



Abbott Laboratories  
Corporate Communications  
Abbott Park, Illinois 60064-6096

For Immediate Release

Contact:

***Media***

Melissa Brotz  
(847) 935-3456

Jonathon Hamilton  
(847) 935-8646

***Financial Community***

John Thomas  
(847) 938-2655

**ABBOTT LABORATORIES DECLARES SPECIAL DIVIDEND  
DISTRIBUTION OF HOSPIRA STOCK**

— *Abbott Confirms Previously Announced Earnings-Per-Share Guidance for Second-Quarter and Full-Year 2004, Adjusted for the Shift of Earnings to Hospira* —

ABBOTT PARK, Ill., April 12, 2004 – Abbott Laboratories today announced that its board of directors has declared a special dividend distribution of all of the outstanding shares of common stock of Hospira, Inc., the global hospital products company being spun off by Abbott. For every 10 shares of Abbott common shares held, Abbott shareholders will receive one share of Hospira stock. No fractional shares of Hospira will be issued; shareholders will receive cash in lieu of fractional shares. The special dividend distribution is expected to be paid on April 30, 2004, to Abbott shareholders of record as of the close of business on April 22, 2004.

-more-

**ABBOTT LABORATORIES DECLARES SPECIAL DIVIDEND  
DISTRIBUTION OF HOSPIRA STOCK**  
**PAGE 2**

The distribution of Hospira common stock will mark the completion of the new company's separation from Abbott. After the distribution, Hospira common stock is expected to begin trading on May 3, 2004, on the New York Stock Exchange under the symbol "HSP." Distribution of the dividend is subject to Hospira's Form 10 being declared effective by the Securities and Exchange Commission.

"The declaration of this special dividend distribution reinforces our commitment to build shareholder value — giving shareholders equity investments in two separate companies that are able to focus exclusively on maximizing opportunities in their distinct markets," said Miles D. White, chairman and chief executive officer, Abbott Laboratories. "The upcoming launch of Hospira also marks another milestone in Abbott's strategy to accelerate growth by developing and marketing leading innovations in advanced-technology medical products and pharmaceuticals."

Abbott has received a ruling from the Internal Revenue Service that, for U.S. federal income tax purposes, the distribution of Hospira common stock is tax-free to Abbott and to Abbott's U.S. shareholders except to the extent that cash is received in lieu of fractional shares. The special dividend distribution is subject to the conditions set forth in the Separation and Distribution Agreement between Abbott and Hospira, filed as an exhibit to Hospira's registration statement on Form 10.

Abbott shareholders will not be required to take any action to receive their Hospira shares. Additional information on the special dividend distribution for Abbott shareholders is included in the attached questions and answers section of this news release and posted on [www.abbottinvestor.com](http://www.abbottinvestor.com).

**ABBOTT LABORATORIES DECLARES SPECIAL DIVIDEND  
DISTRIBUTION OF HOSPIRA STOCK**  
**PAGE 3**

Hospira's initial financial outlook and the financial impact of the spin-off on Abbott, including the shift of future income from Abbott to Hospira as discussed in Abbott's first-quarter earnings news release issued on April 8, 2004, are discussed in detail in the questions and answers section of this news release.

Abbott Laboratories is a global, broad-based health care company devoted to the discovery, development, manufacture and marketing of pharmaceuticals and medical products, including nutritionals, devices and diagnostics. The company employs more than 70,000 people and markets its products in more than 130 countries.

Abbott's news releases and other information are available at [www.abbott.com](http://www.abbott.com).

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

*Some statements in this news release may be forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. Abbott cautions that these forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements. Economic, competitive, governmental, technological and other factors that may affect Abbott's operations are discussed in the attached questions and answers section and in Exhibit 99.1 of our Securities and Exchange Commission 2003 Form 10-K, and are incorporated by reference. Forward-looking statements in this press release should also be evaluated together with the disclosure regarding Hospira contained in the Risk Factors section of Hospira's Form 10 Registration Statement filed on April 8, 2004. Abbott and Hospira undertake no obligation to release publicly any revisions to forward-looking statements as the result of subsequent events or developments.*

**ABBOTT LABORATORIES DECLARES SPECIAL DIVIDEND**  
**DISTRIBUTION OF HOSPIRA STOCK**  
**PAGE 4**

**Questions & Answers**

**INFORMATION FOR ABBOTT SHAREHOLDERS**

**Q1) What will shareholders receive in the distribution?**

- A1) Each holder of record of Abbott common shares will receive one share of Hospira common stock, and the associated preferred stock purchase rights, for every 10 Abbott common shares held on the record date.

No fractional shares of Hospira common stock will be distributed. The fractional shares shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed ratably to those shareholders who would otherwise have received fractional shares of Hospira common stock.

The distribution will not affect the number of outstanding Abbott shares or any rights of Abbott shareholders, although it may affect the market value of each outstanding Abbott common share due to a shift of a portion of Abbott's business to Hospira.

**Q2) Will shareholders have to pay U.S. federal income taxes on their receipt of Hospira shares?**

- A2) Abbott has received a ruling from the Internal Revenue Service that, for U.S. federal income tax purposes, the distribution of Hospira common stock is tax-free to Abbott and to Abbott's U.S. shareholders to the extent that they receive Hospira common stock. However, fractional shares will not be issued and any cash received in lieu of fractional shares generally will be taxable.

A tax advisor should be consulted about the particular tax consequences of the distribution, including the application of state, local and foreign tax laws.

**Q3) How will shareholders determine their tax basis in their Hospira shares?**

- A3) Shortly after the distribution is completed, Abbott will provide its U.S. shareholders information to enable them to compute their tax basis in both Abbott and Hospira shares and other information they will need to report their receipt of Hospira common stock on their 2004 U.S. federal income tax return as a tax-free transaction.

A tax advisor should be consulted about the particular tax consequences of the distribution, including the application of state, local and foreign tax laws.

**ABBOTT LABORATORIES DECLARES SPECIAL DIVIDEND**  
**DISTRIBUTION OF HOSPIRA STOCK**  
**PAGE 5**

**Questions & Answers (continued)**

**Q4) How will Hospira shares be issued?**

A4) Abbott shareholders will receive shares of Hospira common stock through the same channels that they currently use to hold or trade Abbott common shares, whether through a brokerage account, 401(k) plan or other channels. Receipt of shares of Hospira common stock will be documented in the same manner that Abbott common shareholders typically receive shareholder updates, including monthly broker statements and 401(k) statements.

Registered Abbott shareholders who hold their Abbott common shares in certificate form (or who hold shares in the Abbott Laboratories dividend reinvestment plan) will receive a statement of account showing their shares from EquiServe Trust Company, N.A., the distribution agent, transfer agent and registrar for Hospira's common stock. This is commonly referred to as book-entry, a method of recording stock ownership in Hospira's records in which no physical certificates are issued. Following the distribution that is expected on April 30, 2004, Hospira stockholders whose shares are held in book-entry form may request the transfer of their shares to a brokerage or other account, or the delivery of physical stock certificates for their shares.

**Q5) What do shareholders need to do to receive their Hospira shares?**

A5) No action is required to receive the Hospira shares except that the shareholder must be an Abbott shareholder as of the close of business on April 22, 2004. Shareholders will not be required to pay anything for the new shares or to surrender any Abbott shares.

**Q6) Whom do shareholders contact for additional information?**

A6) Georgeson Shareholder Communications Inc. is the information agent for the distribution. Please contact Georgeson with any questions about the distribution or if you need any additional information. Georgeson can be reached at 17 State Street, 10th Floor, New York, NY 10004, or by telephone at 1-800-905-7286.

Additional questions and answers for Abbott shareholders are posted on [www.abbottinvestor.com](http://www.abbottinvestor.com).

**ABBOTT LABORATORIES DECLARES SPECIAL DIVIDEND  
DISTRIBUTION OF HOSPIRA STOCK  
PAGE 6**

**Questions & Answers (continued)**

**FINANCIAL**

**Q7) What are the financial implications of the transaction for Abbott and Hospira?**

A7) The spin-off of Hospira will result in a separation of Hospira's assets, liabilities, and operating results from Abbott to this new independent company. Hospira will also assume approximately \$700 million of Abbott debt just prior to the spin-off. This will reduce Abbott's short-term debt by approximately \$700 million. Hospira will also be obligated to purchase from Abbott the net operating assets of the hospital products international business for approximately \$300 million over the 2004 to 2006 time frame.

Hospira's net income historically reflected in Abbott's results, including net income of its international business, will shift to Hospira on the spin-off date. As a result, and as previously indicated, Abbott's earnings-per-share guidance must be adjusted to reflect this shift to Hospira. Adjusting for the post spin-off split of earnings between Abbott and Hospira, Abbott is confirming its previously announced second-quarter and full-year 2004 earnings-per-share guidance, announced in its first-quarter 2004 earnings news release issued on April 8, 2004. This is shown in the chart on page 8.

Hospira's historical results through the spin-off date will continue to be reported in Abbott's historical results, but they will be reclassified from "Continuing Operations" to separate "Discontinued Operations" lines in Abbott's Consolidated Statement of Earnings. Abbott's earnings-per-share guidance going forward will focus on earnings per share from continuing operations, excluding certain one-time charges. As previously forecasted, Abbott expects to incur certain one-time charges in 2004 related to acquisitions and costs associated with the spin-off, which will be included in earnings-per-share forecasts provided on a GAAP basis, as shown in the chart on page 8.

Hospira's historical audited financial results through 2003 are reflected in the Form 10 regulatory filing submitted to the SEC, available electronically on [www.sec.gov](http://www.sec.gov). This document will be mailed to shareholders of record on approximately April 16, 2004, with a subsequent mailing to new shareholders as of the record date.

For 2004, Hospira's reported financial results will reflect a full year's results, including activity from January 2004 through April 2004 when Hospira was part of Abbott.

**ABBOTT LABORATORIES DECLARES SPECIAL DIVIDEND**  
**DISTRIBUTION OF HOSPIRA STOCK**  
**PAGE 7**

**Questions & Answers (continued)**

As disclosed in the Form 10 filing, during 2004, Hospira will begin to incur ongoing costs to operate as an independent company, including corporate and information technology expenses, as reflected in the pretax income forecast for 2004 shown in the chart on page 8. Hospira's forecasts beyond 2004 indicate that incremental growth and efficiencies in the business are expected to offset these costs in the future.

As discussed in the Form 10, Hospira will also incur interest expense on the debt it assumes with the spin-off. Interest expense has been forecasted based on Hospira's current financing strategy as reflected in the pretax income forecast for 2004 shown in the chart on page 8. Also as discussed in the Form 10, Hospira will incur certain nonrecurring transitional costs over the 2004 to 2006 time frame, as shown in the chart on page 8.

Hospira will provide transition services to and receive them from Abbott at a fair markup on cost. Hospira and Abbott will also supply product to each other during the transition period at a fair markup. The net margin impact of these arrangements on Hospira 2004 forecasts is reflected in the pretax income forecast for 2004 shown in the chart on page 8.

**Q8) How does the transaction impact full-year earnings for Abbott and Hospira?**

A8) The split of income between Abbott and Hospira is explained in the following chart. Adjusting for the post spin-off shift of earnings to Hospira, Abbott is confirming its previously announced second-quarter and full-year 2004 earnings-per-share guidance, announced in its first-quarter 2004 earnings news release issued on April 8, 2004. The schedule also provides 2004 guidance for Hospira.

**ABBOTT LABORATORIES DECLARES SPECIAL DIVIDEND  
DISTRIBUTION OF HOSPIRA STOCK**  
**PAGE 8**

**Reconciliation of Income Split Between Abbott and Hospira -- Full Year**

	<u>Estimated Full-year 2004</u>
<b><u>Abbott:</u></b>	
Diluted Earnings Per Share (EPS)	
excluding one-time charges (1)	\$2.40 - \$2.48
Diluted EPS income shift to Hospira (2)	<u>(\$0.160 - \$0.175)</u>
Diluted EPS - Continuing Operations	
excluding one-time charges (1)	\$2.24 - \$2.31
Less: One-time charges (1)	(\$0.20)
Diluted EPS from Continuing Operations per GAAP	\$2.04 - \$2.11
<b><u>Hospira:</u></b>	
Equivalent Diluted Abbott EPS	\$0.160 - \$0.175
<b><u>Millions of dollars:</u></b>	
Equivalent Pretax Income less costs to operate as an independent company, excluding one-time charges (3) (4)	\$292 - \$325
Net Earnings excluding one-time charges	\$219 - \$243
Less: One-time charges, net of tax (4)	<u>(\$27)</u>
Net Earnings per GAAP	\$192 - \$216
Diluted Hospira EPS guidance	
excluding one-time charges (4)	\$1.39 - \$1.54
Less: One-time charges (4)	<u>(\$0.17)</u>
Diluted Hospira EPS per GAAP	\$1.22 - \$1.37

1. As previously forecasted, Abbott's 2004 results will include one-time charges for in-process R&D and integration costs related to acquisitions and costs associated with the spin-off of Hospira. These costs are expected to approximate \$0.20 per share for the full-year 2004, of which \$0.05 per share were incurred in the first quarter of 2004.
2. Reflects earnings-per-share equivalent of net income for Hospira as structured within Abbott.
3. As detailed in Hospira's Form 10 filing with the SEC, Hospira will incur costs to operate as an independent company, including corporate and information technology expenses. The 2004 impact of these costs, as well as interest and net margin on transition service/manufacturing agreements with Abbott, have been reflected in this estimate of pretax income. Hospira's forecasts beyond 2004 indicate that incremental growth and efficiencies in the business are expected to offset these costs in the future.
4. As previously disclosed in Hospira's Form 10 filing with the SEC, Hospira will incur one-time transitional costs of approximately \$100 million of pretax expense and \$82 million of capital expenditures during the 2004 to 2006 timeframe. Expense, net of tax, for 2004 is projected to be approximately \$27 million or \$0.17 per Hospira share (mid-point of \$0.15 – \$0.19 range), measured on the basis of Hospira EPS. Hospira diluted EPS is based on an estimate of Hospira shares outstanding using a 10 to 1 distribution ratio. The precise number of Hospira shares will not be known until the spin-off is executed and the dilutive effect of stock options is calculated.

**Additional Hospira Guidance Note:** Hospira projects full-year 2004 sales of approximately \$2.5 billion, with a tax rate for ongoing operations excluding one-time transition expenses in 2004 estimated at 25.5 percent. The one-time transition-related expenses will be tax effected at a higher rate resulting in an estimated tax rate on a GAAP basis of 23 – 24 percent.

**ABBOTT LABORATORIES DECLARES SPECIAL DIVIDEND  
DISTRIBUTION OF HOSPIRA STOCK**  
**PAGE 9**

**Questions & Answers (continued)**

**Abbott Earnings-Per-Share Guidance**

- Q9) How does this transaction impact Abbott's recently issued earnings-per-share guidance for the second quarter of 2004?**
- A9) On April 8, 2004, Abbott provided ongoing earnings-per-share guidance of \$0.57 – \$0.59 for second-quarter 2004, before previously announced one-time charges and assuming that the business components that comprise Hospira remained within Abbott. Abbott is confirming its second-quarter 2004 earnings-per-share guidance, as adjusted to reflect the shift of a portion of Abbott's future earnings to Hospira, as shown in the following chart.

Ongoing Earnings Per Share (EPS) assuming Hospira business components remained with Abbott	\$0.57 - \$0.59
Estimated portion of net income shift to Hospira as measured in Abbott EPS	<u>(\$0.04)</u>
Ongoing EPS from Continuing Operations after spin-off	<u>\$0.53 - \$0.55</u>
Less: Previously announced one-time charges	<u>(\$0.11)</u>
Diluted EPS per GAAP	<u>\$0.42 - \$0.44</u>

###