary of the Share Closing, and (ii) remove from each certificate evidencing Registrable Stock the legend described in Section 3.3(b)(ii) if in the opinion of counsel satisfactory to Boston Scientific Registrable Stock evidenced thereby may be publicly sold without registration under the Securities Act or if it is registered. Boston Scientific shall reasonably cooperate with Abbott to remove the legends described in Section 3.3(a) and (b) so as to allow Abbott or its Affiliates to Transfer Shares as permitted by Section 3.1.

Section 3.4 Agreement to Vote; Proxies. As of the Share Closing, Abbott shall grant to Boston Scientific or any of its designees an irrevocable proxy and shall appoint Boston Scientific or any of its designees as attorney-in-fact for Abbott and each of its Affiliates that beneficially owns Shares received pursuant to Sections 2.1 and 2.3, for so long as Abbott and

6

such Affiliates beneficially own such Shares, with respect to any matter to be voted on by stockholders of Boston Scientific. All such Shares shall be voted proportionately with the vote cast by all other stockholders of Boston Scientific entitled to vote and voting on such matter. Upon the sale, transfer, assignment or other disposition of such Shares by Abbott or any Affiliate to an unaffiliated third party, the proxy granted pursuant to this Section 3.4 with respect to such Shares so transferred, assigned or disposed shall be automatically revoked, and the appointment pursuant to this Section 3.4 as attorney-in-fact with respect to such Shares shall be automatically terminated.

Section 3.5 Use of Proceeds on Sale; Loan Prepayment. (a) If, at any time during the term of the Note, Abbott or any of its Affiliates sells any Shares issued pursuant to Section 2.1 to any unaffiliated third party, then Abbott and Boston Scientific shall share in the proceeds per share (net of any underwriting discounts and commissions) (the “Net Proceeds”) as follows:

(i) if the Net Proceeds to Abbott or such Affiliates from any such sales are less than or equal to 110% of the Stock Purchase Price, Abbott shall retain all of such Net Proceeds;

(ii) if the Net Proceeds to Abbott or such Affiliates from any such sales are greater than 110% but equal to or less than 120% of the Stock Purchase Price, Abbott shall retain the portion of the Net Proceeds equal to 110% of the Stock Purchase Price, and the portion of the Net Proceeds in excess of 110% of the Stock Purchase Price (minus any Taxes imposed on Abbott on or with respect to gain on the Net Proceeds in excess of 110% of the Stock Purchase Price) shall be immediately applied by Abbott to reduce any amounts then outstanding under the Note in accordance with Section 3(a) thereof; and

(iii) if the Net Proceeds to Abbott or such Affiliates from any such sales are greater than 120% of the Stock Purchase Price, Abbott shall retain the portion of the Net Proceeds equal to 110% of the Stock Purchase Price, the portion of the Net Proceeds in excess of 110% but less than or equal to 120% of the Stock Purchase Price (minus any Taxes imposed on Abbott on or with respect to gain on the Net Proceeds in excess of 110% of the Stock Purchase Price but less than or equal to 120% of the Stock Purchase Price) shall be immediately applied by Abbott to reduce any amounts then outstanding under the Note in accordance with Section 3(a) thereof, and, with respect to all Net Proceeds in excess of 120% of the Stock Purchase Price, 50% of such excess amount shall be retained by Abbott, and the remaining 50% (minus any Taxes imposed on Abbott on or with respect to gain on the remaining 50% of the Net Proceeds in excess of 120% of the Stock Purchase Price) shall be immediately applied by Abbott to reduce any amounts then outstanding under the Note in accordance with Section 3(a) thereof.

(b) Abbott shall determine the amount of such Taxes due any Governmental Authority with respect to any such sale referred to in Section 3.5(a) above (using for this purpose the highest marginal tax rate under applicable Law) and shall notify Boston Scientific in writing

7

within three Business Days of any sale of Shares by it or any of its Affiliates, and shall include in such notice the number of Shares sold by it or such Affiliates, the selling price for such Shares and Net Proceeds for such Shares and the amount of Taxes payable by Abbott or its Affiliates with respect to such sale (collectively, the “Sales Information”).

(c) If a Governmental Authority ultimately determines that the amount of Taxes imposed on a sale of the Shares is greater than the amount computed by Abbott, the principal amount of the Note shall be increased to reflect the increase in Taxes attributable to proceeds applied by Abbott to reduce amounts outstanding under the Note (including any Taxes attributable to the increase of the Note). If the Note is no longer outstanding at the time when Abbott becomes liable for such increase in Taxes, Boston Scientific shall indemnify Abbott for any such increase in Taxes, including such Taxes attributable to any such indemnity payment.

(d) Boston Scientific may request that Abbott provide access to its books and records to an internationally recognized accounting firm reasonably acceptable to Abbott for the purpose of verifying the Sales Information. In the event that the results of any such verification indicate that the aggregate amount of Net Proceeds applied by Abbott in accordance with this Section 3.5 and pursuant to Section 3(a) of the Note to reduce amounts outstanding under the Note is

(i) less than the amount calculated by such third party to be so applied by Abbott, then

(A) the principal amount of the Note shall be decreased by an amount equal to such difference, or

(B) if the Note is no longer outstanding at the time such verification is completed, Abbott shall pay in cash to Boston Scientific an amount equal to such difference within three Business Days of the delivery to each of Boston Scientific and Abbott of the final determination by such third party of the results of its verification; or

(ii) greater than the amount calculated by such third party to be so applied by Abbott, then

(A) the principal amount of the Note shall be increased by an amount equal to such difference (taking into account any adjustments previously made due to the imposition of increased Tax liability by a Governmental Authority as provided above), or

(B) if the Note is no longer outstanding at the time such verification is completed, Boston Scientific shall pay in cash to Abbott an amount equal to such difference (taking into account any adjustments or indemnity payments previously made due to the imposition of increased Tax liability by a Governmental Authority as provided above) within three Business Days of the delivery to each of Boston Scientific and Abbott of the final determination by such third party of the results of its verification. Any costs associated

8

with verification of the Sales Information by the accounting firm shall be borne equally by Boston Scientific and Abbott.

Section 3.6 Full Sale and Divestiture of Shares. Subject to Section 3.1(a), Abbott agrees to Transfer all Shares received pursuant to Sections 2.1 and 2.3 hereof to an unaffiliated third party no later than 30 months following the Share Closing.

Section 3.7 Consistent Reporting for Tax Purposes. Consistent with the provisions of Section 3.5 regarding the use of the Net Proceeds from the sale of the Shares, Boston Scientific and Abbott agree that for Tax purposes, Boston Scientific is selling a partial interest in the Shares to

Abbott, and Boston Scientific is retaining the residual interest in the Shares. Accordingly, upon a sale of the Shares, Abbott and Boston Scientific agree that each party will report a sale of the Shares on its Tax returns in the following manner: (a) Abbott will treat as its amount realized from the sale of the Shares the amount that corresponds to the Net Proceeds it is entitled to retain under Section 3.5 (not including the amounts that are required under Section 3.5 to be applied to reduce the outstanding amounts under the Note), (b) Boston Scientific will treat as its amount realized from the sale of Shares the amount that corresponds to the Net Proceeds it is entitled to receive under Section 3.5 and that is applied to reduce the outstanding amounts under the Note, and (c) both Abbott and Boston Scientific agree to treat the portion of the Net Proceeds that are applied to reduce the amounts outstanding under the Note pursuant to Section 3.5 as having been received by Boston Scientific in exchange for its residual interest in the Shares and then transferred to Abbott as payment of the amounts outstanding under the Note. The parties further agree not to take any Tax position that is inconsistent with the foregoing, provided, however, that Boston Scientific shall bear all costs of defending such Tax position on audit and in litigation.

ARTICLE IV

REGISTRATION RIGHTS

Section 4.1 Definition of Registrable Stock. For purposes of this Agreement, “Registrable Stock” means the Shares acquired by Abbott pursuant to Section 2.1 or 2.3 as to which the Registration Statement (as defined in Section 4.2) has not become effective prior to the Share Closing Date, and any securities issued or issuable with respect to such Shares by way of conversion, exchange, replacement, stock dividend, stock split or other distribution or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise. Any Registrable Stock shall cease to be Registrable Stock when (i) a registration statement covering such Registrable Stock has been declared or automatically becomes effective and such Registrable Stock has been disposed of pursuant to such effective registration statement, (ii) such Registrable Stock is sold by a Person in a transaction in which the rights of Abbott under this Article IV are not assigned, or (iii) such Registrable Stock is sold pursuant to Rule 144(k) (or any similar provision then in force, but not Rule 144A) under the Securities Act of 1933, as amended (the “Securities Act”) without registration under the Securities Act.

Section 4.2 Registration Rights; Registration Procedures. (a) Boston Scientific shall (i) file with the Securities and Exchange Commission (the “SEC”) on or prior to

9

the Share Closing Date an automatic shelf registration statement (as defined in Rule 405 of the Securities Act) on Form S-3 under the Securities Act (the “Registration Statement”) which in addition to other securities of Boston Scientific, shall include shares of Common Stock for the issuance of the Shares issuable by Boston Scientific to Abbott pursuant to this Agreement and (ii) prior to each of the Share Closing Date and the Interest Reimbursement Issuance Date, shall pay the required SEC filing fees relating to the Shares issuable by Boston Scientific to Abbott pursuant to this Agreement on such dates, respectively, within the time required by Rule 456(b)(l) under the Securities Act in accordance with Rules 456(b) and 457(r) under the Securities Act. To the extent such issuance of the Shares has not been registered pursuant to an effective Registration Statement on or prior to the Share Closing Date, Boston Scientific shall, as promptly as practicable on or following the Share Closing Date, file with the SEC a “shelf” registration statement on Form S-3 pursuant to Rule 415 under the Securities Act (including the Registration Statement, to the extent it is used as a resale shelf registration statement for the Shares, the “Shelf Registration”) with respect to the Shares issuable by Boston Scientific to Abbott pursuant to this Agreement, and thereafter shall (x) use its reasonable best efforts to (A) have the Shelf Registration declared effective (or take such steps to make it automatically effective) as soon as reasonably practicable thereafter, and (B) keep the Shelf Registration continuously effective from the date such Shelf Registration is declared effective until at least the second anniversary of such effective date (the “Effectiveness Period”) in order to permit the prospectus forming a part thereof to be usable by Abbott and its Affiliates during such period and (y) pay the required SEC filing fees relating to the Shares issuable by Boston Scientific to Abbott pursuant to this Agreement within the time required by Rule 456(b)(l) under the Securities Act in accordance with Rules 456(b) and 457(r) under the Securities Act. Boston Scientific shall use its reasonable best efforts to list the Shares issuable by Boston Scientific to Abbott pursuant to this Agreement on the New York Stock Exchange.

(b) Notwithstanding anything to the contrary contained herein, Boston Scientific shall have the right to defer or delay filing the Shelf Registration for a period of not more than 60 days, or suspend sales under the Shelf Registration filed hereunder or defer the updating of such filed Shelf Registration during no more than two periods aggregating not more than 60 days, in the event that Boston Scientific furnishes to Abbott a certificate signed by an authorized officer of Boston Scientific stating that, in the good faith opinion of the Board of Directors of Boston Scientific, such filing, sale or update would interfere with any material transaction then being pursued by Boston Scientific or would otherwise require disclosure of any material event that Boston Scientific would not otherwise be required to disclose; provided, however, that Boston Scientific shall extend the Effectiveness Period by the number of days, if any, during with the registration rights contemplated hereunder are subject to a deferral or suspension as set forth in this Section 4.2(b); and provided further that in the event of any such deferral or suspension set forth in this Section 4.2(b), the Monthly Sale Volume Limitation for each month during the period commencing on the end of such deferral or suspension and ending on the date on which the Monthly Sale Volume Limitation is terminated pursuant to Section 3.1 (such period, the “Post-Suspension Period”) (treating any partial month period and the next full month following the end of such deferral or suspension as one month) shall be increased proportionately so that the aggregate number of Shares which Abbott may sell during the Post-Suspension Period is equal to the number of Shares which Abbott otherwise would have been able to sell pursuant to Section 3.1 during the Post-Suspension Period and the period of such deferral or suspension had such deferral or suspension not occurred.

10

(c) Subject to Section 4.2(b), if Boston Scientific files a Shelf Registration pursuant to Section 4.2(a), Boston Scientific shall, as promptly as practicable:

(i) supplement or amend the Shelf Registration and the prospectus used in connection therewith (A) as required by the registration form utilized by Boston Scientific or by the instructions applicable to such registration form or by the Securities Act, (B) as required for any given offering or to correct any untrue statement of a material fact or to remedy any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made and (C) to include in such Shelf Registration any additional securities that become Registrable Stock by operation of the definition thereof;

(ii) notify Abbott (A) when the Shelf Registration or any amendment thereto has been filed or becomes effective, the prospectus or any amendment or supplement to the prospectus has been filed, (B) of any request by the SEC for amendments or supplements to the Shelf Registration or the prospectus or for additional information, (C) of the issuance by the SEC of any stop order or

cease trade order suspending the effectiveness of the Shelf Registration or any order preventing or suspending the use of any preliminary prospectus or prospectus, including the receipt of any notice of objection by the SEC to the use of the Shelf Registration or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act or the initiation or, to the extent known by Boston Scientific, threatening, of any proceedings for such purposes, and (D) of the receipt by Boston Scientific of any written notification with respect to the suspension of the qualification of the Registrable Stock for offering or sale in any jurisdiction or the initiation or threatening of any proceedings for such purposes;

(iii) use its reasonable best efforts to obtain the withdrawal of any stop order, cease trade order or other order suspending the use of any preliminary prospectus or prospectus or suspending any qualification of the Registrable Stock covered by the Shelf Registration or the resolution of any objection of the SEC pursuant to Rule 401(g)(2) and provide prompt notice to Abbott of such withdrawal or resolution;

(iv) furnish to Abbott such numbers of copies of the Shelf Registration and the prospectus included therein, including each preliminary prospectus and any amendments or supplements thereto in conformity with the requirements of the Securities Act, any exhibits filed therewith and such other documents and information as Abbott may reasonably request;

(v) use all reasonable best efforts to register or qualify the Registrable Stock covered by the Shelf Registration under such other securities or blue sky Laws of such jurisdiction within the United States as shall be reasonably appropriate for the distribution of the Registrable Stock covered by the Shelf Registration; provided, however, that Boston Scientific shall not be required in connection therewith or as a condition thereto to qualify to do business in or to

11

file a general consent to service of process in any jurisdiction wherein it would not but for the requirements of this paragraph 4.2(c)(v) be obligated to do so; and provided further, that Boston Scientific shall not be required to qualify such Registrable Stock in any jurisdiction in which the securities regulatory authority requires that Abbott or any of its Affiliates submit any Registrable Stock to the terms, provisions and restrictions of any escrow, lockup or similar agreement(s) for consent to sell Registrable Stock in such jurisdiction unless Abbott or such Affiliate agrees to do so;

(vi) promptly notify Abbott upon becoming aware of the happening of any event as a result of which the prospectus included in such Shelf Registration, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and, at the request of Abbott, promptly prepare and furnish to Abbott (and file such supplement or amendment with the SEC if required) a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made. In the event Boston Scientific shall give such notice, Boston Scientific shall extend the Effectiveness Period by the number of days during the period from and including the date of the giving of such notice to the date when Boston Scientific shall make available to Abbott such supplemented or amended prospectus; and

(vii) enter into customary agreements and take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Stock to be so included in the Shelf Registration. Boston Scientific shall take any such other actions as are necessary to otherwise comply with all applicable rules and regulations of the SEC.

(d) It shall be a condition precedent to the obligations of Boston Scientific to take any action pursuant to this Section 4.2 that Abbott and its Affiliates shall furnish to Boston Scientific such information regarding themselves, the Registrable Stock held by them, and the intended method of disposition of such securities as Boston Scientific shall reasonably request and as shall be required in connection with the action to be taken by Boston Scientific hereunder.

(e) All expenses incurred in connection with the Registration Statement and Shelf Registration, if any, excluding underwriters' discounts and commissions, but including all registration, filing and qualification fees (including SEC and New York Stock Exchange fees and expenses), word processing, duplicating, printers' and accounting fees, listing fees, messenger and delivery expenses, all fees and expenses of complying with state securities or blue sky Laws and the fees and disbursements of counsel for Boston Scientific, shall be paid by Boston Scientific. Abbott shall bear and pay the underwriting commissions and discounts applicable to Registrable Stock offered for its account and the fees and disbursements of its counsel in connection with any registrations, filings and qualifications made pursuant to this Agreement.

12

(f) Boston Scientific shall indemnify and hold harmless Abbott and its Affiliates, officers and directors against any losses, claims, damages or liabilities, joint or several, to which they may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or proceedings in respect thereof) arise out of or are based on any untrue or alleged untrue statement of any material fact contained in the Registration Statement or the Shelf Registration, as applicable, including any prospectus filed under Rule 424 under the Securities Act, any preliminary prospectus, any free writing prospectus (as defined in Rule 405 under the Securities Act) or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Securities Act or any amendments or supplements thereto or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse Abbott and its Affiliates, officers and directors for any legal or other expenses reasonably incurred by them (but not in excess of expenses incurred in respect of one counsel for all of them (in addition to local counsel)) in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 4.2(f) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of Boston Scientific (which consent shall not be unreasonably withheld); provided, further, that Boston Scientific shall not be liable to Abbott or its Affiliates, officers or directors in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in connection with such Registration Statement, Shelf Registration, preliminary prospectus, final prospectus or amendments or supplements thereto, in reliance upon and in conformity with

written information furnished to Boston Scientific or its representatives expressly for use in connection with such registration by Abbott or any of its Affiliates or representatives.

(g) Abbott shall indemnify and hold harmless Boston Scientific, its Affiliates, officers and directors and each agent and any underwriter for Boston Scientific (within the meaning of the Securities Act) against any losses, claims, damages or liabilities, joint or several, to which Boston Scientific or any such Affiliate, officer, director, agent or underwriter may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or proceedings in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or Shelf Registration, as applicable, including any prospectus filed under Rule 424 under the Securities Act, any preliminary prospectus, any free writing prospectus (as defined in Rule 405 under the Securities Act) or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Securities Act or any amendments or supplements thereto or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in such Registration Statement, Shelf Registration, preliminary or final prospectus, or amendments or supplements thereto, in reliance upon and in conformity with written information furnished to Boston Scientific or its representatives by or on behalf of Abbott or any of its Affiliates expressly for use in connection with such registration; and Abbott shall reimburse any legal or other expenses reasonably incurred by Boston Scientific or any such Affiliate, officer, director, agent or underwriter in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this

13

Section 4.2(g) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of Abbott (which consent shall not be unreasonably withheld).

(h) Promptly after receipt by an indemnified party under Section 4.2(f) or (g), as applicable, of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against any indemnifying party under Section 4.2(f) or (g), as applicable, notify the indemnifying party in writing of the commencement thereof, and the indemnifying party shall have the right to participate in and assume the defense thereof with counsel selected by the indemnifying party and reasonably satisfactory to the indemnified party (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to those available to such indemnifying party, (ii) the indemnifying party and such indemnified party shall have mutually agreed to the retention of such counsel or (iii) in the reasonable opinion of such indemnified party, representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding, in which case the indemnified party shall be reimbursed by the indemnifying party for the reasonable expenses incurred in connection with retaining separate legal counsel); provided, however, that an indemnified party shall have the right to retain its own counsel, with all fees and expenses thereof to be paid by such indemnified party, and to be apprised of all progress in any proceeding the defense of which has been assumed by the indemnifying party, it being understood that the indemnifying party will control such defense. The failure to notify an indemnifying party promptly of the commencement of any such action shall not relieve the indemnifying party from any liability in respect of such action which it may have to such indemnified party on account of the indemnity contained in Section 4.2(f) or (g), as applicable, unless (and only to the extent) the indemnifying party was prejudiced by such failure, and in no event shall such failure relieve the indemnifying party from any other liability which it may have to such indemnified party. No indemnifying party shall, without the prior written consent of the indemnified party (which consent will not be unreasonably withheld), effect any settlement, compromise or discharge of any claim or pending or threatened proceeding in respect of which the indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement, compromise or discharge includes an unconditional release of such indemnified party from all liability arising out of such claim or proceeding.

(i) To the extent any indemnification by an indemnifying party is prohibited or limited by Law, the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified party in connection with the actions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to

14

correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages or liabilities referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. In no event shall the liability of any indemnifying party be greater in amount than the amount for which such indemnifying party would have been obligated to pay by way of indemnification if the indemnification provided for under Section 4.2(f) or (g) hereof had been available under the circumstances. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 4.2(i) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 4.2(i). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(j) The indemnification provided in this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or Affiliate of such indemnified party and will survive the Transfer of the securities.

(k) The obligations in Sections 4.2(f) through (i) shall be in addition to any liability that any party may otherwise have to any party.

Section 4.3 Rule 144 Sales. If the issuance of the Shares has not been registered pursuant to an effective Registration Statement on or prior to the Share Closing, then, following the expiration of the Effectiveness Period of the Shelf Registration, Boston Scientific shall (a) timely file with the SEC all reports and other filings required under the Exchange Act for Abbott or its Affiliates to sell Shares pursuant to Rule 144 or any similar rule or regulation hereafter adopted by the SEC, and (b) take such further action and shall offer all reasonable and necessary assistance including, without limitation, the delivery of a legal opinion letter and instructions to Boston Scientific's stock transfer agent to enable the sale by Abbott or its Affiliates of Registrable Stock pursuant to said Rule 144 or any similar rule or regulation.

ARTICLE V

REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF BOSTON SCIENTIFIC

Boston Scientific hereby represents and warrants to Abbott as follows:

(a) Boston Scientific is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of

Delaware.

(b) Boston Scientific has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by Boston Scientific of this Agreement, the performance by Boston Scientific of its obligations hereunder and the consummation by Boston Scientific of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate proceedings on the part of Boston Scientific and no other corporate action on the part of Boston Scientific is necessary for the execution, delivery

15

and performance by Boston Scientific of this Agreement and the consummation by Boston Scientific of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Boston Scientific, and assuming the due authorization, execution and delivery hereof by Abbott, constitutes a legal, valid and binding obligation of Boston Scientific, enforceable against it in accordance with its terms except to the extent that its enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

(c) (i) At the time of filing the Registration Statement (or the Shelf Registration, to the extent an automatic shelf registration statement (as defined in Rule 405 of the Securities Act)), (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Securities Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or form of prospectus), and (iii) at the time Boston Scientific or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c) under the Securities Act) made any offer relating to the Shares in reliance on the exemption of Rule 163 under the Securities Act, Boston Scientific was, or is (as the case may be), a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act; and (B) at the earliest time after the filing of the Registration Statement (or the Shelf Registration, to the extent an automatic shelf registration statement (as defined in Rule 405 of the Securities Act)) that Boston Scientific or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Shares, Boston Scientific was not an "ineligible issuer" as defined in Rule 405 under the Securities Act.

(d) All Shares issued pursuant to Sections 2.1 and 2.3 shall, when issued, be validly issued, fully paid and nonassessable, and shall be free and clear of any liens, claims, charges and encumbrances other than those imposed as a result of any action by Abbott or any of its Affiliates.

ARTICLE VI

REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF ABBOTT

Abbott hereby represents and warrants to Boston Scientific as follows:

(a) Abbott is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Illinois.

(b) Abbott has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by Abbott of this Agreement, the performance by Abbott of its obligations hereunder and the consummation by Abbott of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate proceedings on the part of Abbott and no other corporate action on the part of Abbott is necessary for the execution, delivery and performance by Abbott of this Agreement and the consummation by Abbott of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Abbott, and assuming the due authorization, execution and

16

delivery hereof by Boston Scientific, constitutes a legal, valid and binding obligation of Abbott, enforceable against it in accordance with its terms except to the extent that its enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Acknowledgement. The parties hereby acknowledge that this Agreement is being entered into by the parties pursuant to Article VI of the Transaction Agreement. The parties further acknowledge and agree that the entry of the parties hereto into this Agreement shall in no way affect the effectiveness of the Transaction Agreement and the Transaction Agreement shall remain in full force and effect pursuant to the terms thereof; provided, however, that to the extent that any of the provisions of this Agreement conflict with any provisions of the Transaction Agreement, the provisions herein shall control.

Section 7.2 No Inconsistent Agreements. Boston Scientific will not hereafter enter into any agreement with respect to its securities that would materially impede the rights granted to Abbott in this Agreement.

Section 7.3 Recapitalization, Exchanges, etc. In the event that any capital stock or other securities issued in respect of, in exchange for, or in substitution of, any Shares by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, sale of assets, distribution to stockholders or combination of the Shares or any other change in capital structure of Boston Scientific, appropriate adjustments shall be made with respect to the relevant provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the parties hereto under this Agreement, and the term "Shares," as used herein, shall be deemed to include shares of such capital stock or other securities, as appropriate.

Section 7.4 Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such costs and expenses, whether or not the Share Closing shall have occurred.

Section 7.5 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, by facsimile, by e-mail or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.5):

17

(i) if to Abbott:

Abbott Laboratories
Dept. 0392, Bldg. AP6D
100 Abbott Park Road
Abbott Park, Illinois 60064-3500
Fax: (847) 935-8207
Attention: Chief Operating Officer, Medical Products
Group

with a copy to:

Abbott Laboratories
Dept. 364, Bldg. AP6D
100 Abbott Park Road
Abbott Park, Illinois 60064-6020 USA
Fax: (847) 938-6277
Attention: General Counsel

and

Abbott Laboratories
Dept. 312, Bldg. AP6D
100 Abbott Park Road
Abbott Park, Illinois 60064-6028 USA
Fax: (847) 938-6307
Attention: Treasurer

and a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017-3903
Fax: (212) 455-2502
Attention: Charles I. Cogut
William E. Curbow

(ii) if to Boston Scientific:

Boston Scientific Corporation
One Boston Scientific Place
Natick, Massachusetts 01760
Fax: (508) 650-8960
Attention: General Counsel

18

with a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022-6069
Fax: (212) 848-7179
Attention: Peter D. Lyons

Section 7.6 Public Announcements. Each party to this Agreement shall consult with the other party before issuing, and shall provide the other party the opportunity to review and comment upon, any press release or other public announcement in respect of this Agreement or the transactions contemplated hereby and shall not issue any press release or other public statements or otherwise communicate with any news media regarding this Agreement and/or the transactions contemplated hereby without the consultation and prior written consent of the other party unless otherwise required by Law or applicable stock exchange regulation and then only with such advance notice to and consultation with the other party as is practical. The parties to this Agreement shall cooperate as to the timing and contents of any such press release, public announcement or communication. Notwithstanding the foregoing, neither party shall have any obligation to consult with the other party or provide the other party with an opportunity to review and comment upon any press release or other public announcement announcing a termination of this Agreement, and such party may issue such press release or public announcement or otherwise communicate with any news media regarding such termination without the consent of the other party; provided, however, that the non-terminating party shall have received advance written notice of the other party's intention to terminate this Agreement.

Section 7.7 Term; Termination. This Agreement shall terminate in full on the earlier of (i) the fifth anniversary of the date hereof; or (ii) that time when Abbott ceases to beneficially own any Shares purchased pursuant to this Agreement (or other securities issued in substitution or exchange therefor pursuant to Section 7.3). This Agreement will also terminate at any time prior to the Share Closing:

(a) by mutual written consent of Boston Scientific and Abbott;

(b) by either Boston Scientific or Abbott, if the Share Closing shall not have occurred by September 30, 2006; provided, however, that the right to terminate this Agreement under this Section 7.7(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in the failure of the Share Closing to occurring prior to such date;

(c) by either Boston Scientific or Abbott in the event that any Governmental Order restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and/or the Purchase Agreement shall have become final and non-appealable; or

(d) immediately, without any action by either Boston Scientific or Abbott, upon any termination of the Merger Agreement.

19

Notwithstanding the foregoing, any termination pursuant to this Section 7.6 will not relieve any party for any liability arising from a breach of representation, warranty, covenant or agreement in this Agreement occurring prior to such termination.

Section 7.8 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to either party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the greatest extent possible.

Section 7.9 Entire Agreement. This Agreement, the Transaction Agreement and the Purchase Agreement constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, between Boston Scientific and Abbott with respect to the subject matter hereof and thereof.

Section 7.10 Assignment. This Agreement may not be assigned without the express written consent of Boston Scientific and Abbott (which consent may be granted or withheld in the sole discretion of Boston Scientific or Abbott), as the case may be; provided, however, that Abbott may, without the consent of Boston Scientific, assign its rights and obligations, in whole or in part, under this Agreement to one or more of its controlled Affiliates, except that no such assignment shall relieve Abbott from the performance of its obligations hereunder. Any purported assignment in contravention of this provision shall be null and void.

Section 7.11 Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, Boston Scientific and Abbott or (b) by a waiver in accordance with Section 7.12.

Section 7.12 Waiver. Each party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or (c) to the extent permitted by applicable Law, waive compliance with any of the agreements of the other party or conditions to such party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of either party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

Section 7.13 No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein is intended to or shall confer upon any other Person any

20

legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

Section 7.14 Other Remedies; Specific Performance. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. It is accordingly agreed that the

parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at Law or in equity.

Section 7.15 Interpretive Rules. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and all Article and Section references are to this Agreement unless otherwise specified. The words "include," "includes" and "including" will be deemed to be followed by the phrase "without limitation." The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. No provision of this Agreement shall be construed to require either party or their respective officers, directors, subsidiaries or Affiliates to take any action which would violate or conflict with any applicable Law. The word "if" means "if and only if." The word "or" shall not be exclusive. The meanings given to terms defined herein will be equally applicable to both the singular and plural forms of such terms. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. Except as otherwise expressly provided herein, all references to "\$" will be deemed references to the lawful money of the United States of America.

Section 7.16 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. All Actions arising out of or relating to this Agreement shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of The City of New York; provided, however, that if such federal court does not have jurisdiction over such Action, such Action shall be heard and determined exclusively in any New York state court sitting in the Borough of Manhattan of The City of New York. Consistent with the preceding sentence, the parties hereto hereby (a) submit to the exclusive jurisdiction of any federal or state court sitting in the Borough of Manhattan of The City of New York for the purpose of any Action arising out of or relating to this Agreement brought by either party hereto and (b) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the Action is brought in an inconvenient forum, that the venue of the Action is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts. Each party further irrevocably consents to the service of process out of any of the aforementioned courts in any such Action by the mailing of copies thereof by mail to such party at its address set forth in this

Agreement, such service of process to be effective upon acknowledgment of receipt by registered mail; provided, however, that nothing in this Section 7.16 shall affect the right of any party to serve legal process in any other manner permitted by law. The consent to jurisdiction set forth in this Section 7.16 shall not constitute a general consent to service of process in the State of New York and shall have no effect for any purpose except as provided in this Section 7.16.

Section 7.17 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.17.

Section 7.18 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been signed by or on behalf of each of the parties as of the day first above written.

BOSTON SCIENTIFIC CORPORATION

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

ABBOTT LABORATORIES

By: /s/ Thomas C. Freyman
Name: Thomas C. Freyman

Title:

Executive
Vice
President,
Finance and
Chief
Financial
Officer

AMENDMENT TO SUBSCRIPTION AND STOCKHOLDER AGREEMENT

THIS AMENDMENT TO SUBSCRIPTION AND STOCKHOLDER AGREEMENT (this "Amendment"), dated as of April 21, 2006, between BOSTON SCIENTIFIC CORPORATION, a Delaware corporation ("Boston Scientific"), and ABBOTT LABORATORIES, an Illinois corporation ("Abbott").

WHEREAS, Boston Scientific and Abbott are parties to that certain Subscription and Stockholder Agreement dated as of the date hereof, pursuant to which Abbott is purchasing from Boston Scientific, and Boston Scientific is issuing and selling to Abbott, shares of common stock, par value \$0.01 per share of Boston Scientific (the "Agreement"); and

WHEREAS, Boston Scientific and Abbott desire to amend the Agreement as provided in this Amendment in accordance with Section 7.11 of the Agreement.

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

SECTION 1. Registration Rights; Registration Procedures. The second sentence of Section 4.2(a) of the Agreement is hereby amended and restated to read as follows:

"To the extent such issuance of the Shares has not been registered pursuant to an effective Registration Statement on or prior to the Share Closing Date, Boston Scientific shall, on or prior to the Share Closing Date, file with the SEC a "shelf" registration statement on Form S-3 pursuant to Rule 415 under the Securities Act (including the Registration Statement, to the extent it is used as a resale shelf registration statement for the Shares, the "Shelf Registration") with respect to the Shares issuable by Boston Scientific to Abbott pursuant to this Agreement, and thereafter shall (x) use its reasonable best efforts to (A) have the Shelf Registration declared effective (or take such steps to make it automatically effective) as soon as reasonably practicable thereafter, and (B) keep the Shelf Registration continuously effective from the date such Shelf Registration is declared effective until at least the second anniversary of such effective date (the "Effectiveness Period") in order to permit the prospectus forming a part thereof to be usable by Abbott and its Affiliates during such period, (y) in addition to undertaking any other obligations pursuant to this Section 4.2, (A) file on the Share Closing Date (but after the Share Closing) with the SEC (and deliver an electronic copy of the same to Abbott) a prospectus supplement to the automatic shelf registration statement filed by Boston Scientific on March 22, 2006 (the "Automatic Shelf") meeting the applicable requirements of the Securities Act which shall provide for the resale of the Shares issued to Abbott pursuant to Section 2.1 pursuant to the Automatic Shelf and (B) with respect to the Shares to be issued to Abbott pursuant to Section 2.3, to the extent Boston Scientific fails to deliver Shares registered under the Securities Act, file

on the Interest Reimbursement Issuance Date with the SEC (and deliver an electronic copy of the same to Abbott) a prospectus supplement to the Automatic Shelf meeting the applicable requirements of the Securities Act which shall provide for the resale of such Shares pursuant to the Automatic Shelf and (z) pay the required SEC filing fees relating to the Shares issuable by Boston Scientific to Abbott pursuant to this Agreement within the time required by Rule 456(b) (l) under the Securities Act in accordance with Rules 456(b) and 457(r) under the Securities Act (except that (A) with respect to such filing fees relating to the Shares issued to Abbott pursuant to Section 2.1, such fees shall be paid on the Share Closing Date and (B) with respect to such filing fees relating to the Shares issued to Abbott pursuant to Section 2.3, such fees, if applicable, shall be paid on the Interest Reimbursement Issuance Date)."

SECTION 2. Ratification of Agreement. Except as expressly provided in this Amendment, all of the terms, covenants, and other provisions of the Agreement are hereby ratified and confirmed and shall continue to be in full force and effect in accordance with their respective terms. From and after the date hereof, all references to the Agreement shall refer to the Agreement as amended by this Amendment. Capitalized terms used but not defined in this Amendment shall have the meanings assigned to them in the Agreement.

SECTION 3. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York. All Actions arising out of or relating to this Amendment shall be heard and determined exclusively in any New York federal court sitting in the Borough of Manhattan of The City of New York; provided, however, that if such federal court does not have jurisdiction over such Action, such Action shall be heard and determined exclusively in any New York state court sitting in the Borough of Manhattan of The City of New York.

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

[signature page follows]

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

BOSTON SCIENTIFIC CORPORATION

By: /s/ Lawrence C. Best
 Name: Lawrence C. Best
 Title: Executive Vice President and

ABBOTT LABORATORIES

By: _____
Name:
Title:

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

BOSTON SCIENTIFIC CORPORATION

By: _____
Name:
Title:

ABBOTT LABORATORIES

By: /s/ Thomas C. Freyman
Name: Thomas C. Freyman
Title: Executive Vice President, Finance and
Chief Financial Officer

TIME SHARING AGREEMENT

This Time Sharing Agreement (“Agreement”) is dated as of _____, 2006 by and between Abbott Laboratories Inc. (“Company”), and _____ (“Executive”).

RECITALS

WHEREAS, Company owns or rightfully possesses and operates the aircraft set forth in Exhibit A attached hereto (individually and collectively, as the context requires, the “Aircraft”); and

WHEREAS, Company employs a fully qualified flight crew to operate the Aircraft; and

WHEREAS, Executive is _____ of Abbott Laboratories, an Illinois Corporation (“Abbott”) and the parent corporation of Company; and

WHEREAS, in order to protect the safety and security of Executive and maximize his/her availability to carry out his/her responsibilities, Abbott’s Board of Directors has adopted a policy that generally requires Executive to travel on the Aircraft for all his/her air travel, whether on Abbott business or personal travel; and

WHEREAS, Executive desires to lease one or more of the Aircraft from time to time on a time sharing basis as defined in Sections 91.501(b)(6) and (c)(1) of the Federal Aviation Regulations (“FARs”) when he/she is required under the Board’s policy to fly on the Aircraft for personal travel.

NOW, THEREFORE, in consideration of the foregoing, and the other promises contained herein, the parties, intending to be legally bound hereby, agree as follows:

1. Company agrees to lease the Aircraft to Executive on a non-exclusive basis from time to time as mutually agreed between the parties pursuant to the provisions of FAR 91.501(b)(6) and (c)(1) and to provide a fully qualified flight crew for all operations conducted under this Agreement. This Agreement shall remain in effect until terminated by either party upon ten (10) days prior written notice to the other.

2. (a) Except as further limited by subparagraph 2(b) of this Agreement, Executive shall pay to Company for each flight conducted under this Agreement a lease fee (“Lease Fee”) equal to the actual expenses of each specific flight as authorized by FAR Part 91.501(d) except as such amount may be further limited by subparagraph 2(b) below. Such actual expenses shall include:

- (i) Fuel, oil, lubricants, and other additives;
- (ii) Travel expenses of the crew, including food, lodging and ground transportation;
- (iii) Hangar and tie-down costs away from the Aircraft’s base of operation;
- (iv) Insurance obtained for the specific flight;
- (v) Landing fees, airport taxes and similar assessments;
- (vi) Customs, foreign permits, and similar fees directly related to the flight;

-
- (vii) In-flight food and beverages;
 - (viii) Passenger ground transportation; and
 - (ix) Flight planning and weather contract services.

(b) Notwithstanding the amount of the actual expenses set forth in subparagraph 2(a) of this Agreement, in no event shall Executive be obligated to pay Company a Lease Fee in excess of the greater of (x) or (y) below, where:

(x) equals the applicable subsection (i) or (ii) below:

(i) For travel between cities served by regularly scheduled first class commercial airline service, an amount equal to the lowest published cost of the first class airfare available to the general public, which will be solicited within one business day of the date the Executive requests the specific flight, for the dates traveled multiplied by the number of persons in Executive’s party for the flight; or

(ii) For travel between cities served by regularly scheduled coach or business class, but not first class commercial airline service, an amount equal to the lowest published cost of the unrestricted coach (or, if available, business class) airfare available to the general public, which will be solicited within one business day of the date the Executive requests the specific flight, for the dates traveled multiplied by the number of persons in Executive’s party for the flight; and

(y) equals the amount of income that would be imputed to Executive for the flight under the applicable Standard Industry Fare Levels as set forth in 26 C.F.R. §1.61-21(g) assuming that Executive did not pay the Lease Fee.

For purposes of the foregoing computation, if a city is not served by regularly scheduled commercial airline service, the foregoing provisions shall be applied utilizing a city selected by Company as close as reasonably practicable to the city without such service. Company's determination of the Lease Fee shall be conclusive. Prior to any proposed flight, Company shall provide Executive with an estimate of the Lease Fee for the particular flight. If Executive proceeds with the proposed flight, he/she shall be obligated to pay the Lease Fee. Executive shall also be responsible to pay, together with any Lease Fee, applicable state and federal taxes (including, without limitation, federal excise taxes). If Executive declines the proposed flight, neither Executive nor Company shall have any further obligation with respect to the proposed flight.

3. Company will pay all expenses related to the operation of the Aircraft when incurred, and will provide an invoice to Executive for the Lease Fee determined in accordance with paragraph 2 above after any flight or flights for the account of Executive. Executive shall pay Company the Lease Fee, together with applicable taxes.

4. Executive will provide Company with requests for flight time and proposed flight schedules as far in advance of any given flight as possible, and in any case, at least two (2) business days in advance of Executive's planned departure (unless Company agrees to a shorter notice in a particular case in its discretion). Requests for flight time shall be in a form, whether written or oral, mutually

2

convenient to, and agreed upon by the parties. In addition to the proposed schedules and flight times, Executive shall provide at least the following information for each proposed flight prior to scheduled departure as required by the Company or Company's flight crew:

- (a) proposed departure point;
- (b) destination;
- (c) date and time of flight;
- (d) the number, name, and relationship to the Executive of anticipated passengers;
- (e) the nature and extent of luggage and/or cargo to be carried;
- (f) the date and time of return flight, if any; and
- (g) any other information concerning the proposed flight that may be pertinent or required by Company or Company's flight crew.

5. Company shall have final authority over the scheduling of the Aircraft, provided, however, that Company will use reasonable efforts to accommodate Executive's requests and to avoid conflicts in scheduling. It is understood that Company shall not be obligated to retain or contract for additional flight crew or maintenance personnel or equipment in order to accommodate Executive's schedule requests.

6. Company shall be solely responsible for securing maintenance, preventive maintenance and required or otherwise necessary inspections on the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventative maintenance or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to cancel any flight for any reason or condition that in his or her judgment would compromise the safety of the flight.

7. Company shall ensure that for each flight conducted under this Agreement, the Aircraft will be under the command of a qualified flight crew. All flight operations by or on behalf of Executive under this Agreement shall be conducted under Part 91 of the FAR. The Company shall have and exercise exclusive operational control of the Aircraft during all phases of all flights under this Agreement, including, without limitation, all flights during which Executive, and/or his/her guests, designees, or property are on-board the Aircraft.

8. In accordance with applicable FARs, the qualified flight crew provided by Company will exercise all of its duties and responsibilities in regard to the safety of each flight conducted hereunder. Executive specifically agrees that the flight crew, in its sole discretion, may terminate any flight, refuse to commence any flight, or take other action that in the considered judgment of the pilot in command is necessitated by considerations of safety. No such action of the pilot in command shall create or support any liability for loss, injury, damage or delay to Executive or any other person. The parties further agree that Company shall not be liable for delay or failure to furnish the Aircraft and crew pursuant to this Agreement for any reason whatsoever.

3

9. Company will maintain or cause to be maintained in full force and effect throughout the term of this Agreement aircraft liability insurance in respect of the Aircraft. Such insurance shall (i) name Executive as an additional insured; (ii) contain a waiver of subrogation against Executive; and (iii) shall provide that if the insurers cancel such insurance for any reason whatsoever, if the insurance is not renewed due to non-payment of premium or if there is any material change in policy terms and conditions, such cancellation, change or lapse shall not be effective as to Executive unless Executive has been provided with at least thirty (30) days prior written notice. Company will provide such additional insurance coverage as Executive shall request or require, provided, however, that the cost of such additional insurance shall be borne by Executive as set forth in paragraph 2.

10. Executive warrants that:

- (a) He/she will use the Aircraft for and on account of his/her own business or personal use only, and will not use the Aircraft for the purpose of providing transportation of passengers or cargo in air commerce for compensation or hire;

(b) He/she will refrain from incurring any mechanics or other lien in connection with inspection, preventative maintenance, maintenance or storage of the Aircraft, whether permissible or impermissible under this Agreement, nor shall there be any attempt by Executive to convey, mortgage, assign, lease or any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien; and

(c) During the term of this Agreement, he/she will, and will cause any passengers in his/her party to, abide by and conform to all such laws, governmental and airport orders, rules and regulations, as shall from time to time be in effect relating in any way to the operation and use of the Aircraft by a time sharing lessee.

11. The Company assumes and shall bear the entire risk of loss, theft, confiscation, damage to, or destruction of the Aircraft. The Company shall release, indemnify, defend and hold harmless the Executive and his/her heirs, executors and personal representatives from and against any and all losses, liabilities, claims, judgments, damages, fines, penalties, deficiencies and expenses (including, without limitation, reasonable attorneys fees and expenses) incurred or suffered by Executive on account of a claim or action made or instituted by a third person arising out of or resulting from operations of the Aircraft hereunder and/or any services provided by the Company to Executive hereunder, except to the extent attributable to the gross negligence or willful misconduct of Executive or his/her guests on the Aircraft.

12. For purposes of this Agreement, the permanent base of operation of the Aircraft shall be Waukegan, Illinois.

13. Neither this Agreement nor any party's interest herein shall be assignable to any other party whatsoever. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their respective heirs, representatives and successors.

14. This Agreement constitutes the entire agreement of the parties with respect to the time-share of the Aircraft as set forth herein. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

15. TRUTH IN LEASING STATEMENT

THE AIRCRAFT HAVE BEEN MAINTAINED AND INSPECTED UNDER FAR PART 91.409(f)(3) DURING THE 12 MONTH PERIOD (OR SUCH SHORTER PERIOD AS THE AIRCRAFT HAS BEEN OPERATED BY COMPANY) PRECEDING THE DATE OF THIS LEASE.

THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 91.409(f)(3) FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE.

ABBOTT LABORATORIES INC., A DELAWARE CORPORATION, IS CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF ALL AIRCRAFT IDENTIFIED AND TO BE OPERATED UNDER THIS LEASE. I, THE UNDERSIGNED, _____, AS _____ OF ABBOTT LABORATORIES INC. CERTIFY THAT ABBOTT LABORATORIES INC. IS RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT FOR OPERATIONS TO BE CONDUCTED UNDER THIS LEASE AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE ADDRESS OF ABBOTT LABORATORIES INC. IS:

2900 West Aviation Drive

Waukegan, IL 60087

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ABBOTT LABORATORIES INC.

EXECUTIVE:

By: _____

By: _____

Its: _____

_____ of Abbott Laboratories

Exhibit 12

Abbott Laboratories

Computation of Ratio of Earnings to Fixed Charges

(Unaudited)

(dollars in millions except ratio)

| | Six Months Ended June 30, 2006 |
|--|---|
| Net Earnings | \$ 1,477 |
| Add (deduct): | |
| Taxes on earnings | 315 |
| Capitalized interest cost, net of amortization | (8) |
| Minority interest | 4 |
| Net Earnings as adjusted | <u>1,788</u> |
| Fixed Charges: | |
| Interest on long-term and short-term debt | 184 |
| Capitalized interest cost | 15 |
| Rental expense representative of an interest factor | 32 |
| Total Fixed Charges | <u>231</u> |
| Total adjusted earnings available for payment of fixed charges | <u>\$ 2,019</u> |
| Ratio of earnings to fixed charges | <u>8.7</u> |

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

**Certification of Chief Executive Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))**

I, Miles D. White, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Abbott Laboratories;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott as of, and for, the periods presented in this report;
 4. Abbott's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Abbott and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Abbott, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of Abbott's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in Abbott's internal control over financial reporting that occurred during Abbott's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Abbott's internal control over financial reporting; and
-
5. Abbott's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Abbott's auditors and the audit committee of Abbott's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Abbott's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott's internal control over financial reporting.

Date: August 8, 2006

/s/ Miles D. White

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

**Certification of Chief Financial Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))**

I, Thomas C. Freyman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Abbott Laboratories;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott as of, and for, the periods presented in this report;
 4. Abbott's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Abbott and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Abbott, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of Abbott's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in Abbott's internal control over financial reporting that occurred during Abbott's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Abbott's internal control over financial reporting; and
-
5. Abbott's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Abbott's auditors and the audit committee of Abbott's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Abbott's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott's internal control over financial reporting.

Date: August 8, 2006

/s/ Thomas C. Freyman

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

**Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Abbott Laboratories (the "Company") on Form 10-Q for the period ended June 30, 2006 as filed with the Securities and Exchange Commission (the "Report"), I, Miles D. White, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Miles D. White

Miles D. White

Chairman of the Board and

Chief Executive Officer

August 8, 2006

A signed original of this written statement required by Section 906 has been provided to Abbott Laboratories and will be retained by Abbott Laboratories and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Abbott Laboratories (the "Company") on Form 10-Q for the period ended June 30, 2006 as filed with the Securities and Exchange Commission (the "Report"), I, Thomas C. Freyman, Executive Vice President, Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas C. Freyman

Thomas C. Freyman

Executive Vice President, Finance
and Chief Financial Officer

August 8, 2006

A signed original of this written statement required by Section 906 has been provided to Abbott Laboratories and will be retained by Abbott Laboratories and furnished to the Securities and Exchange Commission or its staff upon request.
