

Important U.S. Federal Income Tax Information for Shareholders Concerning the Hospira, Inc., Share Distribution

May 6, 2004

Dear Shareholder,

On April 30, 2004 (the “Distribution Date”), Abbott Laboratories (“Abbott”) distributed all the outstanding shares of Hospira, Inc. (“Hospira”) to Abbott shareholders of record as of the close of business on April 22, 2004. In the distribution (the “Spin-Off”), you received one (1) share of Hospira common stock for every ten (10) Abbott common shares you owned. You will receive cash in lieu of any fractional shares of Hospira stock.

This letter explains certain U.S. federal income tax consequences of the Spin-Off and describes how to allocate your tax basis between your Abbott common shares and the Hospira common stock you received in the Spin-Off.

Tax Treatment of the Spin-Off. Abbott has received a ruling from the Internal Revenue Service to the effect that the Spin-Off qualifies as a tax-free distribution for U.S. federal income tax purposes. Therefore, you will not recognize gain or loss for U.S. federal income tax purposes on receipt of the Hospira shares in the distribution. If, however, you receive cash in lieu of fractional shares, you will recognize gain or loss as described below.

Non-U.S. shareholders should consult their tax advisors for local tax consequences of the Spin-Off to them.

Fractional Shares. No fractional shares of Hospira stock will be issued in the distribution. Instead, all fractional shares of Hospira common stock will be aggregated for all Abbott shareholders and sold in the public market and you will receive a check that represents the cash in lieu of fractional shares, calculated based on the net price of \$26.4204 per share. The taxable gain or loss that you recognize with respect to any cash you receive is equal to the difference between the amount of cash you receive and your tax basis (determined as described below) in the fractional share of Hospira stock.

Tax Basis. Your tax basis in the Abbott shares you owned immediately before the Spin-Off must be allocated between your Abbott common shares and the shares of Hospira common stock you received in the Spin-Off (including any fractional shares for which you received cash). This allocation is based on the relative fair market values of your Abbott common shares and your Hospira common stock. U.S. federal tax law does not specifically identify how you should determine the fair market values of the shares. You and your tax advisor may find the attached **Exhibit 1** helpful in determining these fair market values.

If you acquired your Abbott common shares at different times and at different prices, you will need to calculate your tax basis in each block of Abbott common shares and then allocate a portion of that basis to the Hospira common stock you received. Abbott suggests you retain this letter to support your determination of your basis in your Abbott common shares and your Hospira common stock.

Example: This example assumes you choose to use the opening trading prices as the method of determining the fair market values of the Abbott common shares and the Hospira common stock. Using this method, after the Spin-Off the fair market value of the Abbott common shares was \$41.37 and the fair market value of the Hospira common stock was \$28.50, as shown in Table 1 in Exhibit 1. Therefore, the fair market value of one share of Hospira common stock relative to one common share of Abbott was \$2.85. Your basis in your Abbott common shares is apportioned 93.555% to the Abbott common shares and 6.445% to your Hospira common stock, as shown in Table 2 in Exhibit 1. This calculation may be illustrated as follows:

- Assume you own 75 Abbott common shares with a tax basis of \$30 per share (total tax basis of \$2,250.)
- You are entitled to receive 7.5 shares of Hospira common stock in the Spin-Off. Because no fractional shares are issued, you receive seven (7) shares of Hospira common stock and \$13.21 cash in lieu of the fractional share.
- Your total tax basis in your Abbott shares is allocated \$2104.99 to the Abbott shares (93.555% of \$2,250), or \$28.0665 per share, and \$145.01 to the Hospira shares (6.445% of 2,250), or \$19.335 per share.
- The basis allocated to the 0.5 fractional share of Hospira for which you received \$13.21 cash is \$9.6675, resulting in gain to you of \$3.54.

If you own Abbott shares with a different basis for alternative minimum tax (“AMT”) purposes than your basis for regular tax purposes, you would need to allocate your AMT basis between your Abbott common shares and your Hospira shares in the same manner as described above.

U.S. Federal Income Tax Reporting Requirements: You are required to attach a statement describing the details of the Spin-Off to your U.S. federal income tax return for the period that includes the Distribution Date. For calendar year shareholders, that is your 2004 U.S. federal income tax return. A sample shareholder statement is available at <http://www.abbott.com/investor/hospira/spin-off.html>.

Consult Your Tax Advisor: The information regarding the U.S. federal income tax consequences of the Spin-Off presented in this letter is for general reference only and does not constitute tax advice. The letter does not purport to cover all U.S. federal income tax consequences that may apply to all categories of shareholders. All shareholders should consult their own tax advisors regarding the particular federal, foreign, state and local tax consequences of the Spin-Off to them.

**Information for Use in Determining the Fair Market Values
of Abbott and Hospira after the Spin-Off**

The Spin-Off occurred as of 11:59 p.m. Eastern Time on April 30, 2004. The first regular trading day for the Hospira common stock was May 3, 2004.

U.S. federal tax law does not specifically identify how you should determine the fair market values of the Abbott common shares and the Hospira common stock after the Spin-Off. There are several possible methods of measuring these values, including:

- 1) The opening trading prices of the Abbott shares and the Hospira stock on the first regular trading day for the Hospira common stock (May 3, 2004);
- 2) The average of the high and low trading prices of the Abbott shares and the Hospira stock on the first regular trading day for the Hospira common stock (May 3, 2004); and
- 3) The closing trading prices of the Abbott shares and the Hospira stock on the first regular trading day for the Hospira common stock (May 3, 2004).

You and your tax advisor may find the information in the following tables useful in determining the fair market values of the Abbott shares and the Hospira common stock after the Spin-Off. Table 1 sets forth the prices for each of the valuation methods described above. Table 2 sets forth the percentages you can use to allocate the basis in your Abbott common shares between your Abbott shares and your Hospira shares.

Table 1
Trading Prices

Common Shares	Opening Trading Price on May 3, 2004	Average High-Low Trading Price on May 3, 2004	Closing Trading Price on May 3, 2004
Abbott	\$41.37	\$41.835	\$42.32
Hospira (value per share)	\$28.50	\$27.75	\$27.04
Hospira (relative value)	\$ 2.85	\$2.775	\$2.704

Table 2
Basis Allocation Percentages

Common Shares	Opening Trading Price Allocation %	Average High-Low Trading Price Allocation %	Closing Trading Price Allocation %
Abbott	93.555%	93.779%	93.994%
Hospira	6.445%	6.221%	6.006%