

ABBOTT LABORATORIES  
Form 10-Q  
May 07, 2007

**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 March 31, 2007

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

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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 March 31, 2007, Abbott Laboratories had 1,540,359,678 common shares without par value outstanding.

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PART I. FINANCIAL INFORMATION

Abbott Laboratories and Subsidiaries

Condensed Consolidated Financial Statements

(Unaudited)

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Abbott Laboratories and Subsidiaries

Condensed Consolidated Statement of Earnings

(Unaudited)

(dollars and shares in thousands except per share data)

	<b>Three Months Ended March 31</b>	
	<b>2007</b>	<b>2006</b>
Net Sales	\$ 5,290,284	\$ 4,580,465
Cost of products sold	2,176,695	1,759,583
Research and development	578,374	438,579
Selling, general and administrative	1,657,030	1,339,542
Total Operating Cost and Expenses	4,412,099	3,537,704
Operating Earnings	878,185	1,042,761
Interest expense	147,385	72,789
Interest (income)	(22,895 )	(37,841 )
(Income) from TAP Pharmaceutical Products Inc. joint venture	(146,632 )	(101,311 )
Net foreign exchange loss (gain)	4,875	(610 )
Other (income) expense, net	124,461	(3,635 )
Earnings from Continuing Operations Before Taxes	770,991	1,113,369
Taxes on Earnings from Continuing Operations	129,542	264,809
Earnings from Continuing Operations	641,449	848,560
Earnings from Discontinued Operations, net of taxes	56,088	16,323
Net Earnings	\$ 697,537	\$ 864,883
Basic Earnings Per Common Share		
Continuing Operations	\$ 0.41	\$ 0.56
Discontinued Operations	0.04	0.01
Net Earnings	\$ 0.45	\$ 0.57
Diluted Earnings Per Common Share		
Continuing Operations	\$ 0.41	\$ 0.55
Discontinued Operations	0.04	0.01
Net Earnings	\$ 0.45	\$ 0.56
Cash Dividends Declared Per Common Share	\$ 0.325	\$ 0.295
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,540,315	1,529,862
Dilutive Common Stock Options and Awards	17,919	7,833
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options and Awards	1,558,234	1,537,695
Outstanding Common Stock Options Having No Dilutive Effect	20,928	86,456

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

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Abbott Laboratories and Subsidiaries

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(dollars in thousands)

	<b>Three Months Ended March 31</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash Flow From (Used in) Operating Activities of Continuing Operations:</b>		
Net earnings	\$ 697,537	\$ 864,883
Less: Earnings from discontinued operations, net of taxes	56,088	16,323
Earnings from continuing operations	641,449	848,560
Adjustments to reconcile earnings from continuing operations to net cash from operating activities of continuing operations -		
Depreciation	204,970	194,690
Amortization of intangibles	195,794	118,493
Share-based compensation	153,701	123,322
Trade receivables	161,673	239,727
Inventories	(37,827 )	173,946
Other, net	(374,133 )	(614,297 )
<b>Net Cash From Operating Activities of Continuing Operations</b>	<b>945,627</b>	<b>1,084,441</b>
<b>Cash Flow From (Used in) Investing Activities of Continuing Operations:</b>		
Acquisitions of property and equipment	(329,119 )	(228,360 )
Investment securities transactions	2,927	2,419
Other	769	1,503
<b>Net Cash (Used in) Investing Activities of Continuing Operations</b>	<b>(325,423 )</b>	<b>(224,438 )</b>
<b>Cash Flow From (Used in) Financing Activities of Continuing Operations:</b>		
Proceeds from commercial paper, net	353,000	
Payment of long-term debt	(260,618 )	(425,000 )
Other borrowing transactions, net	1,835	59,176
Purchases of common shares	(861,203 )	(754,502 )
Proceeds from stock options exercised, including income tax benefit	714,136	93,479
Dividends paid	(453,807 )	(423,551 )
<b>Net Cash (Used in) Financing Activities of Continuing Operations</b>	<b>(506,657 )</b>	<b>(1,450,398 )</b>