October 28, 2005

Letter of Comment No: 89 File Reference: 1204-001

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference 1204-001

Dear Sir:

We are pleased to respond to the Exposure Draft, "Business Combinations, a replacement of FASB Statement No. 141" ("ED").

Abbott is a \$19.7 billion worldwide company engaged in the discovery, development, manufacture and marketing of pharmaceuticals and medical products, including nutritionals, devices and diagnostics. In recent years, Abbott has completed several significant business combinations and we expect acquisitions to remain a core element of our business strategy.

We have reviewed the ED and have the following comments:

In concept, we believe that recording contingent consideration at the acquisition date is appropriate. In practice, it is unlikely that a company could estimate, with reasonable reliability, the fair value of such consideration at the acquisition date. Under the proposed rules, this estimate would be adjusted for subsequent changes in fair value via the income statement. However, since contingent consideration is a mechanism to resolve differences of opinion between the buyer and seller of the value of the business at the time of the acquisition, any contingent consideration paid, including adjustments to initial estimates, should adjust the purchase price for that business, not earnings. We believe that footnote disclosure of the terms and amount of contingent consideration would provide sufficient information to the investor to understand future obligations of the acquirer, and thus the total purchase price for the acquisition.

We do not believe that contingent liabilities of a target company that exist as of the acquisition date should be recorded by the acquirer unless they meet the recognition criteria in Statement 5 (or until FAS 5 is changed to incorporate Concepts Statement 6). It is confusing for both companies and investors to have two rules governing the same potential obligation. If sufficient information is not available to record a liability under Statement 5, then it is inconsistent to require a liability to be recorded, given the same insufficient information, merely because the target company has been acquired.

Very truly yours,

Frank J. Loughery Divisional Vice President and Assistant Corporate Controller