

EXHIBIT U

SEPARATION AND DISTRIBUTION AGREEMENT

by and between

ABBOTT LABORATORIES

and

HOSPIRA, INC.

Dated as of April 12, 2004

THIS SEPARATION AND DISTRIBUTION AGREEMENT, dated as of April 12, 2004, is by and between ABBOTT LABORATORIES, an Illinois corporation ("Abbott") and HOSPIRA, INC., a Delaware corporation ("Hospira").

R E C I T A L S:

WHEREAS, the board of directors of Abbott has determined that it is appropriate and advisable to: (i) separate the Hospira Business (as defined herein) from the Abbott Business (as defined herein) (the "Separation"); and (ii) following the Separation, make a distribution, on a pro rata basis, to holders of common shares, without par value, of Abbott (the "Abbott Common Shares") of all of the outstanding shares of common stock, par value \$0.01 per share, of Hospira (together with the associated preferred stock purchase rights, the "Hospira Common Stock"), owned by Abbott (the "Distribution"); and

WHEREAS, each of Abbott and Hospira has determined that it is necessary and advisable to set forth the principal transactions required to effect the Separation and the Distribution and to describe other agreements that will govern certain other matters prior to and following the Separation and the Distribution.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement (as defined herein), the Parties (as defined herein) hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Reference is made to Section 9.14 regarding the interpretation of certain words and phrases used in this Agreement. In addition, for the purpose of this Agreement, the following terms shall have the meanings set forth below.

"Abbott" has the meaning set forth in the Preamble.

"Abbott Business" means all businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted prior to the Effective Time by Abbott, the Abbott Subsidiaries, Hospira and the Hospira Subsidiaries, in each case that are not included in the Hospira Business. For purposes of this Agreement and the Ancillary Agreements only, the Abbott Business shall also be deemed to include the businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted prior to the Effective Time by TAP Pharmaceutical Products Inc., TAP Finance Inc. and TAP Pharmaceuticals Inc.

"Abbott Common Shares" has the meaning set forth in the Recitals.

“Abbott Indemnitees” means: (i) Abbott and each Abbott Subsidiary; (ii) each of the respective past, present and future directors, officers, employees or agents of the entities described in (i) above, in each case in their respective capacities as such; and (iii) each of the heirs, executors, successors and assigns of any of the foregoing.

“Abbott Indemnity Obligations” means all Liabilities (other than Hospira Liabilities) to the extent such Liabilities relate to, arise out of or result from any of the following items:

- (i) any failure of Abbott or any Abbott Subsidiary to pay, perform or otherwise promptly discharge any Abbott Liabilities in accordance with their terms;
- (ii) any breach by Abbott or any Abbott Subsidiary of this Agreement or any of the Ancillary Agreements; and
- (iii) any untrue statement or alleged untrue statement of a material fact made explicitly in Abbott’s name in the Registration Statement or the Information Statement as the same may be amended prior to the Effective Time, or any omission or alleged omission to state a material fact necessary to make any such statement made explicitly in Abbott’s name not misleading.

“Abbott Liabilities” means the Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) of Abbott and the Abbott Subsidiaries and, prior to the Effective Time, Hospira and the Hospira Subsidiaries, in each case that are not Hospira Liabilities or Hospira Indemnity Obligations.

“Abbott Marketing Affiliate” means the entities set forth on Schedule 1.01(a).

“Abbott Other Liabilities” has the meaning set forth on Schedule 1.01(n).

“Abbott Subsidiary” means any Subsidiary of Abbott other than Hospira and any Hospira Subsidiary.

“Actual Deferred Taxes” means the Tax effect of the sum of all temporary differences relating to Taxes and all other differences relating to the basis of property or liabilities properly classified under GAAP as temporary items of Hospira and its Subsidiaries, adjusted for the effect of Abbott’s filing its 2003 and 2004 U.S. federal income Tax returns.

“ADR” has the meaning set forth in Section 7.01.

“Adjustment” has the meaning set forth in Section 2.15.

“Agent” means EquiServe Trust Company, N.A., or such other trust company or bank appointed by Abbott that shall act as distribution agent, transfer agent and registrar for the Hospira Common Stock in connection with the Distribution.

“Agreement” means this Separation and Distribution Agreement and each of the Schedules hereto.

“AIL” means Abbott International Ltd., a Delaware corporation and an Abbott Subsidiary that will become a limited liability company in connection with the Separation.

“ALI” means Abbott Laboratories Inc., a Delaware corporation and an Abbott Subsidiary.

“Ancillary Agreements” means all written agreements, instruments, understandings, assignments or other arrangements (other than this Agreement) entered into by the Parties or any of their respective Subsidiaries in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement, including the following: (i) the Conveyance and Assumption Instruments; (ii) the Employee Benefits Agreement; (iii) the Information Technology Agreement; (iv) the Intellectual Property

Agreement; (xi) the Transition Marketing and Distribution Services Agreements; (xii) the Transition Services Agreements; and (xiii) any other agreements which the Parties determine are necessary or advisable in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement and the Ancillary Agreements.

“Asset Transfer Date” means April 26, 2004 or such other date not later than the Distribution Date as may be determined by Abbott.

“Assets” means assets, rights, claims and properties of all kinds, real and personal, tangible, intangible and contingent, including rights and benefits pursuant to any contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement and any rights or benefits pursuant to any Proceeding.

“Business Entity” means any corporation, general or limited partnership, trust, joint venture, unincorporated organization, limited liability entity or other entity.

“Bylaws” means the Amended and Restated Bylaws of Hospira, substantially in the form of Exhibit A.

“Certificate of Incorporation” means the Restated Certificate of Incorporation of Hospira, substantially in the form of Exhibit B.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commission” means the Securities and Exchange Commission.

“Consents” means any consents, waivers or approvals from, or notification requirements to, any Third Parties.

“Conveyance and Assumption Instruments” means, collectively, such deeds, bills of sale, Asset transfer agreements, endorsements, assignments, assumptions (including Liability assumption agreements), leases, subleases, affidavits and other instruments of sale, conveyance, contribution, distribution, lease, transfer and assignment between Abbott or, where applicable, any Abbott Subsidiary, on the one hand, and Hospira or, where applicable, any Hospira Subsidiary or designee of Hospira, on the other hand, as may be necessary or advisable under the laws of the relevant jurisdictions to effect the Separation.

“Delayed Ex-U.S. Commercial Assets” means: (i) the Hospira Assets (other than Delayed Ex-U.S. Manufacturing Assets) that are held as of the Effective Time by: (A) any Abbott Marketing Affiliate; or (B) any Abbott Subsidiary organized under the laws of any jurisdiction outside the United States; and (ii) the Hospira Assets that are held by Abbott or any Abbott Subsidiary of the type described in subsection (v) of the definition of Hospira Assets.

“Delayed Ex-U.S. Commercial Liabilities” means: (i) the Hospira Liabilities (other than Delayed Ex-U.S. Manufacturing Liabilities) of any: (A) Abbott Marketing Affiliate; or (B) Abbott Subsidiary organized under the laws of any jurisdiction outside the United States, in each case that remain outstanding as of the Effective Time; and (ii) the Hospira Liabilities of Abbott or any Abbott Subsidiary of the type described in subsection (vi) of the definition of Hospira Liabilities.

“Delayed Ex-U.S. Manufacturing Assets” means the Hospira Assets held by the Ex-U.S. Manufacturing Subsidiaries that are used in manufacturing operations at the Hospira Ex-U.S. Manufacturing Facilities, legal title to which is not contributed, assigned, transferred, conveyed or delivered to Hospira or a Hospira Subsidiary prior to the Effective Time because such action would require a Consent which has not been obtained as of that date.

“Delayed Ex-U.S. Manufacturing Liabilities” means the Hospira Liabilities of the Ex-U.S. Manufacturing Subsidiaries that are incurred in the manufacturing operations at the Hospira Ex-U.S. Manufacturing Facilities and are not assigned to and accepted and assumed by Hospira or a Hospira Subsidiary prior to the Effective Time because such action would require a Consent which has not been obtained as of that date.

“Delayed Transfer Assets” means the Delayed U.S. Assets, the Delayed Ex-U.S. Manufacturing Assets and the Delayed Ex-U.S. Commercial Assets.

“Delayed U.S. Assets” means the Hospira Assets held by Abbott or any Abbott Subsidiary incorporated under U.S. state law, legal title to which is not contributed, assigned, transferred, conveyed and delivered to Hospira or a Hospira Subsidiary prior to the Effective Time because such action would require a Consent which had not been obtained as of that date.

“Delayed U.S. Liabilities” means the Hospira Liabilities of Abbott or any Abbott Subsidiary incorporated under U.S. state law which are not assigned to and accepted and assumed by Hospira or a Hospira Subsidiary prior to the Effective Time because such action would require a Consent which has not been obtained as of that date.

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“Delayed U.S./Ex-U.S. Manufacturing Assets” means Delayed U.S. Assets and Delayed Ex-U.S. Manufacturing Assets.

“Delayed U.S./Ex-U.S. Manufacturing Liabilities” means Delayed U.S. Liabilities and Delayed Ex-U.S. Manufacturing Liabilities.

“Discontinued Products” means the products (regardless of whether or not such products were: (i) abandoned or discontinued in clinical study phase; or (ii) ever marketed or sold to Third Parties) that were terminated, divested or discontinued by Abbott’s hospital products division or Abbott’s international division prior to the Effective Time; provided that such products are of a nature or type that would have resulted in such products’ being included as Hospira Products if such products had not been terminated, divested or discontinued prior to the Effective Time. By way of example, Schedule 1.01(o) sets forth whether or not certain products shall be Discontinued Products.

“Distribution” has the meaning set forth in the Recitals.

“Distribution Date” means the date determined by the board of directors of Abbott, in its sole discretion, for the consummation of the Distribution.

“Effective Time” means 11:59 p.m. Eastern Time on the Distribution Date.

“Employee Benefits Agreement” means the Employee Benefits Agreement entered into prior to the Effective Time by and between Abbott and Hospira.

“Employment Tax” means withholding, payroll, social security, workers compensation, unemployment, disability and any similar tax imposed by any Tax Authority, and any interest, penalties, additions to tax or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined or unitary group of taxpayers.

“Environmental Law” means any supranational, international, national, federal, state, or local statute, ordinance, rule, regulation, code, license, permit, authorization, approval, Consent, common law (including tort and environmental nuisance law), legal doctrine, order, judgment, decree, injunction, requirement or agreement with any Governmental Authority, now or hereafter in effect relating to employee health and safety, pollution or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata or wildlife or other natural resources) or to emissions, discharges, releases or threatened releases of any substance currently or at any time hereafter listed, defined, designated or classified as hazardous, toxic, waste, radioactive or dangerous, or otherwise regulated, under any of the foregoing, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any such substances, including the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendments and Reauthorization Act and the Resource Conservation and Recovery Act and comparable provisions in any other applicable law.

“Environmental Liabilities” means all Liabilities relating to, arising out of or resulting from any Environmental Law or contract or agreement relating to employee health and safety, pollution or environmental matters (including ambient air, surface water, groundwater, land

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surface or subsurface strata or wildlife or other natural resources) or to emissions, discharges, releases or threatened releases of any

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