SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14D-1

Tender Offer Statement Pursuant to Section 14(d)(1)
of the Securities Exchange Act of 1934

MediSense, Inc.
(Name of Subject Company)

AAC Acquisition, Inc.
a wholly owned subsidiary of
Abbott Laboratories
(Bidder)

Common Stock
and
Class B Common Stock
(Title of Class of Securities)
584960108
(CUSIP Number of Class of Securities)

Jose M. de Lasa
Senior Vice President, Secretary
and General Counsel
Abbott Laboratories
100 Abbott Park Road
Abbott Park, Illinois 60064-3500
(847) 937-6100

with a copy to:

Robert A. Helman
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603
(312) 782-0600

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Bidder)

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee
$876,015,000	$175,203

* For purposes of calculating the filing fee only. This amount assumes the purchase of 19,467,000 shares of Common Stock and Class B Common Stock (together, the "Shares") of the subject company at $45.00 in cash per Share.

/ / Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not Applicable.
Form or Registration Number: Not Applicable.
Filing Party: Not Applicable.
Date Filed: Not Applicable.

Exhibit Index is located on Page 4

1. Name of Reporting Person: AAC Acquisition, Inc.
S.S. or I.R.S. Identification Nos. of Above Person: None.
Name of Reporting Person: Abbott Laboratories
S.S. or I.R.S. Identification Nos. of Above Person: 36-0698440

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2. Check the Appropriate Box if a Member of a Group: (a) / /
(b) / /

- ---

3. SEC Use Only:

- ---

4. Sources of Funds: WC

- ---

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(e) or 2(f): / /

- ---

6. Citizenship or Place of Organization: Massachusetts (AAC Acquisition, Inc.); Illinois (Abbott Laboratories)

- ---

7. Aggregate Amount Beneficially Owned by Each Reporting Person: 0 Shares

- ---

8. Check if the Aggregate in Row (7) Excludes Certain Shares: / /

- ---

9. Percent of Class Represented by Amount in Row (7): 0.0%

- ---

10. Type of Reporting Person: CO (AAC Acquisition, Inc.)
CO (Abbott Laboratories)

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ITEM 1. SECURITY AND SUBJECT COMPANY.

(a) The name of the subject company is MediSense, Inc., a Massachusetts corporation (the "Company"), which has its principal executive offices at 266 Second Avenue, Waltham, Massachusetts 02154. Capitalized terms used in this Schedule 14D-1 and not defined herein shall have the meanings set forth in the Offer to Purchase dated April 4, 1996 (the "Offer to Purchase") attached hereto as Exhibit (a)(1).

(b) The information set forth in the "Introduction" of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in "The Tender Offer - 6. Price Range of the Shares" of the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

(a)-(d) and (g) The information set forth in "Introduction" and "The Tender Offer - 8. Certain Information Concerning the Purchaser and Parent" of the Offer to Purchase is incorporated herein by reference.

(e) and (f) During the last five years, neither Abbott Laboratories, an Illinois corporation ("Parent"), nor AAC Acquisition, Inc., a Massachusetts corporation and wholly owned subsidiary of Parent (the "Purchaser"), nor, to the best of their knowledge, any of the individuals listed in Schedule I of the Offer to Purchase has (i) been convicted in a criminal proceeding or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and, as a result of such proceeding, was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

(a)-(b) The information set forth in "The Tender Offer - 8. Certain Information Concerning the Purchaser and Parent" and "The Tender Offer - 9. Background of the Merger and the Offer" of the Offer to Purchase is incorporated herein by reference.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a)-(b) The information set forth in "The Tender Offer - 11. Source and Amount of Funds" of the Offer to Purchase is incorporated herein by reference.

(c) None

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

(a)-(g) The information set forth in the "Introduction," "The Tender Offer - 10. Purpose of the Offer; the Merger Agreement" and "The Tender Offer - - 12. Certain Effects of the Offer" of the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a)-(b) None.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

The information set forth in "The Tender Offer - 8. Certain Information Concerning Purchaser and Parent" and "The Tender Offer - 10. Purpose of the Offer; the Merger Agreement" of the Offer to Purchase is incorporated herein by reference.

ITEM 8. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth in "The Tender Offer - 16. Fees and Expenses" of the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

The information set forth in "The Tender Offer - 8. Certain Information Concerning Purchaser and Parent" of the Offer to Purchase is incorporated herein by reference.

This incorporation by reference herein of the above referenced financial information does not constitute an admission that such information is material to a decision by a stockholder of the Company whether to sell, tender or hold Shares being sought in this tender offer.

ITEM 10. ADDITIONAL INFORMATION.

(a) None.

(b)-(d) The information set forth in "The Tender Offer - 12. Certain Effects of the Offer" and "The Tender Offer - 15. Certain Legal Matters; Regulatory Approvals" of the Offer to Purchase is incorporated herein by reference.

(e) None.

(f) Reference is hereby made to the Offer to Purchase and the related Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively, and which are incorporated herein in their entirety by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

(a)(1) Offer to Purchase dated April 4, 1996.

(a)(2) Form of Letter of Transmittal.

(a)(3) Form of Letter to Clients dated April 4, 1996.

(a)(4) Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees dated April 4, 1996.

(a)(5) Form of Notice of Guaranteed Delivery.

(a)(6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(a)(7) Form of Summary Advertisement.

(a)(8) Form of Press Release.

(a)(9) Form of Letter to MediSense, Inc. stockholders.

(b) None.

(c)(1) Agreement and Plan of Merger among MediSense, Inc., Abbott Laboratories and AAC Acquisition, Inc. dated as of March 29, 1996.

(c)(2) Confidentiality Agreement between MediSense, Inc. and Abbott Laboratories dated as of March 13, 1996.

(d) None.

(e)-(f) Not Applicable.

SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 4, 1996.

AAC ACQUISITION, INC.

By: /s/ Gary P. Coughlan

Name: Gary P. Coughlan
Title: Vice President and Treasurer

ABBOTT LABORATORIES

By: /s/ Gary P. Coughlan

Name: Gary P. Coughlan
Title: Senior Vice President, Finance and Chief Financial Officer

EXHIBIT INDEX

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK AND CLASS B COMMON STOCK

OF

MEDISENSE, INC.

AT

$45.00 NET PER SHARE

BY

AAC ACQUISITION, INC.

A WHOLLY OWNED SUBSIDIARY OF

ABBOTT LABORATORIES

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, MAY 1, 1996 UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) THERE BEING VALIDLY TENDERED AND NOT PROPERLY WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES OF COMMON STOCK AND CLASS B COMMON STOCK (COLLECTIVELY, THE "SHARES") OF MEDISENSE, INC. (THE "COMPANY") WHICH CONSTITUTES AT LEAST A MAJORITY OF THE OUTSTANDING SHARES ON A FULLY DILUTED BASIS (THE "MINIMUM CONDITION"), AND (2) THE EXPIRATION OR TERMINATION OF ANY APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"). THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS CONTAINED IN THIS OFFER TO PURCHASE. SEE INTRODUCTION AND SECTIONS 1 AND 13 HEREOF.

THE OFFER IS BEING MADE IN CONNECTION WITH THE AGREEMENT AND PLAN OF MERGER DATED AS OF MARCH 29, 1996 AMONG THE COMPANY, ABBOTT LABORATORIES ("PARENT") AND AAC ACQUISITION, INC. ("PURCHASER"), PURSUANT TO WHICH, FOLLOWING THE CONSUMMATION OF THE OFFER, PURCHASER WILL BE MERGED WITH AND INTO THE COMPANY (THE "MERGER") AND THE COMPANY WILL BECOME A WHOLLY OWNED SUBSIDIARY OF PARENT. THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY HAS APPROVED THE MERGER AND RECOMMENDS THAT STOCKHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER. THE OFFER IS BEING EFFECTED TO FACILITATE THE MERGER. SEE "RECOMMENDATION OF THE COMPANY'S BOARD OF DIRECTORS."

IMPORTANT

Any stockholder desiring to tender all or any portion of such stockholder's shares of common stock, $.01 par value per share (the "Common Stock"), and shares of class B common stock, $.01 par value per share (the "Class B Common Stock" and, together with the Common Stock, the "Shares"), should either (1) complete and sign the Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal and deliver it and any other required documents to the Depositary and either deliver the certificate(s) representing such Shares to the Depositary along with the Letter of Transmittal or tender such Shares pursuant to the procedure for book-entry transfer set forth in Section 3 hereof or (2) request such stockholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such stockholder. Any stockholder whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such stockholder desires to tender such Shares.

A stockholder who desires to tender Shares and whose certificates representing such Shares are not immediately available, or who cannot comply with the procedure for book-entry transfer on a timely basis, may tender such Shares by following the procedures for guaranteed delivery set forth in Section 3.

Questions and requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Dealer Managers or the Information Agent at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent or from brokers, dealers, commercial banks or trust companies.

The Dealer Managers for the Offer are:
GOLDMAN, SACHS & CO.

The date of this Offer to Purchase is April 4, 1996

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To the Stockholders of MediSense, Inc.:

INTRODUCTION

AAC Acquisition, Inc., a Massachusetts corporation ("Purchaser"), is a wholly owned subsidiary of Abbott Laboratories, an Illinois corporation ("Parent"). Purchaser hereby offers to purchase all of the outstanding shares of common stock, $.01 par value per share (the "Common Stock"), and all of the outstanding shares of class B common stock, par value $.01 per share (the "Class B Common Stock" and, together with the Common Stock, the "Shares"), of MediSense, Inc., a Massachusetts corporation (the "Company"), at a purchase price of $45.00 per Share (the "Offer Price"), net to the seller in cash, without interest thereon, in accordance with the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which, as amended from time to time, collectively constitute the "Offer").

The Offer is being made in connection with an Agreement and Plan of Merger (the "Merger Agreement") dated as of March 29, 1996, among the Company, Purchaser and Parent. Pursuant to the Merger Agreement, and on the terms and subject to the conditions set forth therein, Purchaser will merge with and into the Company (the "Merger"), with the Company to be the surviving corporation in such Merger, and each outstanding Share of the Company (other than Shares held by Parent, Purchaser or the Company, which will be cancelled, and Shares held by stockholders who properly exercise appraisal rights under Massachusetts law) will be converted into the right to receive an amount in cash equal to the Offer Price. Following the consummation of the Merger, the Company will continue as the surviving corporation and will be a wholly owned subsidiary of Parent. At Purchaser's option, the Merger may be alternatively structured so that any direct or indirect subsidiary of Parent is merged with and into the Company. See Section 10. A copy of the Merger Agreement is attached as Annex I.

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY HAS DETERMINED THAT EACH OF THE OFFER AND THE MERGER IS FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS OF THE COMPANY AND UNANIMOUSLY HAS APPROVED THE OFFER AND THE MERGER AND RECOMMENDS THAT STOCKHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES. SEE "RECOMMENDATION OF THE COMPANY'S BOARD OF DIRECTORS."

Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, transfer taxes on the transfer and sale of Shares pursuant to the Offer. Purchaser will pay all fees and expenses of Goldman, Sachs & Co., which are acting as Dealer Managers for the Offer (in such capacity, the "Dealer Managers"), The First National Bank of Boston (the "Depositary") and Georgeson & Company Inc. (the "Information Agent") incurred in connection with the Offer. See Section 16.

The purpose of the Offer is for Parent, through Purchaser, to acquire any and all outstanding Shares and to facilitate the Merger. As of March 28, 1996, each share of Common Stock of the Company had a value of $30 1/4, based on the closing market price of the Company's Shares as reported in THE WALL STREET JOURNAL. The Offer provides an opportunity to existing stockholders of the Company to sell Shares at a premium over recent trading prices. See Section 6.

THE OFFER IS CONDITIONED, AMONG OTHER THINGS, UPON SATISFACTION, IN PURCHASER'S SOLE DISCRETION, OF THE FOLLOWING CONDITIONS: (1) THAT THERE SHALL HAVE BEEN VALIDLY TENDERED AND NOT PROPERLY WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES REPRESENTING NOT LESS THAN A MAJORITY OF THE COMPANY'S OUTSTANDING VOTING POWER ON A FULLY DILUTED BASIS ON THE DATE OF PURCHASE (THE "MINIMUM CONDITION"), AND (2) THE EXPIRATION OR TERMINATION OF ANY APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED (THE "HSR ACT"). CERTAIN OTHER CONDITIONS TO THE OFFER ARE DESCRIBED IN SECTION 13.

As of March 28, 1996, there were outstanding 16,792,849 shares of Common Stock and 897,340 shares of Class B Common Stock. As of March 28, 1996, options covering a total of 2,500,913 Shares were outstanding under the Company's stock option plans. For purposes of this Offer, "fully diluted basis" assumes that all outstanding stock options are exercised and all outstanding shares of Class B Common Stock are converted into Common Stock.

THIS OFFER TO PURCHASE DOES NOT CONSTITUTE A SOLICITATION OF A PROXY, CONSENT OR AUTHORIZATION FOR OR WITH RESPECT TO AN ANNUAL MEETING OR ANY SPECIAL MEETING OF THE COMPANY'S STOCKHOLDERS OR ANY ACTION IN LIEU THEREOF. ANY SUCH SOLICITATION WILL BE MADE ONLY PURSUANT TO SEPARATE PROXY MATERIALS IN COMPLIANCE WITH THE REQUIREMENTS OF SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "EXCHANGE ACT").

* * * * *

Purchaser expressly reserves the right to waive any one or more of the conditions to the Offer other than the Minimum Condition which may only be waived with the consent of the Company. See Sections 1 and 13.

Stockholders are urged to read this Offer to Purchase and the related Letter of Transmittal carefully before deciding whether to tender their Shares.

RECOMMENDATION OF THE COMPANY'S BOARD OF DIRECTORS

The Board of Directors of the Company unanimously has determined that the Offer and the Merger, taken together, are fair to, and in the best interests of, the Company and its stockholders and unanimously has approved the Merger and recommends that the stockholders of the Company accept the Offer and tender their Shares pursuant to the Offer. The Offer is being effected to acquire any and all outstanding Shares and to facilitate the Merger. The Board of Directors of the Company believes that a business combination of the Company and Parent is in the best long-term interests of the Company and its stockholders. The Offer allows stockholders to receive cash at a premium over recent trading prices for the Company's Shares. See Sections 6 and 9.

The Company's financial advisor, Alex. Brown & Sons Incorporated ("Alex. Brown"), has delivered to the Board of Directors of the Company its written opinion dated March 29, 1996 that, as of such date, and subject to the assumptions made, matters considered and limitations set forth in such opinion, the consideration to be received by the holders of Shares pursuant to the Merger Agreement is fair from a financial point of view to such stockholders. A copy of the opinion of Alex. Brown is attached as Annex II. Holders of Shares are urged to read such opinion carefully and in its entirety.

THE TENDER OFFER

1. TERMS OF THE OFFER; EXTENSION OF TENDER PERIOD; TERMINATION; AMENDMENT

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), Purchaser will accept for payment and pay for all Shares validly tendered and not properly withdrawn on or prior to the Expiration Date (as hereinafter defined) at a price of $45.00 per share, net to the seller in cash. The term "Expiration Date" means 12:00 Midnight, New York City time, on Wednesday, May 1, 1996, unless Purchaser shall have extended the period during which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by Purchaser, shall expire.

The Offer is conditioned upon, among other things, satisfaction of the Minimum Condition, and the expiration or termination of any waiting period under the HSR Act. The Offer is also subject to certain other conditions set forth in Section 13 below. Purchaser expressly reserves the right, in its sole discretion, to waive, in whole or in part, any or all of the conditions of the Offer (other than the Minimum Condition, which may not be waived without the prior written consent of the Company).

Subject to the satisfaction of the conditions set forth in Section 13 below, Purchaser has agreed to accept for payment and pay for Shares which have been validly tendered and not withdrawn pursuant to the Offer as soon as it is permitted to do so under applicable law. Notwithstanding the foregoing, if the number of Shares tendered and not withdrawn represent less than 90% of the Shares outstanding on a fully diluted basis, Purchaser may extend the Offer up to the tenth business day following the date on which all conditions to the Offer shall first have been satisfied or waived.

Purchaser expressly reserves the right, in its sole discretion, at any time or from time to time, to extend the period during which the Offer is open for any reason, including the non-satisfaction of any of the conditions specified in Section 13, by giving oral or written notice of such extension to the Depositary. During any such extension, all Shares previously tendered and not properly withdrawn will remain subject to the Offer, subject to the rights of a tendering stockholder to withdraw such stockholder's Shares. There can be no assurance that Purchaser will exercise its right to extend the Offer. Notwithstanding the foregoing, Purchaser has agreed that if all of the conditions set forth in Section 13 hereof are not satisfied on the initial expiration date of the Offer, Purchaser will extend (and re-extend) the Offer through June 30, 1996 to provide time to satisfy such conditions; provided, that if Purchaser shall not have purchased Shares pursuant to the Offer prior to June 30, 1996 as the result of the receipt by the Company of an Acquisition Proposal (as defined below) or as a result of a failure of the applicable waiting period under the HSR Act to expire or the failure to obtain any necessary governmental or regulatory approvals, Purchaser shall extend (and re-extend) the Offer through September 30, 1996.

Purchaser also expressly reserves the right, subject to applicable laws (including applicable regulations of the Securities and Exchange Commission ("Commission")), in its sole discretion, at any time or from time to time, to (i) delay acceptance for payment of or, regardless of whether such Shares were theretofore accepted for payment, payment for any Shares in order to comply, in whole or in part, with any applicable law, government regulation or any other condition contained in Sections 13 or 15, (ii) terminate the Offer (whether or not any Shares have theretofore been accepted for payment) if any of the conditions referred to in Section 13 have not been satisfied or upon the occurrence of any of the events specified in Section 13 and (iii) waive any condition or otherwise amend the Offer in any respect; in each case by giving oral or written notice of such delay, termination, waiver or amendment to the Depositary. Purchaser acknowledges that (a) Rule 14e-1(c) under the Exchange Act requires Purchaser to pay the consideration offered or return the Shares tendered promptly after the termination or withdrawal of the Offer and (b) Purchaser may not delay acceptance for payment of, or payment for (except as provided by clause (i) of the preceding sentence), any Shares upon the occurrence of any of the conditions specified in Section 13 without extending the period of time during which the Offer is open.

Any such extension, delay, termination, waiver or amendment will be followed as promptly as practicable by public announcement thereof, and such announcement in the case of an extension will be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Without limiting the manner in which Purchaser may choose to make any public announcement, except as provided by applicable law (including Rules 14d-4(c) and 14d-6(d) under the Exchange Act, which require that material changes be promptly disseminated to holders of Shares), Purchaser shall have no obligation to publish, advertise or otherwise communicate any such announcement other than by issuing a release to the Dow Jones News Service or as otherwise may be required by law.

Purchaser may increase the Offer Price and may make any other changes in the terms and conditions of the Offer, provided that, unless previously approved by the Company in writing, no change may be made that decreases the price per Share payable in the Offer, changes the form of consideration payable in the Offer, reduces the maximum number of Shares to be purchased in the Offer or imposes conditions to the Offer in addition to the conditions set forth in Section 13.

If Purchaser makes a material change in the terms of the Offer or if Purchaser waives a material condition of the Offer, Purchaser will extend the Offer to the extent required by Rules 14d-4(c), 14d-6(d) and 14e-1(b) under the Exchange Act. The minimum period during which an offer must remain open following material changes in the terms of the offer, other than a change in price or a change in the percentage of securities sought, will depend on the facts and circumstances, including the materiality, of the changes. With respect to a change in price or, subject to certain limitations, a change in the percentage of securities sought, a minimum ten business day period from the day of such change is generally required to allow for adequate dissemination to stockholders. Accordingly, if prior to the Expiration Date, Purchaser decreases the number of Shares being sought or increases or decreases the consideration offered pursuant to the Offer and if the Offer is scheduled to expire at any time earlier than

the period ending on the tenth business day from the date on which that notice of such increase or decrease is first published, sent or given to stockholders, then the Offer will be extended at least until the expiration of such ten business day period.

2. ACCEPTANCE FOR PAYMENT AND PAYMENT FOR SHARES

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), Purchaser will accept for payment and will pay for all Shares validly tendered and not properly withdrawn on or prior to the Expiration Date as soon as practicable after the later to occur of: (i) the Expiration Date and (ii) the date of satisfaction or waiver of the conditions set forth in Section 13. In addition, Purchaser reserves the right, in its sole discretion and subject to applicable law, to delay acceptance for payment of or payment for Shares in order to comply, in whole or in part, with any applicable law, government regulation or any other condition contained herein. See Section 13 below.

For purposes of the Offer, Purchaser shall be deemed to have accepted for payment and thereby purchased tendered Shares of the Company if, as and when Purchaser gives oral or written notice to the Depositary of its acceptance of such Shares for payment pursuant to the Offer. Payment for Shares of the Company accepted for payment pursuant to the Offer will be made by deposit by Purchaser of the purchase price to be paid by it with the Depositary, which Depositary will act as agent for the tendering stockholders for the purpose of receiving payments from Purchaser and transmitting such payments to tendering stockholders. Under no circumstances will interest be paid by Purchaser on the consideration paid for the Shares of the Company pursuant to the Offer, regardless of any delay in making such payment. Purchaser will pay all stock transfer taxes, if any, payable on the transfer of Shares of the Company purchased by it pursuant to the Offer, except as set forth in Instruction 6 of the Letter of Transmittal.

In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) a certificate(s) for such Shares or a timely confirmation of a book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company or The Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities"), (ii) a Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees or Agent's Message (as defined in Section 3 below) and (iii) any other documents required by the Letter of Transmittal. For a description of the procedure for tendering Shares of the Company pursuant to the Offer, see Section 3.

If any tendered Shares are not accepted for payment for any reason or if certificates are submitted for more Shares than are tendered, certificates evidencing unpurchased or untendered Shares will be returned without expense to the tendering stockholder (or, in the case of Shares tendered by book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility pursuant to the procedures set forth in Section 3, such Shares will be credited to an account maintained at such Book-Entry Transfer Facility) as promptly as practicable following the expiration, termination or withdrawal of the Offer.

If Purchaser increases the consideration offered to stockholders pursuant to the Offer, such increased consideration will be paid to all stockholders whose Shares are purchased pursuant to the Offer, whether or not such Shares were tendered or accepted for payment prior to such increase in consideration.

Purchaser reserves the right to assign, in whole or from time to time in part, to Parent or a direct or indirect subsidiary of Parent, the right to purchase all or any portion of the Shares tendered pursuant to the Offer, but any such assignment will not relieve Purchaser of its obligations under the Offer nor will any such assignment prejudice in any way the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

3. PROCEDURE FOR TENDERING SHARES

VALID TENDER OF SHARES. Except as set forth below, in order for Shares to be validly tendered pursuant to the Offer, the Letter of Transmittal (or a facsimile thereof), properly completed and duly

executed, together with any required signature guarantees, or an Agent's Message (as defined below) in connection with a book-entry delivery of Shares as described below, and any other documents required by the Letter of Transmittal, must be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase. In addition, either (i) certificates evidencing tendered Shares must be received by the Depositary at any such address or such Shares must be tendered pursuant to the procedure for book-entry transfer (and a confirmation of receipt of such delivery must be received by the Depositary), in each case, on or prior to the Expiration Date or (ii) the guaranteed delivery procedures set forth below must be complied with. The term "Agent's Message" means a message transmitted by a Book-Entry Transfer Facility to and received by the Depositary and forming a part of a Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares which are the subject of such Book-Entry Confirmation, that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that Purchaser may enforce such agreement against such participant.

BOOK-ENTRY TRANSFER. The Depositary will establish an account with respect to the Shares at the Book-Entry Transfer Facilities for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the system of any Book-Entry Transfer Facility may make book-entry delivery of Shares by causing a Book-Entry Transfer Facility to transfer such Shares into the Depository's account in accordance with that Book-Entry Transfer Facility's procedures for such transfer. Although delivery of Shares may be effected through book-entry transfer at a Book-Entry Transfer Facility, the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in connection with a book-entry transfer, and any other required documents, must, in any case, be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase on or prior to the Expiration Date, or the guaranteed delivery procedures described below must be complied with.

DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH SUCH BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

SIGNATURE GUARANTEES. Except as otherwise provided below, signatures on Letters of Transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations and brokerage houses) which is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program (each of the foregoing constituting an "Eligible Institution"). Signatures on Letters of Transmittal need not be guaranteed (i) if the Letter of Transmittal is signed by the registered holder of Shares tendered and such holder has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal, or (ii) if such Shares are tendered for the account of an Eligible Institution. See Instructions 1 and 5 of the Letter of Transmittal.

If the certificates representing Shares are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made or certificates for Shares not accepted for payment or not tendered are to be returned to a person other than the registered holder, then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on the certificates, with the signatures on the certificates or stock powers guaranteed as described above. See Instructions 1 and 5 of the Letter of Transmittal.

GUARANTEED DELIVERY. If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's certificates are not immediately available, or such stockholder cannot deliver the certificates and all other required documents to reach the Depositary on or prior to the Expiration Date, or such stockholder cannot complete the procedure for book-entry transfer on a timely basis, such Shares may nevertheless be tendered if the following guaranteed delivery procedures are satisfied:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by Purchaser, is received by the Depositary as provided below on or prior to the Expiration Date; and

(iii) the certificates (or a book-entry transfer confirmation) representing all tendered Shares, in proper form for transfer, in each case together with the Letter of Transmittal (or a facsimile thereof) properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message) and any other documents required by the Letter of Transmittal are received by the Depositary within five Nasdaq Stock Market ("Nasdaq") trading days after the date of execution of such Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery.

THE METHOD OF DELIVERY OF SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO INSURE TIMELY DELIVERY.

BACKUP FEDERAL INCOME TAX WITHHOLDING. To prevent backup federal income tax withholding on payments made to stockholders with respect to the purchase price of Shares purchased pursuant to the Offer, each such stockholder must provide the Depositary with such stockholder's correct taxpayer identification number and certify that such stockholder is not subject to backup federal income tax withholding by completing the substitute Form W-9 included in the Letter of Transmittal. See Instruction 8 of the Letter of Transmittal.

APPOINTMENT AS PROXY. By executing a Letter of Transmittal, a tendering stockholder irrevocably appoints designees of Purchaser as such stockholder's proxies in the manner set forth in the Letter of Transmittal to the full extent of such stockholder's rights with respect to the Shares tendered by such stockholder and accepted for payment by Purchaser (and with respect to any and all other Shares or other securities issued or issuable in respect of such Shares on or after the date of this Offer to Purchase). All such proxies shall be irrevocable and coupled with an interest in the tendered Shares. Such appointment will be effective when, and only to the extent that, Purchaser accepts such Shares for payment. Upon such acceptance for payment, all prior proxies and consents granted by such stockholder with respect to such Shares and other securities will be revoked without further action, and no subsequent proxies may be given nor subsequent written consents executed (and, if given or executed, such proxies or consents will not be deemed effective). The designees of Purchaser (or any of them) will be empowered to exercise all voting and other rights of such stockholder as they, in their sole discretion, may deem proper at any annual, special or adjourned meeting of the Company's stockholders, by written consent or otherwise. Purchaser reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon Purchaser's payment for such Shares, Purchaser must be able to exercise full voting rights with respect to such Shares, including voting at any meeting of stockholders scheduled or acting by written consent without a meeting.

DETERMINATION OF VALIDITY. All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by Purchaser in its sole discretion, which determination shall be final and binding. Purchaser reserves the absolute right to reject any and all tenders of Shares determined by it not to be in proper form or the acceptance for payment of which may, in the opinion of Purchaser's counsel, be unlawful. Purchaser reserves the absolute right to waive any defect or irregularity in any tender of Shares of any particular stockholder. Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Instructions thereto) will be final and binding. None of Purchaser, Parent, any of their affiliates or assigns,

the Dealer Managers, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.

4. WITHDRAWAL RIGHTS

Tenders of Shares pursuant to the Offer may be withdrawn at any time on or prior to the Expiration Date. Thereafter, such tenders are irrevocable, except that they may be withdrawn after June 2, 1996 unless theretofore accepted for payment as provided in this Offer to Purchase. If Purchaser extends the Offer, is delayed in accepting for payment or paying for Shares or is unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to Purchaser's rights under the Offer, the Depositary may, on behalf of Purchaser, retain all Shares tendered, and such Shares may not be withdrawn except to the extent that tendering stockholders are entitled to withdrawal rights as set forth in this Section 4.

For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Shares. If certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary, and the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3, the notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares.

Withdrawals may not be rescinded, and Shares withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. However, withdrawn Shares of the Company may be retendered at any time prior to the Expiration Date by again following one of the procedures described in Section 3.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by Purchaser, in its sole discretion, whose determination shall be final and binding. None of Purchaser, Parent, any of their affiliates or assigns, the Dealer Managers, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification.

5. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE OFFER AND THE MERGER

The following discussion is a summary of the principal federal income tax consequences of the Offer and the Merger to holders whose Shares are purchased pursuant to the Offer or the Merger (including any cash amounts received by dissenting stockholders pursuant to the exercise of appraisal rights). The discussion applies only to holders of Shares in whose hands Shares are capital assets, and may not apply to Shares received pursuant to the exercise of employee stock options or otherwise as compensation, or to holders of Shares who are not citizens or residents of the United States.

THE FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW ARE INCLUDED FOR GENERAL INFORMATIONAL PURPOSES ONLY AND ARE BASED UPON PRESENT LAW. BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, EACH HOLDER OF SHARES IS URGED TO CONSULT SUCH HOLDER'S OWN TAX ADVISOR TO DETERMINE THE APPLICABILITY OF THE RULES DISCUSSED BELOW TO SUCH STOCKHOLDER AND THE PARTICULAR TAX EFFECTS OF THE OFFER AND THE MERGER, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL AND OTHER TAX LAWS.

The receipt of cash pursuant to the Offer or the Merger (including any cash amounts received by dissenting stockholders pursuant to the exercise of appraisal rights) will be a taxable transaction for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code") and also may be a taxable transaction under applicable state, local and other income tax laws. In general, for federal income tax purposes, a tendering stockholder will recognize gain or loss equal to the difference between

the cash received by the stockholder pursuant to the Offer or the Merger and the stockholder's adjusted tax basis in the Shares tendered by the stockholder and purchased pursuant to the Offer or the Merger. Gain or loss must be determined separately for each block of Shares (I.E., Shares acquired at the same cost in a single transaction) tendered pursuant to the Offer or the Merger. Such gain or loss will be capital gain or loss and will be long-term gain or loss if, on the date Purchaser accepts the Shares for payment pursuant to the Offer or, if applicable, the effective date of the Merger, the Shares were held for more than one year. There are limitations on the deductibility of capital losses.

Payments in connection with the Offer or the Merger may be subject to "backup withholding" at a 31% rate. Backup withholding generally applies if the stockholder fails to furnish such stockholder's social security number or other taxpayer identification number ("TIN"), or furnishes an incorrect TIN. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons generally are exempt from backup withholding, including corporations and financial institutions. Certain penalties apply for failure to furnish correct information and for failure to include the reportable payments in income. Stockholders should consult with their own tax advisors as to the qualification for exemption from withholding and the procedure for obtaining such exemption.

6. PRICE RANGE OF THE SHARES

The Company's Common Stock is listed and principally traded on Nasdaq under the symbol MSNS. The following table sets forth, for the periods indicated, the high and low sale prices per share for the Common Stock as reported in THE WALL STREET JOURNAL for the periods indicated.

	COMMON STOCK	
	HIGH	LOW
Fiscal 1995:		
First Quarter (from June 30, 1994)	$ 121/4	$ 12
Second Quarter	203/8	12
Third Quarter	26	163/4
Fourth Quarter	251/8	185/8
Fiscal 1996:		
First Quarter	20	137/8
Second Quarter	271/4	17
Third Quarter	32	197/8
Fourth Quarter	461/2	24

On March 28, 1996, the last full trading day prior to announcement of the execution of the Merger Agreement and Purchaser's intention to commence the Offer, the closing sale price of the Common Stock on Nasdaq was $30 1/4 per share of Common Stock. On April 3, 1996, the last full trading day prior to the commencement of the Offer, such closing sales price was $44 1/2 per share. STOCKHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

7. CERTAIN INFORMATION CONCERNING THE COMPANY

GENERAL. The Company is a Massachusetts corporation with its principal offices currently located at 266 Second Avenue, Waltham, Massachusetts. The Company develops, manufactures and markets self-testing blood glucose monitoring systems that enable people with diabetes to manage their disease more effectively.

FINANCIAL INFORMATION. Set forth below is certain selected consolidated financial information with respect to the Company and its subsidiaries. More comprehensive financial information is included in reports and other documents filed by the Company with the Commission, and the following summary is qualified in its entirety by reference to such reports and other documents and all of the financial

information (including any related notes) contained therein. Such reports and other documents are available for inspection and copies thereof are obtainable in the manner set forth below under "Available Information."

MEDISENSE, INC.
SUMMARY CONSOLIDATED FINANCIAL INFORMATION

	NINE MONTHS ENDED DECEMBER 31, 1995	FISCAL YEAR ENDED MARCH 31,		
		1995	1994	1993
	(DOLLARS IN MILLIONS EXCEPT PER SHARE DATA)			
STATEMENT OF INCOME DATA:				
Net Revenue	$ 129.7	$ 141.0	$ 110.4	$ 93.2
Income (Loss) Before Extraordinary Items	22.5	22.0	6.2	(2.5)
Net Income (Loss)	22.5	22.0	6.2	(2.5)
PER SHARE DATA:				
Net Income Per Common Share	$ 1.21	$ 1.34	$ 0.61	$ N/A
Net Income Per Share on a Fully Diluted Basis	1.21	1.34	0.61	N/A
BALANCE SHEET DATA:				
Working Capital (Deficiency)	$ 56.0	$ 37.0	$ 8.6	$ (1.7)
Total Assets	110.3	82.0	43.5	45.6
Total Indebtedness	36.3	33.2	74.8	83.4
Shareholders' Equity (Deficit)	73.9	48.8	(31.3)	(37.8)
Average Number of Common Shares Outstanding (in thousands)	18,575	16,349	15,684	N/A

AVAILABLE INFORMATION. The Company is registered under the Exchange Act, and, accordingly, is subject to the informational filing requirements of the Exchange Act. In accordance therewith the Company files periodic reports, proxy statements and other information with the Commission under the Exchange Act relating to its business, financial condition and other matters. The Company is required to disclose in such proxy statements certain information, as of particular dates, concerning the Company's directors and officers, their remuneration, stock options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company. Such reports, proxy statements and other information may be inspected at the Commission's office at 450 Fifth Street, N.W., Washington, D.C. 20549, and also should be available for inspection and copying at the regional offices of the Commission located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies may be obtained by mail from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. In addition, such material should also be available for inspection at the library of Nasdaq.

8. CERTAIN INFORMATION CONCERNING PURCHASER AND PARENT

GENERAL. Purchaser, a Massachusetts corporation and wholly owned subsidiary of Parent, recently was organized for the purpose of effecting the Offer and the Merger and has not carried on any activities except in connection with the Offer and the Merger. The principal executive offices of Purchaser are located at 100 Abbott Park Road, Abbott Park, Illinois. All the outstanding capital stock of Purchaser is owned by Parent.

Parent is an Illinois corporation with its principal offices located at 100 Abbott Park Road, Abbott Park, Illinois. Parent's principal business is the discovery, development, manufacture and sale of a broad and diversified line of health care products and services. Parent is a public company whose stock is traded on the New York Stock Exchange, Chicago Stock Exchange and Pacific Stock Exchange.

FINANCIAL INFORMATION. Set forth below is certain selected consolidated financial information with respect to Parent and its subsidiaries as of its fiscal years ended December 31, 1993, 1994 and 1995. More comprehensive financial information is included in reports and in documents filed by Parent with the Commission, and the following summary is qualified in its entirety by reference to such reports and other documents and all of the financial information (including any related notes) contained therein. Such reports and other documents should be available for inspection and copies thereof should be obtainable in the manner set forth below under "Available Information."

ABBOTT LABORATORIES AND SUBSIDIARIES
SUMMARY CONSOLIDATED FINANCIAL INFORMATION

	FISCAL YEARS ENDED DECEMBER 31,		
	1995	1994	1993
	(DOLLARS IN MILLIONS EXCEPT PER SHARE DATA)		
STATEMENT OF EARNINGS DATA:			
Net Sales	$ 10,012.2	$ 9,156.0	$ 8,407.8
Earnings Before Extraordinary Items	1,688.7	1,516.7	1,399.1
Net Earnings	1,688.8	1,516.7	1,399.1
PER SHARE DATA:			
Net Earnings Per Common Share	$ 2.12	$ 1.87	$ 1.69
Net earnings Per Share on a Fully Diluted Basis	2.10	1.85	1.67
BALANCE SHEET DATA:			
Working Capital	$ 436.4	$ 400.5	$ 490.6
Total Assets	9,412.6	8,523.7	7,688.6
Total Assets Less Goodwill	9,256.6	8,412.2	7,561.8
Total Indebtedness	5,015.7	4,474.3	4,013.6
Shareholders' Equity	4,396.8	4,049.4	3,674.9
Average Number of Common Shares Outstanding (in thousands)	795,362	812,236	828,988

AVAILABLE INFORMATION. Parent is registered under the Exchange Act, and, accordingly, is subject to the informational filing requirements of the Exchange Act. In accordance therewith, Parent files periodic reports, proxy statements and other information with the Commission under the Exchange Act relating to its business, financial condition and other matters. Parent is required to disclose in such proxy statements certain information, as of particular dates, concerning Parent's directors and officers, their remuneration, stock options granted to them, the principal holders of Parent's securities and any material interest of such persons in transactions with Parent. Such reports, proxy statements and other information may be inspected at the Commission's office at 450 Fifth Street, N.W., Washington, D.C. 20549, and also should be available for inspection and copying at the regional offices of the Commission located at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies may be obtained by mail from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

Except as described in this Offer to Purchase, (i) none of Purchaser or Parent or, to the best knowledge of Purchaser or Parent, any of the persons listed in Schedule I or any associate or majority owned subsidiary of any such persons, beneficially owns or has a right to acquire any equity security of the Company and (ii) none of Purchaser or Parent or, to the best knowledge of Purchaser or Parent, any of the other persons referred to above, or any of the respective directors, executive officers or subsidiaries of any of the foregoing, has effected any transaction in any equity security of the Company during the past 60 days.

Except as described in this Offer to Purchase, (i) none of Purchaser, Parent or, to the best knowledge of Purchaser or Parent, any of the persons listed in Schedule I has any contract, arrangement, understanding or relationship (whether or not legally enforceable) with any other person with respect to

any securities of the Company, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer of the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, or the giving or withholding of proxies; (ii) there have been no contacts, negotiations or transactions between Purchaser, Parent or any of their respective subsidiaries or, to the best knowledge of Purchaser or Parent, any of the persons listed on Schedule I on the one hand, and the Company or any of its directors, officers or affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, election of directors, a sale or other transfer of a material amount of assets or concerning any other transactions with the Company that are required to be disclosed pursuant to the rules and regulations of the Commission.

9. BACKGROUND OF THE MERGER AND THE OFFER

On February 15, 1996, Miles D. White, Senior Vice President, Diagnostic Operations of Parent and Robert L. Coleman, President and Chief Executive Officer of the Company met and discussed, in general terms, the Company's business and prospects and the possibility of a business combination between Parent and the Company.

On February 27, 1996, Dr. Coleman, Richard C.E. Morgan, Chairman of the Board of Directors of the Company and James R. Tobin, a Director of the Company, met with Mr. White, Duane L. Burnham, Chairman and Chief Executive Officer of Parent, Thomas R. Hodgson, President and Chief Operating Officer of Parent and Gary P. Coughlan, Senior Vice President, Finance and Chief Financial Officer of Parent, to discuss further the business of the Company and the possibility that Parent might acquire the Company.

On March 2, 1996, the Company's Board of Directors met via teleconference. At this meeting, Mr. Morgan and Dr. Coleman summarized to the Board their conversations with the representatives of Parent. The Company's Board and the Company's legal and financial advisors discussed these conversations, as well as the advisability of the Company's entering into a business combination at that time compared to remaining independent. The Board and its advisors also discussed the likelihood that there would be other interested parties, as well as possible antitrust and other issues with respect to potential interested parties. Following these discussions, the Board authorized the Company's management to enter into a confidentiality agreement with Parent containing "standstill" provisions prohibiting certain unsolicited proposals and transactions and to commence discussions of a possible business combination with Parent.

Following the Company's March 2, 1996 Board meeting, the Company and Parent began to discuss a confidentiality and standstill agreement. From March 2 to March 13, 1996, representatives of Parent and the Company and their respective financial and legal advisors exchanged drafts and discussed various provisions of a confidentiality and standstill agreement.

On March 13, 1996, the Company and Parent entered into a confidentiality agreement (the "Confidentiality Agreement") providing for the mutual non-disclosure of confidential information exchanged by the Company and Parent. The Confidentiality Agreement also provided for a one year standstill by Parent, subject to certain exceptions, and a 16-day period during which the Company would negotiate exclusively with Parent. Immediately thereafter, representatives of Alex. Brown, financial advisors to the Company, met with representatives of Goldman, Sachs & Co., financial advisors to Parent, to discuss the financial advisors' respective views as to the methodologies that should be used to value the Company.

Later on March 13, 1996, Mr. Burnham telephoned Mr. Morgan to discuss certain financial aspects of the proposed transaction. On March 15, 1996, representatives of Alex. Brown and Goldman, Sachs & Co. met again to discuss valuation methodologies. From March 13, 1996 through March 29, 1996, Parent's financial and legal advisors continued to request and review various documents containing confidential information supplied by the Company and discuss various due diligence matters.

On March 18, 1996, Mr. White and certain other representatives of Parent and Parent's financial advisors met with Dr. Coleman and certain other representatives of the Company and the Company's financial advisors. At that meeting, representatives of the Company made a financial presentation to Parent's representatives and financial advisors and discussed various aspects of the Company's business. Tentative discussions of a possible purchase price indicated that the views of the Company and Parent were significantly different. From March 18, 1996 through March 25, 1996, the parties exchanged numerous telephone calls with respect to valuation and other matters.

On March 25, 1996, Mr. Burnham and Mr. White met with Mr. Morgan and Dr. Coleman to discuss the terms of a possible transaction. At that meeting Mr. Burnham and Mr. Morgan, after extensive discussion, established a preliminary basis, subject to satisfactory completion of Parent's due diligence review of the Company, negotiation of satisfactory terms of a merger agreement, the receipt of fairness opinions and the approval of the respective Boards of Directors of Parent and the Company, to continue discussions regarding an acquisition of the Company by Parent at a price of $45.00 per Share, which represented a compromise between the competing views as to the price.

On March 26, 1996, the Company's Board of Directors at a regular meeting discussed the proposed transaction, and received the views of the Company's financial and legal advisors. At the meeting, the Board received presentations from management and the Company's financial and legal advisors. The Company's management reviewed the state of the Company's business and its prospects. Shearman & Sterling, the Company's special counsel, reviewed the Board's fiduciary duties to the Company and its stockholders, and Alex. Brown presented its analysis as to the proposed consideration to be received by the Company's stockholders. Following the presentations, the Board, management and the Company's advisors discussed the merits and risks of alternative transactions. The Board again discussed the number of likely alternative bidders and the antitrust and other risks that would impact the likelihood of consummation of a transaction with such other bidders. During this meeting, special counsel to the Company contacted counsel to Parent by telephone to discuss certain aspects of a possible agreement relating to the proposed transaction.

On March 26, 1996, counsel for Parent distributed a draft Agreement and Plan of Merger to the Company and its legal and financial advisors. On March 26 and 27, 1996, representatives of Parent met with representatives of the Company to discuss certain additional due diligence matters and request certain additional information. Also on March 27, 1996, the Company's legal advisors distributed a revised draft Agreement and Plan of Merger to Parent and its legal and financial advisors.

On March 28, 1996, a representative of the Company and the Company's legal advisors met with representatives of Parent and Parent's legal advisors to continue negotiation of the terms of the proposed Agreement and Plan of Merger. On March 28, 1996, Parent's financial advisors held discussions by telephone with the Company's financial advisors regarding certain financial aspects of the proposed transaction.

On the morning of March 29, 1996, after completion of the negotiations over the proposed Agreement and Plan of Merger, the Board of Directors of the Company held a special meeting by teleconference to review, with the advice and assistance of the Company's financial and legal advisors, the proposed Agreement and Plan of Merger and the transactions contemplated thereby, including the Offer and the Merger. At the meeting, counsel to the Company reviewed the terms of the Merger Agreement. Alex. Brown presented an update of its financial analysis and rendered to the Board its written opinion that the cash consideration of $45.00 per Share to be received by holders of the Shares pursuant to the Merger Agreement is fair from a financial point of view to such stockholders. Following a number of questions from, and discussion among the directors, the Company's Board of Directors unanimously (i) approved the Merger Agreement and the transactions contemplated thereby and authorized the execution and delivery thereof, (ii) determined that the Offer and the Merger, taken together, are fair to, and in the best interests of, the Company and its stockholders, and (iii) recommended that the Company's stockholders accept the Offer and tender their Shares to Purchaser.

Simultaneously with the special meeting of the Company's Board of Directors on March 29, 1996, the Board of Directors of Parent held a special meeting to review, with the advice and assistance of Parent's financial and legal advisors, the proposed Agreement and Plan of Merger and the transactions contemplated thereby, including the Offer and the Merger. At such meeting, Parent's management, financial advisors and legal advisors made presentations to the Board concerning the transaction and Parent's financial advisor, Goldman, Sachs & Co., provided its written opinion to the effect that the consideration to be paid by Parent pursuant to the Merger Agreement is fair to the stockholders of Parent from a financial point of view. Following the Board of Directors' review of the transaction, Parent's Board of Directors unanimously approved the Merger Agreement and the transactions contemplated thereby, and authorized the execution and delivery thereof.

Also on March 29, 1996, immediately after the respective meetings of the Boards of Directors of the Company and Parent had concluded, the Agreement and Plan of Merger was executed and delivered by the Company, Parent and Purchaser and the Company and Parent issued the following joint press release:

ABBOTT LABORATORIES TO ACQUIRE MEDISENSE, INC.

Abbott Park, Ill., and Waltham, Ma., March 29, 1996 -- Abbott Laboratories (NYSE: ABT) and MediSense, Inc. (NASDAQ: MSNS) today announced that they have signed a definitive agreement through which Abbott will acquire MediSense, the biosensor technology leader in blood glucose self-testing systems for people with diabetes.

Under the terms of the agreement, Abbott will make a tender offer to acquire 100 percent of the outstanding shares of MediSense for $45 per share, or an equity value of approximately $876 million. The Abbott and MediSense boards of directors have endorsed the offer. The tender offer is expected to be completed in approximately five weeks, subject to regulatory approvals and customary closing conditions. Following the tender offer, MediSense will be merged into a wholly-owned subsidiary of Abbott Laboratories, and each remaining MediSense shareholder will receive $45 per share in exchange for each MediSense share held.

"We are extremely pleased to add MediSense's superior technology and outstanding people to our company," said Duane L. Burnham, chairman and chief executive officer of Abbott Laboratories. "MediSense fits very well with our diagnostics operations, and will create many opportunities for synergy with our other divisions as well."

According to Miles D. White, senior vice president, diagnostics operations, the acquisition advances Abbott's interests in the glucose monitoring market. "This important strategic step, combined with other internal and external initiatives to secure industry-leading technology in glucose monitoring, will position Abbott very favorably in this market. In addition to providing immediate access to the fastest-growing segment of the diagnostics market, MediSense's research and development program will augment our existing work to develop and commercialize future non-invasive monitoring technologies," said White.

"We are delighted to become a part of the world's leading diagnostics company," said Robert L. Coleman, Ph.D., president and chief executive officer of MediSense. "The combination of the two organizations will accelerate market growth and will ensure continued development and availability of therapies to improve the care of people with diabetes."

MediSense manufactures products that allow people with diabetes to routinely measure blood glucose which is critical to diabetes management. The products are compact, easy-to-use home glucose meters and disposable single-use test strips. MediSense was the first company to develop a biosensor-based blood glucose self-testing system. MediSense's leading system, the Precision Q-I-D-TM-, provides accurate results, with less blood, faster than any competing product.

The MediSense subsidiary of Abbott will continue to be located in Massachusetts, with Dr. Coleman remaining as president of the subsidiary. MediSense is a worldwide developer, manufacturer and marketer of blood glucose self-testing systems that enable people with diabetes to manage their disease more effectively. MediSense believes the convenience and simplicity of its products promote increased testing compliance by individuals with diabetes and provide for more effective management of their condition.

Abbott Laboratories is a diversified global manufacturer of health care products, employing 50,000 people. The company researches, develops and markets pharmaceutical, diagnostic, nutritional and hospital products. In 1995, the company's sales and net earnings were $10.0 billion and $1.7 billion, respectively, with earnings per share of $2.12.

* * *

The Purchaser commenced the Offer on April 4, 1996.

10. PURPOSE OF THE OFFER; THE MERGER AGREEMENT

PURPOSE OF THE OFFER

The purpose of the Offer is to acquire any and all outstanding Shares and to facilitate the Merger, which the Board of Directors of the Company believes is in the best interest of the Company's stockholders. The Offer also provides an opportunity to existing stockholders of the Company to sell Shares of the Company at a premium over recent trading prices. See Section 6.

THE AGREEMENT AND PLAN OF MERGER

The following is a brief summary of certain provisions of the Merger Agreement, a copy of which is attached as Annex I to this Offer to Purchase and is incorporated herein by reference. This summary does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement. ALL STOCKHOLDERS OF THE COMPANY ARE URGED TO READ THE MERGER AGREEMENT IN ITS ENTIRETY. Capitalized terms not defined herein have the meanings set forth in the Merger Agreement.

THE MERGER

The Merger Agreement provides that, at the Effective Time (as defined below) and upon the terms and subject to the conditions of the Merger Agreement and Massachusetts law, Purchaser will be merged with and into the Company, and the separate existence of Purchaser will cease with the Company continuing as the surviving corporation. At Purchaser's option, the Merger may be structured so that any direct or indirect subsidiary of Parent is merged with and into the Company.

As soon as practicable after the satisfaction or waiver of the conditions to the Merger, the parties will file with the Secretary of the Commonwealth of Massachusetts the articles of merger and will make all other filings or recordings required by Massachusetts law. The Merger will become effective upon the filing and acceptance of the articles of merger, or at such later time as is specified in the articles of merger (the "Effective Time").

At the Effective Time, each Share outstanding immediately prior to the Effective Time (other than Shares held by Parent, Purchaser, the Company and Shares held by stockholders who properly exercise appraisal rights under Massachusetts law), will be cancelled and extinguished and will be converted into the right to receive an amount equal to the Offer Price (the "Merger Consideration").

Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such Shares in accordance with Massachusetts law will not be converted into a right to receive the Merger Consideration unless such holder fails to perfect or withdraws or otherwise loses such holder's right to appraisal. If, after the Effective Time, such holder fails to perfect or withdraws or loses such holder's right to appraisal, such Shares will be treated as if they had been converted into a right to receive the Merger Consideration without interest thereon.

The Merger Agreement provides that, if approval by the Company's stockholders is required by applicable law to consummate the Merger, the Company will, as soon as practicable following the consummation of the Offer, hold an annual or special meeting of its stockholders to consider and take action upon the Merger Agreement, including in the proxy statement the recommendation of the Board of Directors of the Company that stockholders vote in favor of the approval of adoption of the Merger Agreement and the transactions contemplated thereby. At such meeting, Parent and Purchaser will vote all Shares owned by them in favor of the Merger Agreement and the transactions contemplated thereby.

Promptly after the Effective Time, the surviving corporation will mail to each record holder, as of the Effective Time, a certificate(s) that, prior to the Effective Time, represented Shares, along with a letter of transmittal and instructions for effecting the surrender of such certificates for the Merger Consideration. Upon surrender of the certificate(s) representing a holder's Shares, together with a completed and validly executed letter of transmittal, such holder will be entitled to receive the Merger Consideration in respect thereof. Until so surrendered or exchanged, each certificate will represent only the right to receive the Merger Consideration.

THE OFFER

Pursuant to the terms of the Merger Agreement, Purchaser was required to commence the Offer no later than the fifth business day following the public announcement of the terms of the Merger Agreement. The obligation of Purchaser to accept for payment and pay for any Shares tendered pursuant to the Offer is subject only to the Offer Conditions. Purchaser may increase the Offer Price and may make any other changes in the terms and conditions of the Offer, provided that, unless previously approved by the Company in writing, no change may be made that decreases the price per Share payable in the Offer, changes the form of consideration payable in the Offer, reduces the maximum number of Shares to be purchased in the Offer or imposes conditions to the Offer in addition to the conditions set forth in Section 13.

Subject to the satisfaction of the conditions set forth in Section 13 below, Purchaser has agreed to accept for payment and pay for Shares which have been validly tendered and not withdrawn pursuant to the Offer as soon as it is permitted to do so under applicable law. Notwithstanding the foregoing, if the number of Shares tendered and not withdrawn represent less than 90% of the Shares outstanding on a fully diluted basis, Purchaser may extend the Offer up to the tenth business day following the date on which all conditions to the Offer shall first have been satisfied or waived.

The Merger Agreement provides that if the Offer Conditions are not satisfied on the initial expiration date of the Offer, Purchaser shall extend (and re-extend) the Offer through June 30, 1996 to provide time to satisfy such conditions; provided that, if Purchaser has not purchased Shares pursuant to the Offer prior to June 30, 1996 as the result of the receipt by the Company of an Acquisition Proposal (as defined below) or as a result of a failure of the applicable waiting period under the HSR Act to expire or the failure to obtain any necessary governmental or regulatory approvals, Purchaser shall extend (and re-extend) the Offer through September 30, 1996.

The Merger Agreement requires, as soon as practicable on the date of commencement of the Offer, (a) Parent and Purchaser to file with the Commission a Tender Offer Statement on Schedule 14D-1 with respect to the Offer which will contain the offer to purchase and form of the related letter of transmittal and (b) the Company to file with the Commission a Solicitation/Recommendation Statement on Schedule 14D-9 which it will mail to stockholders promptly after the commencement of the Offer. Purchaser and the Company also agreed to take all steps necessary to cause the offer to purchase and form of the related letter of transmittal to be disseminated to holders of Shares as and to the extent required by applicable federal securities laws.

BOARD REPRESENTATION

Promptly upon the purchase by Purchaser of Shares pursuant to the Offer and from time to time thereafter, Purchaser will be entitled to designate a number of directors on the Company's Board of Directors equal to the product of (i) the total number of directors on the Company's Board of Directors

and (ii) Purchaser's percentage ownership of the outstanding Shares of the Company. The Company will either increase the size of the Company's Board of Directors or secure the resignation of the necessary number of directors to enable Purchaser's designees to be elected to the Company's Board of Directors, and will cause such designees to be elected to the Company's Board of Directors.

Following the election or appointment of Purchaser's designees, any amendment of the Merger Agreement or the Restated Articles of Organization or By-laws of the Company, any termination of the Merger Agreement by the Company, and any extension by the Company of the time for performance of obligations or the waiver of any rights under the Merger Agreement will require the vote of a majority of directors of the Company who are not Purchaser's designees or employees of the Company.

REPRESENTATIONS AND WARRANTIES

The Merger Agreement contains various representations and warranties of the Company, including representations by the Company as to: (i) organization, qualification and similar corporate matters of the Company and its subsidiaries, (ii) capitalization of the Company and its subsidiaries, (iii) the authorization, execution, delivery, performance and enforceability of the Merger Agreement, (iv) the non-contravention of the Merger Agreement and related transactions with any charter provision, by-law, material contract, order, law or regulation to which the Company or its subsidiaries is a party or by which it is bound or obligated, (v) the filing of required Commission reports and the absence of untrue statements of material facts or omissions of material facts in such reports, (vi) the absence of changes or events which have had a material adverse effect on the Company and the absence of certain derivative instruments that would result in a material adverse effect on the Company, (vii) the absence of untrue statements of material facts or omissions of material facts in the Schedule 14D-9 and the proxy statement to be sent to stockholders, (viii) the absence of payments to any intermediary other than Alex. Brown of any finder's or other fee or commission, (ix) claims and litigation, (x) the filing of tax returns and the payment of taxes, (xi) employee benefits matters, (xii) compliance with laws, rules, statutes, orders, ordinances or regulations, and material notes, bonds, mortgages, indentures, contracts, agreements, leases, licenses, permits, franchise or other instruments or obligations of the Company or any of its subsidiaries which would result in a material adverse effect, (xiii) the absence of environmental claims and compliance with all environmental laws and regulations, (xiv) possession of all necessary rights and licenses in intellectual property, (xv) possession of all necessary insurance, (xvi) the absence of real property ownership and the possession and enforceability of all real property leases, (xvii) the absence of notices, citations or decisions of governmental or regulatory bodies and recalls or warning letters from the Food and Drug Administration with respect to any product produced, manufactured, marketed or distributed by the Company, and possession of and compliance with all necessary approvals, clearances, authorizations, licenses and registrations relating to such products, (xviii) labor matters, (xix) applicable voting requirements and (xx) inapplicability of state takeover laws.

The Merger Agreement contains various customary representations and warranties of Parent and Purchaser, including representations by Parent and Purchaser as to: (i) organization, qualification and similar corporate matters of Parent and Purchaser, (ii) the authorization, execution, delivery, performance and enforceability of the Merger Agreement, (iii) the non-contravention of the Merger Agreement and related transactions with any charter provision, by-law, material contract, order, law or regulation to which Parent or Purchaser is a party or by which it is bound or obligated, (iv) the absence of untrue statements of material facts or omissions of material facts in any documents related to the Offer and in information provided to the Company in connection with the Schedule 14D-1 and proxy statement, (v) the absence of prior activities of Purchaser other than in connection with or as contemplated by the Merger Agreement and (vi) the possession of all funds necessary to satisfy Purchaser's obligations under the Merger Agreement.

COVENANTS

CONDUCT OF BUSINESS OF THE COMPANY. From the date of the Merger Agreement to the time Purchaser's designees are elected as directors of the Company, the Company and its subsidiaries will each

conduct its operations in the ordinary course of business consistent with past practice, and the Company and its subsidiaries will each use its reasonable best efforts to preserve intact its business organization, to keep available the services of its officers and employees and to maintain existing relationships with licensors, licensees, suppliers, contractors, distributors, customers and others having business relationships with it.

Accordingly, prior to the date Purchaser's nominees are elected to the Company's Board of Directors, neither the Company nor any of its subsidiaries may, without prior written consent of Purchaser, engage or agree to engage in an enumerated list of transactions generally characterized as being outside the ordinary course of business. Transactions requiring Purchaser's prior approval include actions by the Company or its subsidiaries to (i) amend its articles of organization or by-laws or increase or propose to increase the number of directors; (ii) authorize for issuance, issue, sell, deliver or agree to commit to issue, sell or deliver any stock of any class or any other securities or equity equivalents (including, without limitation, stock appreciation rights), except as required by option agreements and option plans as in effect as of the date of the Merger Agreement, or amend any of the terms of any such securities or agreements outstanding as of the date of the Merger Agreement; (iii) split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, stock, or property or any combination thereof) in respect of its capital stock, or redeem, repurchase or otherwise acquire any of its securities or any securities of its subsidiaries; (iv) incur any debt or issue any debt securities or assume, guarantee or endorse the obligations of any other person, make any loans, advances or capital contributions to, or investments in, any other person (other than to wholly owned subsidiaries of the Company), pledge or otherwise encumber shares of capital stock of the Company or any of its subsidiaries or mortgage or pledge any of its assets or create any Lien thereupon; (v) enter into, adopt, amend or terminate any bonus, compensation, severance, termination, or employee benefit arrangement not required by any such plan or arrangement; (vi) acquire, sell, lease, license, encumber, transfer or dispose of any assets of the Company and its subsidiaries; (vii) change any of the accounting principles or practices used by it, except as may be required as a result of a change in law or in generally accepted accounting principles; (viii) acquire any corporation, partnership or other business organization or division thereof, authorize any new capital expenditure not reflected in the Company's capital budget or settle any litigation for amounts in excess of $500,000 individually or $1,000,000 in the aggregate; (ix) make any tax election or settle or compromise any material tax liability; (x) pay, discharge or satisfy any claims, liabilities or obligations outside the ordinary course or not in accordance with their terms, except where such action would not result in a material adverse effect; (xi) enter into any agreement providing for the acceleration of payment or performance or other consequence as a result of a change in control of the Company; (xii) enter into any agreement providing for any license, sale, assignment or otherwise transfer any patent rights or grant any covenant not to sue with respect to any of its patent rights or take such action with respect to the Company's Intellectual Property that would have a material adverse effect; or (xiii) take or agree to take any action which would make any of the representations or warranties of the Company contained in the Merger Agreement untrue or incorrect or would result in any of the conditions to the Offer not being satisfied.

Notwithstanding the above, the Company may adopt a shareholder rights plan, issue rights thereunder and issue securities upon exercise of such rights; provided, however, that such rights plan exempts the Offer and the Merger from the events which trigger the exercise of such rights.

ACCESS TO INFORMATION. The Company will give Parent and Purchaser and their representatives reasonable access to all necessary information. Parent and Purchaser agree to be bound by the Confidentiality Agreement dated March 13, 1996 (described below).

REASONABLE BEST EFFORTS. Each of the parties will use its reasonable best efforts to take all actions and do all things reasonably necessary to consummate and make effective the transactions contemplated by the Merger Agreement.

PUBLIC ANNOUNCEMENTS. Parent and Purchaser, on the one hand, and the Company, on the other hand, will consult with each other before issuing any press release or otherwise making any public statements with respect to the transactions contemplated by the Merger Agreement.

INDEMNIFICATION. The surviving corporation will keep in effect the provisions in its Articles of Organization and By-Laws with respect to exculpation of director and officer liability and indemnification set forth in the Restated Articles of Organization and Amended and Restated By-Laws of the Company on the date of the Merger Agreement. From and after the Effective Time, Parent will guarantee and cause the surviving corporation to perform all of its obligations under the Restated Articles of Organization and By-Laws of the Company with respect to indemnification.

Parent will cause the surviving corporation to use its reasonable best efforts to maintain in effect for five years from the Effective Time, if available, the coverage provided by the current directors' and officers' liability insurance policies maintained by the Company with respect to matters occurring prior to the Effective Time; provided, however, that the surviving corporation will not be required to incur any annual premium in excess of 200% of the last annual aggregate premium paid prior to the date of the Merger Agreement for all current directors' and officers' liability insurance policies maintained by the Company.

NOTIFICATION OF CERTAIN MATTERS. The Company will give prompt notice to Parent or Purchaser, and Parent or Purchaser will give prompt notice to the Company, as the case may be, of (i) the occurrence or non-occurrence of any event which would be likely to cause any representation or warranty contained in this Agreement to be untrue or inaccurate and (ii) any failure of the Company, Parent or Purchaser, as the case may be, to comply with or satisfy any covenant, condition or agreement under the Merger Agreement.

TERMINATION OF STOCK PLANS. Prior to the consummation of the Offer, the Company's Board of Directors (or, if appropriate, any committee thereof) will adopt resolutions or take other actions necessary to ensure that, following the Effective Time, no participant in any stock, stock option, stock appreciation or other benefit plan of the Company or any of its subsidiaries or any holder of any option will have any right thereunder to acquire any capital stock of the surviving corporation or any subsidiary thereof.

NO SOLICITATION. The Merger Agreement requires the Company immediately to cease any existing discussions or negotiations with any third parties with respect to any inquiry, proposal or offer for a merger, consolidation, business combination, sale of substantial assets, sale of shares of capital stock (including, without limitation, by way of a tender offer) or similar transactions involving the Company or any of its subsidiaries (an "Acquisition Proposal"). The Company shall not, directly or indirectly, through any officer, director, employee, representative or agent or any of its subsidiaries, (i) solicit, initiate, continue or encourage an Acquisition Proposal, (ii) solicit, initiate, continue or engage in negotiations or discussions concerning, or provide any non-public information or data to any person or entity relating to, any Acquisition Proposal, or (iii) agree to approve or recommend any Acquisition Proposal; provided, that if the Company's Board of Directors determines, after receiving advice of its independent counsel, that to do so would be required for the discharge of its fiduciary obligations, the Company may, after receiving an executed confidentiality agreement (with terms no less favorable to the Company than those contained in the Confidentiality Agreement entered into with Parent), furnish nonpublic information or data to, or enter into discussions or negotiations with, any person in connection with an unsolicited Acquisition Proposal or recommend an unsolicited Acquisition Proposal to the stockholders of the Company. The Company will advise Parent of all such nonpublic information delivered to such person, and will notify Parent immediately (and in no event later than 24 hours) after receipt by the Company of any Acquisition Proposal or any request for non-public information in connection with an Acquisition Proposal or for access to the properties, books or records of the Company by any person or entity that informs the Company that it is considering making, or has made, an Acquisition Proposal.

CONDITIONS TO THE CONSUMMATION OF THE MERGER

The obligations of the Company, Parent and Purchaser under the Merger Agreement are subject to the satisfaction or, if appropriate, waiver of the following conditions:

(a) PURCHASE OF SHARES. Purchaser shall have purchased Shares pursuant to the Offer.

(b) STOCKHOLDER APPROVAL. If required by Massachusetts law, the Merger Agreement shall have been adopted by the affirmative vote of the stockholders of the Company by the requisite vote in accordance with Massachusetts law.

(c) NO PROHIBITION. No order, decree or ruling or other action restraining, enjoining or otherwise prohibiting the Merger, which shall have been issued or taken by any court or other governmental body.

(d) HSR ACT. Any waiting period applicable to the HSR Act shall have terminated or expired.

TERMINATION

The Merger Agreement provides that the Merger Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time (i) by mutual written consent of Parent, Purchaser and the Company; (ii) by Parent or the Company to the extent that performance is prohibited, enjoined or otherwise materially restrained by any final, non-appealable judgment; (iii) by Parent or the Company if Purchaser has terminated the Offer or failed to accept for purchase and pay for Shares pursuant to the Offer by June 30, 1996 unless Purchaser failed to accept for purchase and pay for Shares pursuant to the Offer as the result of the receipt by the Company of an Acquisition Proposal or as a result of a failure of the applicable waiting period under the HSR Act to expire or the failure to obtain any necessary governmental or regulatory approvals, in which case, if Purchaser has failed to accept for purchase and pay for Shares pursuant to the Offer by September 30, 1996, and the failure to purchase Shares by that date did not result from the failure by the party seeking termination to fulfill any obligation under the Merger Agreement; (iv) by either Parent or the Company if, prior to the purchase of Shares pursuant to the Offer, there has been a material breach by the other party of any representation, warranty, covenant or agreement that has not been cured within twenty business days notice of such breach; (v) by either Parent or the Company not sooner than three days after the Company's notice to Parent of the Company's receipt of an Acquisition Proposal determined by the Board of Directors of the Company to be more favorable to the Company and to its stockholders than the transactions contemplated by the Merger Agreement or (vi) by Parent if the Company's Board withdraws or modifies in a manner adverse to Parent or Purchaser its approval of the Offer, the Merger Agreement, or the Merger or its recommendation to the Company's stockholders.

If the Merger Agreement is terminated pursuant to clause (v) or (vi) above, the Company will pay Parent a non-refundable fee of $17,500,000.

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations and warranties in the Merger Agreement shall not survive beyond the Effective Time, except that the covenants and agreements in the Merger Agreement shall survive in accordance with their respective terms.

AMENDMENT; EXTENSION; WAIVER

Subject to approval by the Board of the Company in the manner described above under "Board Representation," the Merger Agreement may be amended by the Company, Parent and Purchaser in a writing signed on behalf of each of the parties; however, after approval of the Merger by the stockholders of the Company (if required by applicable law), no amendment may decrease the Merger Consideration or change the form thereof which adversely affects the stockholders without approval of such stockholders.

Subject to approval by the Board of the Company in the manner described above under "Board Representation," at any time prior to the Effective Time, the Company, on the one hand, and Parent and Purchaser, on the other hand, may in writing (i) extend the time for the performance of any of the obligations or other acts of the other party, (ii) waive any inaccuracies in the representations and warranties of the other party or (iii) waive compliance by the other party with any of the agreements or conditions contained in the Merger Agreement.

EXPENSES

Subject to the payment of a fee by the Company to Purchaser if the Merger Agreement is terminated under certain circumstances, each party shall bear its own expenses and costs in connection with the Merger Agreement and the transactions contemplated thereby.

GOVERNING LAW

The Merger Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

CONFIDENTIALITY AGREEMENT

The following summary of the Confidentiality Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Confidentiality Agreement, which is filed as an exhibit to the Schedule 14D-1 and incorporated herein by reference.

On March 13, 1996, the Company and Parent entered into the Confidentiality Agreement providing for the non-disclosure of confidential information to be provided by the Company to Parent and by Parent to the Company. The Confidentiality Agreement provided that for a period of 16 days from the date of the Confidentiality Agreement, the Company would not initiate, solicit, encourage or engage in any discussions with a party other than Parent with respect to any merger, consolidation or other business combination transaction, any sale, lease, exchange, transfer or other disposition of all or substantially all of the assets of the Company, any tender offer or exchange offer for more than 20% of the outstanding shares of any class of the Company's equity or voting securities or any solicitation of proxies with respect to the Company's equity or voting securities in the election of directors or in a vote on any of the foregoing transactions (a "Specified Transaction").

The Confidentiality Agreement also provides that, for a period of one year from the date of the Confidentiality Agreement, without the prior written consent of the Company, Parent will not (i) acquire, offer to acquire, or agree to acquire any voting securities or any material assets of the Company, (ii) solicit any proxies to vote any voting securities of the Company, (iii) make any public announcement or submit any proposal for any extraordinary transaction involving the Company, (iv) form, join or participate in any "group" as defined in Section 13(d)(3) of the Exchange Act in connection with any of the foregoing or (v) request the Company to amend or waive any of the foregoing provisions in a manner that would be required to be disclosed publicly. The restrictions discussed in the previous sentence will not be binding upon Parent if, on or after the date of the Confidentiality Agreement, (a) any person or group of persons (other than certain institutional investors not having any intention to change or influence control of the Company) acquires beneficial ownership of any equity or voting security of the Company representing 15% or more of the then total outstanding shares of any such class of the Company's securities, (b) the Company issues or commits to issue any voting securities (other than shares of Common Stock or securities convertible or exchangeable for shares of Common Stock), or (c) it is publicly announced or disclosed that any person or group of persons other than Parent, the Company or any of their respective affiliates, proposes to effect or has effected a Specified Transaction.

11. SOURCE AND AMOUNT OF FUNDS

The total amount of funds required by Purchaser and Parent to consummate the Offer and the Merger and to pay related fees and expenses is estimated to be approximately $885,000,000. Purchaser will obtain all funds required by it from Parent. Parent will cause the required funds to be made available to Purchaser and Parent expects to obtain all required funds from unsecured short term borrowings at market interest rates. Such borrowings may be repaid by Parent from time to time, in whole or in part, from internally generated funds or from the proceeds of other borrowings.

12. CERTAIN EFFECTS OF THE OFFER

Following the consummation of the Offer, Purchaser will own at least a majority of the outstanding Shares of the Company. As a result of such ownership, Purchaser will be in a position to control the outcome of any matter voted upon at any annual or special meeting of the Company's stockholders, including the election of directors and the approval of the Merger and the adoption of the Merger Agreement. If at least 90% of the outstanding Shares are purchased by Purchaser in the Offer, the Board

of Directors of Purchaser will have the ability to approve the Merger and adopt the Merger Agreement without any action by the remaining stockholders of the Company. If at least 90% of the Shares are purchased by Purchaser in the Offer, Purchaser intends so to approve the Merger and adopt the Merger Agreement without any action by the remaining stockholders of the Company.

Parent and Purchaser have agreed to vote all Shares held by them in favor of the Merger Agreement and the transactions contemplated thereby. Approval of the Merger requires the affirmative vote of a majority of the outstanding Shares. Accordingly, if the Offer is consummated, the approval of the Merger and the adoption of the Merger Agreement by the Company's stockholders will be assured.

In the Merger, each remaining Share (other than Shares held by Parent, Purchaser or the Company or by any holders of Shares who properly exercise their appraisal rights) will be cancelled and converted into the right to receive $45.00 per Share in cash. Following the Merger, the Company will be a wholly owned subsidiary of Purchaser.

Promptly upon the purchase by Purchaser of Shares pursuant to the Offer and from time to time thereafter, Purchaser will be entitled to designate a number of directors on the Company's Board of Directors equal to the product of (i) the total number of directors on the Company's Board of Directors and (ii) Purchaser's percentage ownership of the outstanding Shares of the Company. The Company will either increase the size of the Company's Board of Directors or secure the resignation of the necessary number of directors to enable Purchaser's designees to be elected to the Company's Board of Directors, and will cause such designees to be elected to the Company's Board of Directors.

Following the election or appointment of Purchaser's designees, any amendment of the Merger Agreement or the Restated Articles of Organization or By-laws of the Company, any termination of the Merger Agreement by the Company, and any extension by the Company of the time for performance of obligations or the waiver of any rights under the Merger Agreement will require the vote of a majority of directors of the Company who are not Purchaser's designees or employees of the Company.

The Shares are currently "margin securities", as such term is defined under the rules of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has the effect, among other things, of allowing brokers to extend credit on the collateral of such securities. Following the Offer it is possible that the Shares might no longer constitute "margin securities" for purposes of the margin regulations of the Federal Reserve Board, in which event such Shares could no longer be used as collateral for loans made by brokers.

13. CERTAIN CONDITIONS OF THE OFFER

Notwithstanding any other provision of the Offer, the obligation of Purchaser to accept for payment or pay for any Shares tendered pursuant to the Offer shall be subject to (the following being referred to as the "Offer Conditions") (i) the Minimum Condition, (ii) the expiration or termination of any applicable waiting period under the HSR Act, (iii) the expiration or termination of any applicable waiting period requirements under any laws or regulations relating to the regulation of monopolies or competition in Germany and (iv) to the satisfaction or waiver of the following conditions:

(a) NO PROHIBITION. There shall not have been any action or proceeding brought by any governmental authority before any court, or any order or preliminary or permanent injunction entered in any action or proceeding before any court or governmental, administrative or regulatory authority or any statute, rule, regulation, legislation, judgment or order, enacted, entered, enforced, promulgated, amended, issued or deemed applicable to the Offer or the Merger by any court, governmental, administrative or regulatory authority which could have the effect of: (i) making illegal or otherwise restraining or prohibiting or imposing material penalties in connection with the making of the Offer, the acceptance for payment of, payment for, or ownership of, some or all of the Shares by Parent or Purchaser, the consummation of the Offer or the Merger; (ii) prohibiting or materially limiting the direct or indirect ownership or operation by the Company or by Parent of all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, or compelling Parent to dispose of or hold separate all or any material portion of the business or assets

of the Company and its subsidiaries, taken as a whole, as a result of the transactions contemplated by the Merger Agreement; (iii) imposing or confirming material limitations on the ability of Parent effectively directly or indirectly to acquire or hold or to exercise full rights of ownership of Shares, including, without limitation, the right to vote any Shares on all matters properly presented to the stockholders of the Company, including, without limitation, the adoption and approval of the Merger Agreement and the Merger or the right to vote any shares of capital stock of any subsidiary of the Company; or (iv) requiring divestiture by Parent or Purchaser, directly or indirectly, of any Shares.

(b) OUTSIDE EVENTS. There shall not have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in the United States (other than a shortening of trading hours or any coordinated trading halt triggered solely as a result of a specified increase or decrease in a market index), (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory) or (iii) any limitation (whether or not mandatory) by any United States governmental authority or agency on the extension of credit by banks or other financial institutions.

(c) PERFORMANCE. The Company shall have performed in all material respects its covenants and agreements under the Merger Agreement.

(d) REPRESENTATIONS AND WARRANTIES TRUE. The representations and warranties of the Company set forth in the Merger Agreement shall be true and correct as of the Effective Time except where failure to be so true and correct would not have a material adverse effect on the Company.

(e) NO TERMINATION. The Merger Agreement shall not have been terminated in accordance with its terms.

Purchaser shall not be required to accept for payment or pay for any Shares tendered pursuant to the Offer if any of the above conditions occurs, which, in the reasonable judgment of Purchaser in any such case, and regardless of the circumstances (including any action or omission by Purchaser) giving rise to any such condition makes it inadvisable to proceed with such acceptance for payment or payments for Shares.

The foregoing conditions are for the sole benefit of Purchaser and may be asserted by Purchaser regardless of the circumstances giving rise to any such condition or may be waived by Purchaser in whole or in part at any time or from time to time in its sole discretion. The failure by Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, the waiver of any such right with respect to particular facts or circumstances shall not be deemed a waiver with respect to any other facts or circumstances, and each such right shall be deemed an ongoing right that may be asserted at any time or from time to time.

14. DIVIDENDS AND DISTRIBUTIONS

If the Company should (a) split, combine or otherwise change the Shares or its capitalization, (b) acquire currently outstanding Shares or otherwise cause a reduction in the number of outstanding Shares or (c) issue or sell additional Shares, shares of any other class of capital stock, other voting securities or any securities convertible into, or rights, warrants or options, conditional or otherwise, to acquire, any of the foregoing, then subject to the provisions of Section 1 above, Purchaser, in its sole discretion, may make such adjustments as it deems appropriate in the Offer Price and other terms of the Offer, including, without limitation, the number or type of securities offered to be purchased.

If the Company should declare or pay any cash dividend on the Shares or make other distributions on the Shares or issue with respect to the Shares, any additional shares, shares of any other class of capital stock, other voting securities or any securities convertible into, or rights, warrants or options, conditional or otherwise, to acquire, any of the foregoing, payable or distributable to stockholders of record on a date prior to the transfer of the Shares purchased pursuant to the Offer to Purchaser or its nominee or transferee on the Company's stock transfer records, then, subject to the provisions of Section 1 above, (a) the Offer Price may, in the sole discretion of Purchaser, be reduced by the amount of

any such cash dividend or cash distribution and (b) the whole of any such noncash dividend, distribution or issuance to be received by the tendering stockholders will (i) be received and held by the tendering stockholders for the account of Purchaser and will be required to be promptly remitted and transferred by each tendering stockholder to the Depositary for the account of Purchaser, accompanied by appropriate documentation of transfer, or (ii) at the direction of Purchaser, be exercised for the benefit of Purchaser, in which case the proceeds of such exercise will promptly be remitted to Purchaser. Pending such remittance and subject to applicable law, Purchaser will be entitled to all rights and privileges as owner of any such noncash dividend, distribution, issuance or proceeds and may withhold the entire Offer Price or deduct from the Offer Price the amount or value thereof, as determined by Purchaser in its sole discretion.

15. CERTAIN LEGAL MATTERS; REGULATORY APPROVALS

GENERAL

Except as described below, Purchaser is not aware of any governmental license or regulatory permit that appears to be material to the business of the Company and its subsidiaries, taken as a whole, that might be adversely affected by Purchaser's acquisition of the Company's Shares as contemplated herein or of any approval or other action by any governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the acquisition or ownership of Shares by Purchaser as contemplated herein. Should any such approval or other action be required, Purchaser and Parent currently contemplate that such approval or other action will be sought. Except as otherwise expressly described in this Section 15, Purchaser does not presently intend to delay the acceptance for payment of or payment for Shares tendered pursuant to the Offer pending the outcome of any such matter. Purchaser is unable to predict whether it may determine that it is required to delay the acceptance for payment of or payment for Shares tendered pursuant to the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in consequences adverse to the Company's business or that certain parts of the Company's business might not have to be disposed of, any of which could cause Purchaser to decline to accept for payment or pay for any Shares tendered. See Section 13 above for certain conditions to the Offer.

ANTITRUST.

Under the HSR Act and the rules that have been promulgated thereunder by the Federal Trade Commission (the "FTC"), certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the FTC and certain waiting period requirements have been satisfied. The purchase of Shares of the Company by Purchaser pursuant to the Offer is subject to such requirements.

Under the provisions of the HSR Act applicable to the Offer, the purchase of Shares under the Offer may be consummated following the expiration of a 15-calendar-day waiting period following the filing by Parent of a Notification and Report Form with respect to the Offer, unless Parent receives a request for additional information or documentary material from the Antitrust Division or the FTC or unless early termination of the waiting period is granted. Parent expects that such filing will be made on or about Friday, April 5, 1996 and such waiting period will expire at 11:59 p.m. on or about Saturday, April 20, 1996. If, within their initial 15-day waiting period, either the Antitrust Division or the FTC requests additional information or documentary material from Parent concerning the Offer, the waiting period will be extended and would expire at 11:59 p.m., New York City time, on the tenth calendar day after the date of substantial compliance by Parent with such request. Only one extension of the waiting period pursuant to a request for additional information is authorized by the HSR Act. Thereafter, such waiting period may be extended only by court order or with the consent of Parent. In practice, complying with a request for additional information or documentary material can take a significant amount of time. In addition, if the Antitrust Division or the FTC raises substantive issues in connection with a proposed

transaction, the parties frequently engage in negotiations with the relevant governmental agency concerning possible means of addressing those issues and may agree to delay consummation of the transaction while such negotiations continue.

A request is being made pursuant to the HSR Act for early termination of the waiting period applicable to the Offer. There can be no assurance, however, that the 15 calendar day HSR Act waiting period will be terminated early. Shares of the Company will not be accepted for payment or paid for pursuant to the Offer until the expiration or earlier termination of the applicable waiting period under the HSR Act. See Section 13. Any extension of the waiting period will not give rise to any withdrawal rights not otherwise provided for by applicable law. See Section 4. If Purchaser's acquisition of Shares is delayed pursuant to a request by the Antitrust Division or the FTC for additional information or documentary material pursuant to the HSR Act, the Offer may, but need not, be extended.

The FTC and the Antitrust Division frequently scrutinize the legality under the antitrust laws of transactions such as the acquisition of Shares of the Company by Purchaser pursuant to the Offer. At any time before or after Purchaser's purchase of Shares pursuant to the Offer, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the purchase of Shares pursuant to the Offer or the consummation of the Merger or seeking the divestiture of Shares acquired by Purchaser or the divestiture of substantial assets of Parent or its subsidiaries, or the Company or its subsidiaries. Private parties may also bring legal action under the antitrust laws under certain circumstances. Purchaser does not believe that the consummation of the Offer will result in a violation of any applicable antitrust laws. However, there can be no assurance that a challenge to the Offer on antitrust grounds will not be made or, if such a challenge is made, of the result thereof.

FOREIGN REGULATIONS.

Under German laws and regulations relating to the regulation of monopolies and competition, certain acquisition transactions may not be consummated in Germany unless certain information has been furnished to the German Federal Cartel Office (the "FCO") and certain waiting period requirements have been satisfied. The purchase of Shares of the Company by Purchaser pursuant to the Offer and the consummation of the Merger may be subject to such requirements, with regard to the German subsidiaries of the Company and Parent. Parent expects to file such information on or about April 10, 1996; and such waiting period will expire on or about May 10, 1996 or may be extended by the FCO for a total of four months from the date of the filing. Parent will request early termination of the waiting period, although there can be no assurance of the outcome of such request. Purchaser does not believe that the consummation of the Offer will result in a violation of any applicable law or regulation in Germany relating to the regulation of monopolies and competition. However, there can be no assurance that a challenge to the Offer on such grounds will not be made, or, if such a challenge is made, of the result thereof.

16. FEES AND EXPENSES

Goldman, Sachs & Co. are acting as Dealer Managers in connection with the Offer and serving as financial advisor to Parent and Purchaser in connection with the proposed acquisition of the Company. In consideration of Goldman, Sachs & Co. acting as the Dealer Managers in connection with the Offer and the Merger, Parent has agreed to pay Goldman, Sachs & Co. as follows: if at least 50% of the outstanding Shares of the Company, or at least 50% of the assets (based on the book value thereof) of the Company are acquired by Parent in one or more transactions, Goldman, Sachs & Co. will be entitled to receive a fee equal to 0.55% of the aggregate consideration, not to exceed $5 million and if some but less than 50% of the Shares or assets of the Company are acquired by Parent, Goldman, Sachs & Co. will be entitled to a mutually acceptable fee of not less than $3 million. In the event that the Merger Agreement is terminated, Goldman, Sachs & Co. will be entitled to a transaction fee of 10% of any termination fee payable to Parent but such transaction fee is not to exceed $3 million. In addition, Parent and Purchaser have agreed to reimburse Goldman, Sachs & Co. for all reasonable out-of-pocket expenses incurred, including reasonable fees of its counsel, and to indemnify Goldman, Sachs & Co.

against certain liabilities and expenses in connection with the Offer, including certain liabilities under the federal securities laws. Goldman, Sachs & Co. have from time to time, and continue to, render various investment banking services to Parent and its affiliates, for which they are paid customary fees.

Purchaser has retained Georgeson & Company Inc. to act as the Information Agent, and The First National Bank of Boston to act as the Depositary, in connection with the Offer. The Information Agent may contact holders of Shares by mail, telephone, telex, telegraph and personal interview and may request brokers, dealers and other nominee stockholders to forward the Offer materials to beneficial owners. Each of the Information Agent and the Depositary will receive reasonable and customary compensation for their respective services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under the federal securities laws.

Except as set forth above, Purchaser will not pay any fees or commissions to any broker or dealer or other person for soliciting tenders of Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies will, upon request, be reimbursed by Purchaser for customary mailing and handling expenses incurred by them in forwarding the Offer materials to their customers.

17. MISCELLANEOUS

The offer is being made solely by this Offer to Purchase and the related Letter of Transmittal and is being made to all holders of Shares. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares of the Company residing in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. However, Purchaser may, in its discretion, take such action as it may deem necessary to make the Offer in any jurisdiction and extend the Offer to holders of Shares in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of Purchaser by the Dealer Managers or one or more registered brokers or dealers that are licensed under the laws of such jurisdiction.

Parent and Purchaser have filed with the Commission the Schedule 14D-1 pursuant to Rule 14d-3 under the Exchange Act containing certain additional information with respect to the Offer. Such Schedule and any amendments thereto, including exhibits, may be examined and copies may be obtained from the principal office of the Commission in the manner set forth in Section 7 above (except that they will not be available at the regional offices of the Commission).

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF PURCHASER OR PARENT NOT CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

AAC ACQUISITION, INC.

April 4, 1996

SCHEDULE I

DIRECTORS AND EXECUTIVE OFFICERS OF PARENT AND PURCHASER

A. DIRECTORS AND EXECUTIVE OFFICERS OF PARENT

The following table sets forth the name, present principal occupation or employment and material occupation, positions, offices or employment for the past five years of each director and executive officer of Parent. Unless otherwise indicated below, the address of each director and officer is 100 Abbott Park Road, Abbott Park, Illinois 60064 and each such person is a citizen of the United States.

NAME AND BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OF EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
K. Frank Austen, M.D.....	Dr. Austen has been a director since 1983. He is the Theodore B. Bayles Professor of Medicine on the faculty of Harvard Medical School. Dr. Austen also is a director of Humana Inc.
Duane L. Burnham.....	Mr. Burnham has served as a director of Parent since 1985, as Chairman of the Board of Parent since 1990 and as Chief Executive Officer of Parent since 1989. He also is a director of Sara Lee Corporation and Evanston Hospital Corporation.
H. Laurance Fuller.....	Mr. Fuller has been a director since 1988. He has served as Chairman and Chief Executive Officer of Amoco Corporation ("Amoco") since 1991. From 1983 to 1995, Mr. Fuller was the President of Amoco. He also is a director of The Chase Manhattan Corporation and The Chase Manhattan Bank, N.A. and Motorola, Inc.
The Lord Hayhoe PC.....	Lord Hayhoe has been a director since 1989. Bernard Hayhoe is a British subject. Created a Life Peer in August 1992 and now a Member of the House of Lords, he was an elected Member of the U.K. House of Commons 1970-92. He was appointed a Privy Councillor in 1985. He served in the British Government as Minister of Health, Treasury Minister of State, Civil Service Minister, and Army Minister during the years 1979 to 1986. Lord Hayhoe is a Fellow of the Institution of Mechanical Engineers and an Honorary Fellow of Birkbeck College, London, and a director of the Portman Building Society. He became Chairman of the Guys and St. Thomas Hospital, London in April, 1993.
Thomas R. Hodgson.....	Mr. Hodgson has served as President and Chief Operating Officer of Parent since 1990. He joined Parent in 1972 and has held various operational positions with Parent.
Allen F. Jacobson.....	Mr. Jacobson has been a director since 1993. He served as Chairman of the Board and Chief Executive Officer of Minnesota Mining & Manufacturing from 1986 until 1991. Mr. Jacobson also serves as a director of Sara Lee Corporation, Deluxe Corporation, Mobile Corporation, Northern States Power Company, Potlatch Corporation, Prudential Insurance Company, Silicon Graphics, Inc., US WEST, Inc. and Valmont Industries, Inc.
David A. Jones.....	Mr. Jones has been a director since 1982. He has been the Chairman and Chief Executive Officer of Humana Inc. since co-founding the company in 1961.

NAME AND BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OF EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
Boone Powell, Jr.....	Mr. Powell has been a director since 1985. He has served as President and Chief Executive Officer of Baylor University Medical Center since 1980. Mr. Powell is also President and Chief Executive Officer of Baylor Health Care System and a director of Comerica Bank-Texas, Physician Reliance Network and Cable Healthcare.
Addison Barry Rand.....	Mr. Rand has been a director since 1992. He has served as Executive Vice President of Xerox Corporation since 1992. From 1986 to 1992, he was President of Xerox Corporation's U.S. Marketing Group. Mr. Rand also serves as a director of Ameritech Corporation and Honeywell, Inc.
W. Ann Reynolds, Ph.D.....	Dr. Reynolds has been a director since 1980. She has served as Chancellor of The City University of New York since 1990. Dr. Reynolds also is a director of Humana, Inc., Maytag Corporation and Owens-Corning Fiberglas Corp.
William D. Smithburg.....	Mr. Smithburg has been a director since 1982. He currently serves as Chairman, President and Chief Executive Officer of The Quaker Oats Company. Mr. Smithburg became President and Chief Executive Officer in 1981, Chairman and Chief Executive Officer in 1983 and also served as President from November 1990 to January 1993 and from November 1995 to the present. He is also a director of Northern Trust Corporation, Corning Incorporated and Prime Capital Corp.
John R. Walter.....	Mr. Walter has been a director since 1990. He has served as Chairman and Chief Executive Officer of R.R. Donnelley & Sons Company since 1989. Mr. Walter also is a director of Dayton Hudson Corporation, Deere & Company, and Evanston Hospital.
William L. Weiss.....	Mr. Weiss has been a director since 1984. He became Chairman and Chief Executive Officer of Ameritech Corporation in 1983 and served in that capacity until January 1994 when he was named Chairman of the Board. Since May 1994 Mr. Weiss has been Chairman Emeritus of that Board. Mr. Weiss also is a director of The Quaker Oats Company, Merrill Lynch & Co., Inc. and Tenneco Corporation.
Joy A. Amundson.....	Ms. Amundson has served as Senior Vice President, Chemical and Agricultural Products of Parent since 1995. From 1994 to 1995 she served as Vice President, HealthSystems. Prior to 1994 she served as Vice President, Corporate Hospital Marketing.
Catherine V. Babington.....	Ms. Babington has served as Vice President, Investor Relations and Public Affairs of Parent since 1995. Prior to 1995, she served as Director, Corporate Communications.
Gary R. Byers.....	Mr. Byers has served as Vice President, Internal Audit of Parent since 1993. Prior to 1993, he served as Divisional Vice President, Corporate Auditing.
Paul N. Clark.....	Mr. Clark has served as Senior Vice President, Pharmaceutical Operations of Parent.

NAME AND BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OF EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
Gary P. Coughlan.....	Mr. Coughlan has served as Senior Vice President, Finance and Chief Financial Officer of Parent.
Jose M. de Lasa.....	Mr. de Lasa has served as Senior Vice President, Secretary and General Counsel of Parent since 1994. From 1991 to 1994, he served as Vice President and Associate General Counsel of Bristol-Myers Squibb Company. In 1994 he also became Secretary of such company.
Kenneth W. Farmer.....	Mr. Farmer has served as Vice President, Management Information Services and Administration of Parent.
Thomas C. Freyman.....	Mr. Freyman has served as Vice President and Treasurer of Parent since 1991. Prior to that, in 1991 he served as Treasurer, Abbott International Ltd.
Richard A. Gonzalez.....	Mr. Gonzalez has served as Vice President, HealthSystems of Parent since 1995. Prior to 1995 he served as Divisional Vice President and General Manager, U.S./Canada Diagnostics.
John G. Kringel.....	Mr. Kringel has served as Senior Vice President, Hospital Products of Parent.
John F. Lussen.....	Mr. Lussen has served as Vice President, Taxes of Parent.
Thomas M. McNally.....	Mr. McNally has served as Senior Vice President, Ross Products of Parent since 1993. Prior to 1993, he served as Senior Vice President, Chemical and Agricultural Products.
David V. Milligan.....	Dr. Milligan has served as Senior Vice President, Chief Scientific Officer of Parent since 1994. From 1992 to 1994 he served as Vice President, Pharmaceutical Products Research and Development. Prior to 1992, he served as Vice President, Diagnostic Products Research and Development.
Richard H. Morehead.....	Mr. Morehead has served as Vice President, Corporate Planning and Development of Parent.
Theodore A. Olson.....	Mr. Olson has served as Vice President and Controller of Parent.
Robert L. Parkinson, Jr.....	Mr. Parkinson has served as Senior Vice President, International Operations of Parent since 1995. From 1993 to 1995 he served as Senior Vice President, Chemical and Agricultural Products. Prior to 1993, he served as Vice President, European Operations.
Ellen M. Walvoord.....	Ms. Walvoord has served as Senior Vice President, Human Resources of Parent since 1995. From 1991 to 1995 she served as Vice President, Investor Relations and Public Affairs. Prior to that in 1991, Ms. Walvoord served as Vice President, Investor Relations and served as Director, Corporate Communications.
Miles D. White.....	Mr. White has served as Senior Vice President, Diagnostic Operations of Parent since 1994. From 1993 to 1994 he served as Vice President, Diagnostic Systems and Operations, from 1992 to 1993 he served as Divisional Vice President and General Manager, Diagnostic Systems and Operations. Prior to 1992, he served as Divisional Vice President and General Manager, Hospital Laboratory Sector.

NAME AND BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OF EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
Don G. Wright.....	Mr. Wright has served as Vice President, Corporate Quality Assurance and Regulatory Affairs of Parent.
Lance B. Wyatt.....	Mr. Wyatt has served as Vice President, Corporate Engineering of Parent since 1995. Prior to 1995, he served as Divisional Vice President, Quality Assurance and Regulatory Affairs.

B. DIRECTORS AND EXECUTIVE OFFICERS OF PURCHASER

The following table sets forth the name, business address, present principal occupation or employment and material occupations, positions, offices or employment for the past five years of each director and executive officer of Purchaser. Unless otherwise indicated below, the address of each director and officer is: 100 Abbott Park Road, Abbott Park, Illinois 60064 and each such person is a citizen of the United States.

NAME AND BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OF EMPLOYMENT AND FIVE-YEAR EMPLOYMENT HISTORY
Gary P. Coughlan.....	Mr. Coughlan serves as sole director, Vice President and Treasurer of Purchaser. He also has served as Senior Vice President, Finance and Chief Financial Officer of Parent. He was elected as a corporate officer of Parent in 1990.
Miles D. White.....	Mr. White serves as President of Purchaser. He also has served as Senior Vice President, Diagnostic Operations of Parent since 1994. From 1993 to 1994 he served as Vice President, Diagnostic Systems and Operations of Parent, from 1992 to 1993 he served as Divisional Vice President and General Manager, Diagnostic Systems and Operations of such company. Prior to 1992, he served as Divisional Vice President and General Manager, Hospital Laboratory Sector of such company.
John F. Lussen.....	Mr. Lussen serves as Vice President of Purchaser. He has served as Vice President, Taxes of Parent.

Facsimile copies of the Letter of Transmittal, properly completed and duly signed, will be accepted. The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each stockholder of the Company or such stockholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary, at one of the addresses set forth below:

DEPOSITARY FOR THE OFFER IS:
THE FIRST NATIONAL BANK OF BOSTON

BY MAIL:
Shareholder Services Division
P.O. Box 1889
Mail Stop 45-02-53
Boston, Massachusetts 02105
(800) 730-4001

BY FACSIMILE TRANSMISSION:
(617) 575-2232
(617) 575-2233
(For Eligible Institutions Only)
CONFIRM BY TELEPHONE:
(800) 730-4001

BY HAND:
BancBoston Trust Company of New York
55 Broadway, Third Floor
New York, New York

BY OVERNIGHT COURIER:
The First National Bank of Boston
Shareholder Services Division
150 Royall Street
Mail Stop: 45-02-53
Canton, Massachusetts 02021

Questions and requests for assistance may be directed to the Information Agent or the Dealer Managers at their respective addresses and telephone numbers listed below. Additional copies of this Offer to Purchase, the Letter of Transmittal and other tender offer materials may be obtained from the Information Agent as set forth below and will be furnished promptly at Purchaser's expense. You may also contact the Dealer Managers or your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:

[LOGO]

Wall Street Plaza
New York, New York 10005
(800) 223-2065

THE DEALER MANAGERS FOR THE OFFER ARE:
GOLDMAN, SACHS & CO.

85 Broad Street
New York, New York 10004
In New York State: (212) 902-1000 (collect)
Other Areas: (800) 323-5678 (toll free)

[Letter Head]

ANNEX II

March 29, 1996

Board of Directors
MediSense, Inc.
266 Second Avenue
Waltham, MA 02154
Dear Sirs:

MediSense, Inc. ("MediSense" or the "Company"), Abbott Laboratories ("Abbott" or the "Buyer") and AAC Acquisition, Inc., a Massachusetts corporation and a wholly owned subsidiary of Buyer (the "Merger Sub"), have entered into an Agreement and Plan of Merger dated March 29, 1996 (the "Agreement"). Pursuant to the Agreement, the Merger Sub will commence a tender offer (the "Tender Offer") to purchase all the outstanding common stock, $.01 par value per share, and all the outstanding class B common stock, $.01 par value, (together, the "Common Stock"), of MediSense at a price of $45.00 per share, net to the seller in cash. The Agreement also provides that following such tender offer, Merger Sub will be merged with and into MediSense (the "Merger"), and that each outstanding share of Common Stock, other than the shares held by Abbott or the Company, will be converted into the right to receive $45.00 in cash. You have requested our opinion as to whether the consideration to be received by the holders of the Common Stock pursuant to the Agreement is fair from a financial point of view to such stockholders.

Alex. Brown & Sons Incorporated ("Alex. Brown"), as a customary part of its investment banking business, is engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of securities, private placements and valuations for corporate and other purposes. We have served as financial advisor to the Company in connection with the Merger and will receive a fee for our services, a substantial portion of which is contingent upon the consummation of the Merger. Alex. Brown served as underwriter to MediSense in its initial public offering of Common Stock in June 1994 and its follow-on offering of Common Stock in February 1995. Alex. Brown maintains a market in MediSense and regularly publishes research reports regarding the healthcare industry and the businesses and securities of publicly owned companies in that industry, including MediSense and Abbott.

In connection with this opinion, we have reviewed the Agreement and certain publicly available financial information concerning MediSense and certain internal financial analyses and other information furnished to us by the Company. We have also held discussions with senior management of MediSense regarding the business and prospects of the Company. In addition, we have (i) reviewed the reported price and trading activity for MediSense Common Stock, (ii) compared certain financial and stock market information for MediSense with similar information for certain publicly traded companies, (iii) reviewed the financial terms of certain recent business combinations and (iv) performed such other studies and analyses and taken into account such other matters as we deemed necessary.

We have assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by us for purposes of this opinion. With respect to financial projections and information relating to the prospects of the Company, we have assumed that such information has been reasonably prepared and reflects the best currently available estimates and judgments of management of the Company as to the likely future financial prospects of the Company. In addition, we have not made an independent valuation or appraisal of the assets of the Company (nor have we been furnished with any such valuation or appraisal), nor have we made any physical inspection of the properties or assets of the Company. Our opinion is based on market, economic, financial and other conditions as they exist and can be evaluated as of the date of this letter.

It is understood that this letter is for the information of the Board of Directors of the Company and may not be used for any other purpose without our prior written consent, except that this opinion

may be included in its entirety in any filing made by the Company with the Securities and Exchange Commission with respect to the Tender Offer and the Merger. In addition, we express no opinion as to whether the stockholders of the Company should tender their shares of Common Stock in the Tender Offer.

Based upon and subject to the foregoing, it is our opinion that, as of the date of this letter, the cash consideration to be received by the holders of the Common Stock pursuant to the Agreement is fair from a financial point of view to such stockholders.

Very truly yours,

ALEX. BROWN & SONS INCORPORATED

LETTER OF TRANSMITTAL
TO TENDER SHARES
OF
COMMON STOCK AND CLASS B COMMON STOCK
OF
MEDISENSE, INC.
PURSUANT TO THE OFFER TO PURCHASE DATED APRIL 4, 1996
OF
AAC ACQUISITION, INC.
A WHOLLY OWNED SUBSIDIARY OF
ABBOTT LABORATORIES

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT,
NEW YORK CITY TIME, ON WEDNESDAY, MAY 1, 1996, UNLESS THE OFFER IS EXTENDED.

To: THE FIRST NATIONAL BANK OF BOSTON, DEPOSITARY

BY MAIL:
Shareholder Services Division
P.O. Box 1889
Mail Stop 45-02-53
Boston, Massachusetts 02105
(800) 730-4001

BY FACSIMILE TRANSMISSION:
(617) 575-2232
(617) 575-2233
(For Eligible Institutions Only)

BY HAND:
BancBoston Trust Company
of New York
55 Broadway, Third Floor
New York, New York

CONFIRM FACSIMILE BY TELEPHONE:
(800)730-4001
(For Confirmation Only)

BY OVERNIGHT COURIER:
The First National Bank of Boston
Shareholder Services Division
150 Royall Street
Mail Stop: 45-02-53
Canton, Massachusetts 02021

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be used by stockholders if certificates for Shares (as defined below) are to be forwarded herewith or, unless an Agent's Message (as defined in the Offer to Purchase) is utilized, if delivery of Shares is to be made by book-entry transfer to the Depositary's account at The Depository Trust Company or Philadelphia Depository Trust Company (hereinafter collectively referred to as the "Book-Entry Transfer Facilities") pursuant to the procedures set forth under "The Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase dated April 4, 1996. Stockholders who tender Shares by book-entry transfer are referred to herein as "Book-Entry Stockholders."

Stockholders who cannot deliver their Shares and all other documents required hereby to the Depositary on or prior to the Expiration Date (as defined in the Offer to Purchase) or who cannot complete the procedures for book-entry transfer on a timely

basis, must tender their Shares pursuant to the guaranteed delivery procedure set forth under "The Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase. See Instruction 2. Delivery of documents to one of the Book-Entry Transfer Facilities does not constitute delivery to the Depositary.

DESCRIPTION OF SHARES TENDERED -- COMMON STOCK

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) (Please fill in, if blank, exactly as name(s) appear(s) on Share Certificates	SHARES TENDERED (ATTACH ADDITIONAL LIST IF NECESSARY)		
	CERTIFICATE NUMBER(S)*	TOTAL NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S)*	NUMBER OF SHARES TENDERED**
		TOTAL SHARES	

*Need not be completed by stockholders tendering by book-entry transfer.
**Unless otherwise indicated, it will be assumed that all Shares represented by any certificates delivered to the Depositary are being tendered. See Instruction 4.

DESCRIPTION OF SHARES TENDERED -- CLASS B COMMON STOCK

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) (Please fill in, if blank, exactly as name(s) appear(s) on Share Certificates	SHARES TENDERED (ATTACH ADDITIONAL LIST IF NECESSARY)		
	CERTIFICATE NUMBER(S)*	TOTAL NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S)*	NUMBER OF SHARES TENDERED**
		TOTAL SHARES	

*Need not be completed by stockholders tendering by book-entry transfer.
**Unless otherwise indicated, it will be assumed that all Shares represented by any certificates delivered to the Depositary are being tendered. See Instruction 4.

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. GUARANTEE OF SIGNATURES. Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations and brokerage houses) which is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program (an "Eligible Institution"). Signatures on this Letter of Transmittal need not be guaranteed (a) if this Letter of Transmittal is signed by the registered holder(s) of the Shares (which term, for purposes of this document, shall include any participant in one of the Book-Entry Transfer Facilities whose name appears on a security position listing as the owner of Shares) tendered herewith and such holder(s) have not completed the instruction entitled "Special Delivery Instruments" or "Special Payment Instructions" on this Letter of Transmittal or (b) if such Shares are tendered for the account of an Eligible Institution. See Instruction 5.

2. DELIVERY OF LETTER OF TRANSMITTAL AND SHARES. This Letter of Transmittal is to be used if certificates are to be forwarded herewith pursuant to the procedures set forth in "The Tender Offer -- 3. Procedure for Tendering Shares" of the Offer to Purchase. Certificates for all physically delivered Shares, or a confirmation of a book-entry transfer into the Depositary's account at one of the Book-Entry Transfer Facilities of all Shares delivered electronically, as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof) (or, in the case of a book-entry delivery, an Agent's Message) and any other documents required by this Letter of Transmittal, must be received by the Depositary at one of its addresses set forth on the front page of this Letter of Transmittal by the Expiration Date. Stockholders who cannot deliver their Shares and all other required documents to the Depositary by the Expiration Date must tender their Shares pursuant to the guaranteed delivery procedure set forth in "The Tender Offer -- 3. Procedure for Tendering Shares" of the Offer to Purchase. Pursuant to such procedure: (a) such tender must be made by or through an Eligible Institution, (b) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Purchaser must be received by the Depositary by the Expiration Date and (c) the certificates for all physically delivered Shares, or a confirmation of a book-entry transfer into the Depositary's account at one of the Book-Entry Transfer Facilities of all Shares delivered electronically, as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof) (or, in the case of a book-entry delivery, an Agent's Message) and any other documents required by this Letter of Transmittal, must be received by the Depositary within five Nasdaq Stock Market trading days after the date of execution of such Notice of Guaranteed Delivery, all as provided in "The Tender Offer -- 3. Procedure for Tendering Shares." If Shares are forwarded separately to the Depositary, each must be accompanied by a duly executed Letter

of Transmittal (or facsimile thereof).

The method of delivering Shares, the Letter of Transmittal and all other required documents including delivery through Book-Entry Transfer Facilities, is at the option and sole risk of the tendering stockholder and the delivery will be deemed made only when actually received by the Depositary. If delivery is by mail, registered mail with return receipt requested, properly issued, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted. By executing this Letter of Transmittal (or facsimile thereof), the tendering stockholder waives any right to receive any notice of the acceptance for payment of the Shares.

3. INADEQUATE SPACE. If the space provided herein is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate schedule attached hereto and separately signed on each page thereof in the same manner as this Letter of Transmittal is signed.

4. PARTIAL TENDERS (NOT APPLICABLE TO STOCKHOLDERS WHO TENDER BY BOOK-ENTRY TRANSFER). If fewer than all the Shares represented by any certificate delivered to the Depositary are to be tendered, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such case, a new certificate for the remainder of the Shares represented by the old certificate will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the appropriate box on this Letter of Transmittal, as promptly as practicable following the expiration or termination of the Offer. All Shares represented by certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. SIGNATURES ON LETTER OF TRANSMITTAL; STOCK POWERS AND ENDORSEMENTS. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificates without alteration, enlargement or any change whatsoever.

If any of the Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the purchase price is to be made, or Shares not tendered or not purchased are to be returned, in the name of any person other than the registered holder(s). Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on the certificates for such Shares. Signatures(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Purchaser of the authority of such person so to act must be submitted.

6. STOCK TRANSFER TAXES. The Purchaser will pay any stock transfer taxes with respect to the sale and transfer of any Shares to its or its order pursuant to the Offer. If, however, payment of the purchase price is to be made to, or Shares not tendered or not purchased are to be returned in the name of, any person other than the registered holder(s), or if a transfer tax is imposed for any reason other than the sale or transfer of Shares to the Purchaser pursuant to the Offer, then the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted herewith.

EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT WILL NOT BE NECESSARY FOR TRANSFER TAX STAMPS TO BE AFFIXED TO THE CERTIFICATES LISTED IN THIS LETTER OF TRANSMITTAL.

7. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If the check for the purchase price of any Shares purchased is to be issued, or any Shares not tendered or not purchased are to be returned, in the name of a person other than the person(s) signing this Letter of Transmittal or if the check or any certificates for Shares not tendered or not purchased are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed. Stockholders tendering Shares by book-entry transfer may request that Shares not purchased be credited to such account at any of the Book-Entry Transfer Facilities as such stockholder may designate under "Special Payment Instructions." If no such instructions are given, any such Shares not purchased will be returned by crediting the account at the Book-Entry Transfer Facilities designated above.

8. SUBSTITUTE FORM W-9. Under the federal income tax laws, the Depositary will be required to backup withhold 31% of the amount of any payments made to certain stockholders pursuant to the Offer. In order to avoid such backup withholding, each tendering stockholder, and, if applicable, each other payee, must provide the Depositary with such stockholder's or payee's correct taxpayer identification number and certify that such stockholder or payee is not subject to such backup withholding by completing the Substitute Form W-9 set forth above. In general, if a stockholder or payee is an individual, the taxpayer identification number is the Social Security number of such individual. If the Depositary is not provided with the correct taxpayer identification number, the stockholder or payee may be subject to a $50 penalty imposed by the Internal Revenue Service ("IRS"). Certain stockholders or payees (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order to satisfy the Depositary that a foreign individual qualifies as an exempt recipient, such stockholder or payee must submit a statement, signed under penalties of perjury,

attesting to that individual's exempt status. Such statements can be obtained from the Depositary. For further information concerning backup withholding and instructions for completing the Substitute Form W-9 (including how to obtain a taxpayer identification number if you do not have one and how to complete the Substitute Form W-9 if Shares are held in more than one name), consult the enclosed GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9.

Failure to complete the Substitute Form W-9 will not, by itself, cause Shares to be deemed invalidly tendered, but may require the Depositary to withhold 31% of the amount of any payments made pursuant to the Offer. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of a person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained provided that the required information is furnished to the IRS.

NOTE: FAILURE TO COMPLETE AND RETURN THE SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

9. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Requests for assistance or additional copies of the Offer to Purchase and this Letter of Transmittal may be obtained from the Information Agent or Dealer Managers at their respective addresses or telephone numbers set forth below.

10. LOST, DESTROYED OR STOLEN CERTIFICATES. If any certificate(s) representing Shares has been lost, destroyed or stolen, the stockholder should promptly notify the Depositary. Instructions will then be given to what steps must be taken to obtain a replacement certificate(s). The Letter of Transmittal and related documents cannot be processed until the procedures for replacing such missing certificate(s) have been followed.

NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ ACCOMPANYING INSTRUCTIONS CAREFULLY

/ / CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:
Name of Tendering Institution
Account No. at
/ / The Depository Trust Company
/ / Philadelphia Depository Trust Company
Transaction Code No.

/ / CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:
Name(s) of Registered Stockholder(s)
Window Ticket Number (if any)
Date of Execution of Notice of Guaranteed Delivery
Name of Institution which Guaranteed Delivery
If delivery is by book entry transfer:
Name of Tendering Institution
/ / DTC / / PHILADEP (check one) Account No.
Transaction Code No.

Ladies and Gentlemen:

The undersigned hereby tenders to AAC Acquisition, Inc., a Massachusetts corporation ("Purchaser") and wholly owned subsidiary of Abbott Laboratories, the above-described shares of Common Stock, par value $.01 per share and/or shares of Class B Common Stock, par value $.01 per share (collectively, the "Shares") of MediSense, Inc., a Massachusetts corporation (the "Company"), pursuant to the Purchaser's offer to purchase all of the outstanding Shares at a price of $45.00 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated April 4, 1996, receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Offer").

Subject to, and effective upon, acceptance for payment of the Shares tendered herewith in accordance with the terms of the Offer, including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment, the undersigned hereby sells, assigns and transfers to or upon the order of the Purchaser all right, title and interest in and to all the Shares that are being tendered hereby or orders the registration of such Shares delivered by book-entry transfer (and any and all other Shares or other securities issued or issuable in respect thereof on or after April 4, 1996 and any or all dividends thereon or distributions with respect thereto (collectively, "Distributions") and irrevocably appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares (and all Distributions), with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver certificates for such Shares (and all such other shares or securities), or transfer ownership of such Shares (and all Distributions) on the account books maintained by any of the Book-Entry Transfer Facilities, together, in any such case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Purchaser upon receipt by the Depositary, as the undersigned's agent, of the purchase price, (b) present such Shares (and all Distributions) for transfer on the books of the Company and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (and all Distributions), all in accordance with the terms of the Offer.

The undersigned hereby irrevocably appoints Miles D. White, Gary P. Coughlan and Jose M. de Lasa and each of them, the attorneys-in-fact and proxies of the undersigned, each with full power of substitution, to exercise all voting and other rights of the undersigned in such manner as each such attorney and proxy or his substitute shall in his sole discretion deem proper, with respect to all of the Shares tendered hereby which have been accepted for payment by the Purchaser prior to the time of any vote or other action at any meeting of stockholders of the Company (whether annual or special and whether or not an adjourned meeting), by written consent or otherwise. This power of attorney and proxy is coupled with an interest and is irrevocable and is granted in consideration of, and is effective upon, the acceptance for payment of such Shares by the Purchaser in accordance with the terms of the Offer. Such acceptance for payment shall revoke, without any further action, any other power of attorney or proxy granted by the undersigned at any time with respect to such Shares, and no subsequent power of attorney or proxies will be given or will be executed by the undersigned (and if given or executed, will not be deemed to be effective). The undersigned understands that the Purchaser reserves the right to require that, in order for such Shares to be deemed validly tendered, immediately upon the Purchaser's acceptance for payment of such Shares, the Purchaser is able to exercise full voting rights with respect to such Shares and other securities, including voting at any meeting of stockholders.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares and all Distributions tendered hereby and that when the same are accepted for payment by the Purchaser, the Purchaser will acquire good and marketable title and unencumbered ownership thereto, free and clear of all liens, restrictions, charges, security interests, and encumbrances and not subject to any adverse claims. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depositary or the Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares and all Distributions tendered hereby. In addition, the undersigned will promptly remit and transfer to the Depositary for the account of the Purchaser any and all Distributions in respect of the Shares tendered hereby, accompanied by appropriate documentation of transfer and, pending such remittance or appropriate assurance thereof, the Purchaser shall be entitled to all rights and privileges as owner of any such Distributions, and may withhold the entire purchase price or deduct from the purchase price of Shares tendered hereby, the amount or value thereof, as determined by the Purchaser in its sole discretion.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer, this tender is irrevocable.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described under "The Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase and in the instructions hereto will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer.

The undersigned recognizes that, under certain circumstances set forth in the Offer to Purchase, the Purchaser may terminate or amend the Offer or may not be required to accept for payment any of the Shares tendered herewith.

Unless otherwise indicated under "Special Payment Instructions," please issue the check for the purchase price and/or return any Shares not tendered or accepted for payment in the name(s) of the undersigned. Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the purchase price and/or return any Share certificates not tendered or accepted for payment (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Payment Instructions" and "Special Delivery Instructions" are completed, please issue the check for the purchase price and/or return any Shares not tendered or accepted for payment in the name(s) of, and deliver said check and/or return certificates to, the person or persons so indicated. Stockholders tendering Shares by book-entry transfer may request that any Shares not accepted for payment be returned by crediting such account maintained at such Book-Entry Transfer Facility as such stockholder may designate by making an appropriate entry under "Special Payment Instructions." The undersigned recognizes that the Purchaser has no obligation pursuant to the "Special Payment Instructions" to transfer any Shares from the name of the registered holder thereof if the Purchaser does not accept for payment any of such Shares.

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or stock certificates for Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned.
Issue check and/or certificates to:
Name
(PLEASE PRINT)
Address
- ---
(ZIP CODE)
- ---
(TAXPAYER IDENTIFICATION NO. OR SOCIAL SECURITY NO.)
(COMPLETE SUBSTITUTE FORM W-9)

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or stock certificates for Shares not tendered or not purchased are to be mailed to someone other than the undersigned or to the undersigned at an address other than that shown below the undersigned's signature(s).
Mail check and/or certificates to:
Name
(PLEASE PRINT)
Address
- ---
(ZIP CODE)

SIGN HERE
(PLEASE COMPLETE SUBSTITUTE FORM W-9 BELOW)

X
SIGNATURE(S) OF OWNER(S)

Dated , 1996

Name(s)
(PLEASE PRINT)

- ---

Capacity (full title)

Address

- ---
(INCLUDE ZIP CODE)

Area Code and Telephone No.

Tax Identification or Social Security No.
(COMPLETE SUBSTITUTE W-9 ON REVERSE SIDE)

(Must be signed by registered holder(s) exactly as name(s) appear(s) on stock certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5.)

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 5)

Name of Firm

Authorized Signature

Name

Address

Area Code and Telephone Number

Dated , 1996

TO BE COMPLETED BY ALL TENDERING STOCKHOLDERS
(SEE INSTRUCTION 8)

PAYER'S NAME: [----------]

SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)	PART I--PLEASE PROVIDE YOUR TIN IN THE BOX AT THE RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	Social security number or Employer identification number

Certification. -- Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me);

(2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS -- You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out such item (2).

SIGNATURE DATE , 1996

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU ARE AWAITING A TAX IDENTIFICATION NUMBER.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 31% of all reportable payments made to me will be withheld, but that such amounts will be refunded to me if I then provide a Taxpayer Identification Number within sixty (60) days.

Signature _____ Date _____

Facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. The Letter of Transmittal, certificates of Shares and any other required documents should be sent or delivered by each stockholder of the Company or his broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below:

DEPOSITARY FOR THE OFFER IS:
THE FIRST NATIONAL BANK OF BOSTON

BY MAIL:
Shareholder Services Division
P.O. Box 1889
Mail Stop 45-02-53
Boston, Massachusetts 02105
(800) 730-4001

BY FACSIMILE TRANSMISSION:
(617) 575-2232
(617) 575-2233
(For Eligible Institutions Only)

BY HAND OR OVERNIGHT COURIER:
Banc Boston Trust Company
of New York
55 Broadway, Third Floor
New York, New York

CONFIRM FACSIMILE BY TELEPHONE:
(800)730-4001
(For Confirmation Only)

BY OVERNIGHT COURIER:
The First National Bank of Boston
Shareholder Services Division
150 Royall Street
Mail Stop: 45-02-53
Canton, Massachusetts 02021

Questions and requests for assistance may be directed to the Information Agent or the Dealer Managers at their respective addresses and telephone numbers listed below. Additional copies of this Offer to Purchase, the Letter of Transmittal and other tender offer materials may be obtained from the Information Agent as set forth below, and will be furnished promptly at Purchaser's expense. You may also contact the Dealer Managers or your broker, dealer, commercial bank, trust company or other nominee for assistance concerning this Offer.

THE INFORMATION AGENT IS:

[LOGO]

Wall Street Plaza
New York, New York 10005
1-800-223-2064

THE DEALER MANAGERS FOR THE OFFER ARE:

GOLDMAN, SACHS & CO.
85 Broad Street
New York, New York 10004
In New York State: (212) 902-1000 (collect)
Other Areas: (800) 323-5678 (toll free)

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
AND CLASS B COMMON STOCK
OF
MEDISENSE, INC.
AT
$45.00 NET PER SHARE
BY
AAC ACQUISITION, INC.
A WHOLLY OWNED SUBSIDIARY OF
ABBOTT LABORATORIES

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, MAY 1, 1996, UNLESS THE OFFER IS EXTENDED.

April 4, 1996

To Our Clients:

Enclosed for your consideration are the Offer to Purchase dated April 4, 1996 (the "Offer to Purchase") and the related Letter of Transmittal (which, together with any amendments or supplements thereto, constitute the "Offer") in connection with the offer by AAC Acquisition, Inc., a Massachusetts corporation (the "Purchaser") and wholly owned subsidiary of Abbott Laboratories to purchase all of the outstanding shares of MediSense, Inc.'s Common Stock, $.01 par value per share, and Class B Common Stock, $.01 par value per share (together, the "Shares"), at a price of $45.00 per Share, net to the seller in cash, without interest thereon, upon the terms and conditions set forth in the Offer. We are (or our nominee is) the holder of record of the Shares held for your account. A tender of such Shares can be made only by us as the holder of record and pursuant to your instructions. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

THE BOARD OF DIRECTORS OF MEDISENSE, INC. HAS UNANIMOUSLY APPROVED THE OFFER AND THE MERGER AND RECOMMENDS THAT STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES.

We request instructions as to whether you wish us to tender any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Please note carefully the following:

1. The tender price is $45.00 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer.

2. The Offer, proration period and withdrawal rights expire at 12:00 Midnight, New York City time, on Wednesday, May 1, 1996, unless the Offer is extended.

3. The Offer is being made for all of the Shares of Common Stock and Class B Common Stock.

4. THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (1) THERE BEING VALIDLY TENDERED AND NOT PROPERLY WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES WHICH CONSTITUTES AT LEAST A MAJORITY OF THE OUTSTANDING SHARES OF MEDISENSE, INC. ON A FULLY DILUTED BASIS, AND (2) THE EXPIRATION OR TERMINATION OF ANY APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED. SEE "THE TENDER OFFER -- 13. CERTAIN CONDITIONS OF THE OFFER" IN THE OFFER TO PURCHASE.

5. Any brokerage fees, commissions or stock transfer taxes applicable to the sale of the Shares to the Purchaser pursuant to the Offer will be paid by such Purchaser, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing, detaching and returning to us the instruction form set forth below. An envelope to return your instructions to us is enclosed. If you authorize tender of your Shares, all such Shares will be tendered unless otherwise specified on the instruction form set forth below.

YOUR INSTRUCTIONS SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF BY THE EXPIRATION OF THE OFFER. THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, MAY 1, 1996, UNLESS THE PURCHASER EXTENDS THE OFFER.

The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of the Shares in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions the laws of which require that the Offer be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by Goldman, Sachs & Co. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

INSTRUCTIONS WITH RESPECT TO
OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES
OF COMMON STOCK AND CLASS B COMMON STOCK
OF
MEDISENSE, INC.

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated April 4, 1996 and the related Letter of Transmittal (which collectively constitute the "Offer") in connection with the offer by AAC Acquisition, Inc., a Massachusetts corporation and wholly owned subsidiary of Abbott Laboratories, to purchase all of the outstanding shares of common stock, par value $.01 per share and Class B common stock, par value $.01 per share (together, the "Shares").

This will instruct you to tender the number of Shares indicated below held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal.

Number(1) of Shares to be Tendered: _____ Shares of Common Stock

_____ Shares of Class B Common Stock

Account Number: _____

Dated: _____, 1996

SIGN HERE

Signature(s):_____

Print Name(s):_____

Print Address(es):_____

Area Code and Telephone No.:_____

Taxpayer ID No. or Social Security No.:_____

(1)Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

GOLDMAN, SACHS & CO.
85 BROAD STREET
NEW YORK, NEW YORK 10004

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK AND CLASS B COMMON STOCK
OF
MEDISENSE, INC.
AT
$45.00 NET PER SHARE
BY
AAC ACQUISITION, INC.
A WHOLLY OWNED SUBSIDIARY OF

ABBOTT LABORATORIES

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT,
NEW YORK CITY TIME, ON WEDNESDAY, MAY 1, 1996, UNLESS THE OFFER IS EXTENDED.

April 4, 1996

TO BROKERS, DEALERS, COMMERCIAL
BANKS, TRUST COMPANIES AND OTHER NOMINEES:

We have been appointed by AAC Acquisition, Inc., a Massachusetts corporation and wholly owned subsidiary of Abbott Laboratories (the "Purchaser"), to act as Dealer Managers in connection with the Purchaser's offer to purchase all of the outstanding shares of Common Stock, $.01 par value per share, and Class B Common Stock, $.01 par value per share (together, the "Shares"), of MediSense, Inc., a Massachusetts corporation (the "Company"), at $45.00 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Purchaser's Offer to Purchase, dated April 4, 1996 (the "Offer to Purchase") and the related Letter of Transmittal (which together constitute the "Offer").

THE OFFER IS SUBJECT TO SEVERAL CONDITIONS CONTAINED IN THE OFFER TO PURCHASE INCLUDING, AMONG OTHER THINGS (1) THERE BEING VALIDLY TENDERED AND NOT PROPERLY WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES WHICH CONSTITUTES AT LEAST A MAJORITY OF THE OUTSTANDING SHARES OF THE COMPANY ON A FULLY DILUTED BASIS, AND (2) THE EXPIRATION OR TERMINATION OF ANY APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS CONTAINED IN THE OFFER TO PURCHASE. SEE "THE TENDER OFFER -- 13. CERTAIN CONDITIONS OF THE OFFER" IN THE OFFER TO PURCHASE.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated April 4, 1996.

2. Letter of Transmittal to tender Shares for your use and for the information of your clients, together with GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 providing information relating to backup federal income tax withholding (facsimile copies of the Letter of Transmittal may be used to tender Shares);

3. Notice of Guaranteed Delivery for Shares to be used to accept the Offer if the certificates for the Shares being tendered and all other required documents are not immediately available or cannot be delivered to the Depositary by the Expiration Date (as defined in the Offer to Purchase) or if procedures for book-entry transfer cannot be completed by the Expiration Date;

4. A printed form of letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer; and

5. A letter to MediSense, Inc. stockholders.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON WEDNESDAY, MAY 1, 1996, UNLESS THE OFFER IS EXTENDED.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the Purchaser will accept for payment and pay for the Shares which are validly tendered prior to the Expiration Date and not theretofore properly withdrawn when, as and if the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance of such Shares for payment pursuant to the Offer. Payment for the Shares purchased pursuant to the Offer will in all cases be made only after timely receipt by the Depositary of certificates for the Shares or timely confirmation of a book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company or the Philadelphia Depository Trust Company, pursuant to the procedures described in "The Tender Offer--3. Procedure for Tendering Shares" of the Offer to Purchase, a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) or an Agent's Message in connection with a book-entry transfer, and all other documents required by the Letter of Transmittal.

If holders of Shares wish to tender their Shares, but it is impracticable for them to forward their Share certificates or other required documents to the Depositary on or prior to the Expiration Date or to comply with the book-entry transfer procedure on a timely basis, a tender may be effected by following the guaranteed delivery procedures specified in "The Tender Offer--3. Procedure for Tendering Shares" in the Offer to Purchase.

The Purchasers will not pay any fees or commissions to any broker or dealer or other person (other than to the Dealer Managers as described in the Offer to Purchase) for soliciting tenders of the Shares pursuant to the Offer. The Purchasers will, however, upon request, reimburse you for reasonable and necessary costs and expenses incurred by you in forwarding materials to your customers. The Purchaser will pay or cause to be paid all stock transfer taxes applicable to its purchase of Shares pursuant to the Offer, subject to Instruction 6 of the Letter of Transmittal.

Any inquiries you may have with respect to the Offer should be addressed to, and additional copies of the enclosed materials may be obtained from, the Information Agent or the undersigned at the addresses and telephone numbers set forth on the back cover of the Offer to Purchase and the Letter of Transmittal.

Very truly yours,

GOLDMAN, SACHS & CO.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF THE PURCHASER, THE COMPANY, ANY AFFILIATE OF THE COMPANY, THE DEALER MANAGERS, THE INFORMATION AGENT OR THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HEREWITH AND THE STATEMENTS CONTAINED THEREIN.

NOTICE OF GUARANTEED DELIVERY
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

TO TENDER SHARES OF COMMON STOCK AND CLASS B COMMON STOCK
OF
MEDISENSE, INC.
PURSUANT TO THE OFFER TO PURCHASE DATED APRIL 4, 1996

OF

AAC ACQUISITION, INC.

A WHOLLY OWNED SUBSIDIARY OF

ABBOTT LABORATORIES

This Notice of Guaranteed Delivery, or one substantially equivalent to the attached form, must be used to accept the Offer (as defined below) if (i) certificates for shares of Common Stock, par value $.01 per share and/or certificates for shares of Class B Common Stock, par value $.01 per share (together, the "Shares"), of MediSense, Inc. and all other documents required by the Letter of Transmittal cannot be delivered to the Depositary by the expiration of the Offer (as defined in the Offer to Purchase) or (ii) the procedures for delivery of book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand or sent by facsimile transmission or mail to the Depositary. See "The Tender Offer -- 3. Procedure for Tendering Shares" in the Offer to Purchase.

THE DEPOSITARY FOR THE OFFER IS:

The First National Bank of Boston

BY MAIL:
Shareholder Services Division
P.O. Box 1889
Mail Stop 45-02-53
Boston, Massachusetts 02105
(800) 730-4001

BY FACSIMILE TRANSMISSION:
(for Eligible Institutions Only)
(617) 575-2232
(617) 575-2233
CONFIRM FACSIMILE BY TELEPHONE:
(For Confirmation Only)
(800)730-4001

BY HAND:
BancBoston Trust Company of New York
55 Broadway, Third Floor
New York, New York
BY OVERNIGHT COURIER:
The First National Bank of Boston
Shareholder Services Division
150 Royall Street
Mail Stop: 45-02-53
Canton, Massachusetts 02021

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature of a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to AAC Acquisition, Inc. (the "Purchaser"), upon the terms and subject to the conditions set forth in the Offer to Purchase dated April 4, 1996 and the related Letter of Transmittal (which together constitute the Offer), receipt of which is hereby acknowledged, the number (indicated below) of Shares pursuant to the guaranteed delivery procedure set forth in "The Tender Offer -- 3. Procedure for Tendering Shares" of the Offer to Purchase.

Number of Shares being tendered hereby: ---------- Shares of Common Stock

Shares of Class B Common Stock

Certificate No(s). (if available): ----------

If Shares will be tendered by book-entry transfer:
Name of Tendering Institution
Account No. at
/ / The Depository Trust Company
/ / Philadelphia Depository Trust Company

SIGN HERE:

(SIGNATURE(S))

(NAME(S) OF RECORD HOLDERS)
(PLEASE PRINT)

(ADDRESS)

(ZIP CODE)

(AREA CODE AND TELEPHONE NO.)

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm which is a member of a registered national securities exchange or the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office, branch or agency in the United States, hereby (a) represents that the above named person(s) "own(s)" the Shares tendered hereby within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended, (b) represents that such tender complies with Rule 14e-4 and (c) guarantees to deliver to the Depositary the Shares tendered hereby, together with a properly completed and duly executed Letter(s) of Transmittal (or facsimile(s) thereof) or an Agent's Message as defined in the Offer to Purchase in the case of a book-entry delivery, and any other required documents, all within five Nasdaq Stock Market trading days of the date hereof.

---------- ----------
(NAME OF FIRM) (AUTHORIZED SIGNATURE)

---------- ----------
(ADDRESS) (NAME)

---------- ----------
(ZIP CODE) (TITLE)

(AREA CODE AND TELEPHONE NO.)

Dated: , 1996.

DO NOT SEND STOCK CERTIFICATES WITH THIS FORM.
YOUR STOCK CERTIFICATES MUST BE SENT WITH THE LETTER OF TRANSMITTAL.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYOR--Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payor.

FOR THIS TYPE OF ACCOUNT:	GIVE THE SOCIAL SECURITY NUMBER OF--
1. An individual's account	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)
5. Sole proprietorship account	The owner(3)

FOR THIS TYPE OF ACCOUNT:	GIVE THE EMPLOYER IDENTIFICATION NUMBER OF--
6. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title)(4)
7. Corporate account	The corporation
8. Association, club, religious, charitable, educational or other tax-exempt organization	The organization
9. Partnership account	The partnership
10. A broker or registered nominee	The broker or nominee
11. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish.

(2) Circle the minor's name and furnish the minor's social security number.

(3) Show the name of the owner.

(4) List first and circle the name of the valid trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER (TIN) ON SUBSTITUTE FORM W-9
(Section references are to the Internal Revenue Code)

NAME

If you are an individual, generally provide the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, please enter your first name and both the last name shown on your social security card and your new last name.

OBTAINING A NUMBER

If you don't have a taxpayer identification number ("TIN"), apply for one immediately. To apply, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS").

PAYEES AND PAYMENTS EXEMPT FROM BACKUP WITHHOLDING

The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in (1) through (13), and a person registered under the Investment Advisors Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except that a corporation that provides medical and health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting.

(1) A corporation.

(2) An organization exempt from tax under section 501(a), or an individual retirement plan ("IRA"), or a custodial account under section 403(b)(7).

(3) The United States or any agencies or instrumentalities.

(4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.

(5) A foreign government or any of its political subdivisions

(6) An international organization or any of its agencies or instrumentalities.

(7) A foreign central bank of issue.

(8) A dealer in securities or commodities required to register in the U.S. or a possession of the U.S.

(9) A futures commission merchant registered with the Commodity Futures Trading Commission.

(10) A real estate investment trust.

(11) An entity registered at all times during the tax year under the Investment Company Act of 1940.

(12) A common trust fund operated by a bank under section 584(a).

(13) A financial institution.

(14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc. Nominee List.

(15) A trust exempt from tax under Section 664 or described in section 4947.

Payments of dividends generally not subject to backup withholding also include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
- Payments made by certain foreign organizations.

Payments of interest generally not subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals.

NOTE: YOU MAY BE SUBJECT TO BACKUP WITHHOLDING IF THIS INTEREST IS $600 OR MORE AND IS PAID IN THE COURSE OF THE PAYOR'S TRADE OR BUSINESS AND YOU HAVE

NOT PROVIDED YOUR CORRECT TIN TO THE PAYOR.

- Payments of tax-exempt interest (including exempt-interest dividends under section 852).

- Payments described in section 6049(b)(5) to nonresident aliens.

- Payments on tax-free covenant bonds under section 1451.

- Payments made by certain foreign organizations.

- Mortgage interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A, and 6050N, and the regulations under those sections.

PRIVACY ACT NOTICE. -- Section 6109 requires you to furnish your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are qualified to file a tax return. Payors must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a TIN to a payor. Certain penalties may also apply.

PENALTIES

(1) FAILURE TO FURNISH TIN. -- If you fail to furnish your correct TIN to a payor, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING. -- If you make a false statement with no reasonable basis that results in no imposition of backup withholding, you are subject to a penalty of $500.

(3) CRIMINAL PENALTY FOR FALSIFYING INFORMATION. -- Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION
CONTACT YOUR TAX CONSULTANT OR THE IRS

THIS ANNOUNCEMENT IS NEITHER AN OFFER TO PURCHASE NOR A SOLICITATION OF AN OFFER TO SELL SHARES. THE OFFER IS MADE SOLELY BY THE OFFER TO PURCHASE DATED APRIL 4, 1996 AND THE RELATED LETTER OF TRANSMITTAL, AND IS BEING MADE TO ALL HOLDERS OF SHARES, EXCEPT IN ANY JURISDICTION WHERE THE MAKING OF SUCH WOULD BE ILLEGAL. THE PURCHASER IS NOT AWARE OF ANY STATE IN WHICH THE MAKING OF THE OFFER IS PROHIBITED BY ADMINISTRATIVE OR JUDICIAL ACTION PURSUANT TO A STATE STATUTE. IF THE PURCHASER BECOMES AWARE OF ANY STATE WHERE THE MAKING OF THE OFFER IS SO PROHIBITED, THE PURCHASER WILL MAKE A GOOD FAITH EFFORT TO COMPLY WITH ANY SUCH STATUTE OR SEEK TO HAVE SUCH STATUTE DECLARED INAPPLICABLE TO THE OFFER. IF, AFTER SUCH GOOD FAITH EFFORT, THE PURCHASER CANNOT COMPLY WITH ANY APPLICABLE STATUTE, THE OFFER WILL NOT BE MADE TO (NOR WILL TENDERS BE ACCEPTED FROM OR ON BEHALF OF) HOLDERS OF SHARES IN SUCH STATE. IN ANY JURISDICTIONS, THE SECURITIES LAWS OR BLUE SKY LAWS OF WHICH REQUIRE THE OFFER TO BE MADE BY A LICENSED BROKER OR DEALER, THE OFFER SHALL BE DEEMED TO BE MADE ON BEHALF OF THE PURCHASER, IF AT ALL, BY GOLDMAN, SACHS & CO., AS DEALER MANAGERS, OR ONE OR MORE REGISTERED BROKERS OR DEALERS THAT ARE LICENSED UNDER THE LAWS OF, AND REPRESENT THE STOCKHOLDER RESIDING IN, SUCH JURISDICTION.

NOTICE OF OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF
COMMON STOCK AND CLASS B COMMON STOCK

OF

MEDISENSE, INC.

AT

$45.00 NET PER SHARE

BY

AAC ACQUISITION, INC.

A WHOLLY OWNED SUBSIDIARY OF

ABBOTT LABORATORIES

AAC Acquisition, Inc., a Massachusetts corporation (the "Purchaser"), which is wholly owned by Abbott Laboratories, an Illinois corporation ("Parent"), is offering to purchase any and all shares of common stock, par value $.01 per share, and Class B common stock, par value $.01 per share (together, the "Shares"), of MediSense, Inc., a Massachusetts corporation (the "Company"), at $45.00 per Share (the "Offer Price"), net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated April 4, 1996 (the "Offer to Purchase") and in the related Letter of Transmittal (which, together, constitute the "Offer").

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THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK TIME, ON WEDNESDAY, MAY 1, 1996 (THE "EXPIRATION DATE"), UNLESS THE OFFER IS EXTENDED.

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THE OFFER IS CONDITIONED, AMONG OTHER THINGS, UPON SATISFACTION, IN PURCHASER'S SOLE DISCRETION, OF THE FOLLOWING CONDITIONS: (1) THE CONDITION (THE "MINIMUM CONDITION") THAT THERE SHALL HAVE BEEN VALIDLY TENDERED AND NOT PROPERLY WITHDRAWN ON OR PRIOR TO THE EXPIRATION DATE OF THE OFFER A NUMBER OF SHARES REPRESENTING NOT LESS THAN A MAJORITY OF THE COMPANY'S OUTSTANDING VOTING POWER ON A FULLY DILUTED BASIS ON THE DATE OF PURCHASE, AND (2) THE EXPIRATION OR TERMINATION OF ANY APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED.

CERTAIN OTHER CONDITIONS TO THE OFFER ARE DESCRIBED IN "THE TENDER OFFER--SECTION 13. CERTAIN CONDITIONS OF THE OFFER" IN THE OFFER TO PURCHASE. THE PURCHASER ESTIMATES THAT APPROXIMATELY 9,740,000 SHARES WILL NEED TO BE VALIDLY TENDERED (AND NOT VALIDLY WITHDRAWN) TO SATISFY THE MINIMUM CONDITION.

The Offer is being made in connection with an Agreement and Plan of Merger (the "Merger Agreement") dated as of March 29, 1996 among the Company, Purchaser and Parent. Pursuant to the Merger Agreement, and on the terms and subject to the conditions set forth therein, Purchaser will merge with and into the Company (the "Merger"), with the Company to be the surviving corporation in such Merger, and each outstanding Share of the Company (other than Shares held by Parent, Purchaser or the Company, which will be cancelled, and Shares held by stockholders who properly exercise appraisal rights under Massachusetts law) will be converted into the right to receive an amount equal to the Offer Price. Following the consummation of the Merger, the Company will continue as the surviving corporation and will be a wholly owned subsidiary of Parent. At Purchaser's option, the Merger may be alternatively structured so that any direct or indirect subsidiary of Parent is merged with and into the Company. See "The Tender Offer--Section 10. Purpose of the Offer; the Merger Agreement" in the Offer to Purchase.

THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY HAS DETERMINED THAT THE OFFER AND THE MERGER, TAKEN TOGETHER, ARE FAIR TO, AND IN THE BEST INTERESTS OF, THE COMPANY AND ITS STOCKHOLDERS AND UNANIMOUSLY HAS APPROVED THE OFFER AND THE MERGER AND RECOMMENDS THAT STOCKHOLDERS OF THE COMPANY ACCEPT THE OFFER AND TENDER THEIR SHARES. SEE "RECOMMENDATION OF THE COMPANY'S BOARD OF DIRECTORS" IN THE OFFER TO PURCHASE.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not validly withdrawn, as, if and when the Purchaser gives oral or written notice to The First National Bank of Boston (the "Depositary") of the Purchaser's acceptance of such Shares for payment pursuant to the Offer. In all cases, upon the terms and subject to the conditions of the Offer, payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payments from the Purchaser and transmitting such payments to validly tendering stockholders. Under no circumstances will interest on the purchase price for Shares be paid by the Purchaser by reason of any delay in making such payment. In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (a) certificates for such Shares ("Share Certificates") or timely confirmation of the book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company or the Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities"), pursuant to the procedures set forth in "The Tender Offer--Section 3. Procedures for Tendering Shares" in the Offer to Purchase, (b) the Letter of Transmittal (or facsimile thereof) properly completed and duly executed with any required signature guarantees (or, alternatively, an Agent's Message, as set forth in the Offer to Purchase) and (c) any other documents required by the Letter of Transmittal.

The term "Expiration Date" means 12:00 Midnight, New York City time, on Wednesday, May 1, 1996, unless and until the Purchaser, in its sole discretion, shall have extended the period of time for which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Purchaser, shall expire. The Purchaser expressly reserves the right, in its sole discretion, at any time and from time to time, to extend the period during which the Offer is open for any reason, including the nonsatisfaction of any of the conditions specified in the Offer to Purchase, by giving oral or written notice of such extension to the Depositary, followed as promptly as practicable by public announcement no later than 9:00 A.M., New York City time, on the next business day after the previously scheduled Expiration Date. During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of tendering stockholders to withdraw such stockholder's Shares.

The Purchaser's acceptance for payment of Shares tendered pursuant to any one of the procedures described in the Offer to Purchase and in the Letter of Transmittal will constitute a binding agreement between the tendering stockholder and the Purchaser upon the terms and subject to the conditions of the Offer. Except as otherwise provided in "The Tender Offer--Section 4. Withdrawal Rights" in the Offer to Purchase, tenders of Shares made pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time on or prior to the Expiration Date and, unless theretofore accepted for payment as provided herein, may also be withdrawn at any time after June 2, 1996. For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Depositary at its address set forth on the back cover of the Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, and if Share Certificates have been tendered, the name of the registered holder of the Shares as set forth in the Share Certificate, if different from that of the person who tendered such Shares. If Share Certificates have been delivered or otherwise identified to the Depositary, then prior to the physical release of such certificates, the tendering stockholder must submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in the Offer to Purchase), except in the case of Shares tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the

procedures for book-entry transfer as set forth in "The Tender Offer--Section 3. Procedure for Tendering Shares" in the Offer to Purchase, the notice of withdrawal must specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn Shares, in which case a notice of withdrawal will be effective if a written or facsimile transmission notice of withdrawal is timely received by the Depositary at its address set forth on the back cover of the Offer to Purchase. Withdrawals of Shares may not be rescinded. Any Shares properly withdrawn will be deemed not validly tendered for purposes of the Offer, but may be retendered at any subsequent time prior to the Expiration Date by following any of the procedures described in "The Tender Offer--Section 3. Procedure for Tendering Shares" in the Offer to Purchase. All questions as to the form and validity (including time of receipt) of any notices of withdrawal will be determined by the Purchaser, in its sole discretion whose determination will be final and binding.

The information required to be disclosed by Rule 14d-6(e)(1) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

The Company has provided the Company's stockholder list and security position listings to the Purchaser for the purpose of disseminating the Offer to stockholders. The Offer to Purchase and the related Letter of Transmittal and, if required, other relevant materials will be mailed to stockholders whose names appear on the Company's stockholder list and will be furnished for subsequent transmittal to beneficial owners of Shares,

to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security listing.

STOCKHOLDERS ARE URGED TO READ THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CAREFULLY BEFORE DECIDING WHETHER TO TENDER THEIR SHARES.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Managers at the addresses and telephone numbers set forth below. Requests for copies of the Offer to Purchase and the related Letter of Transmittal and other tender Offer materials may be directed to the Information Agent or the Dealer Managers or brokers, dealers, commercial banks and trust companies and such materials will be furnished promptly at the Purchaser's expense. The Purchaser will not pay any fees or commissions to brokers, dealers, or other persons (other than the Information Agent and the Dealer Managers) for soliciting tenders of Shares pursuant to the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:

GEORGESON
& COMPANY INC.

Wall Street Plaza
New York, New York 10005
Banks and Brokers call collect (212) 440-9800

ALL OTHERS CALL TOLL FREE: 1-800-223-2064

April 4, 1996

THE DEALER MANAGERS FOR THE OFFER ARE:

GOLDMAN, SACHS & CO.
85 BROAD STREET
NEW YORK, NEW YORK 10004
IN NEW YORK STATE: (212) 902-1000 (COLLECT)
OTHER AREAS: (800) 323-5678 (TOLL FREE)

ABBOTT LABORATORIES TO ACQUIRE MEDISENSE, INC.

Abbott Part, Ill., and Waltham, Ma., March 29, 1996 -- Abbott Laboratories (NYSE: ABT) and MediSense, Inc. (NASDAQ:MSNS) today announced that they have signed a definitive agreement through which Abbott will acquire MediSense, the biosensor technology leader in blood glucose self-testing systems for people with diabetes.

Under the terms of the agreement, Abbott will make a tender offer to acquire 100 percent of the outstanding shares of MediSense for $45 per share, or an equity value of approximately $876 million. The Abbott and MediSense boards of directors have endorsed the offer. The tender offer is expected to be completed in approximately five weeks, subject to regulatory approvals and customary closing conditions. Following the tender offer, MediSense will be merged into a wholly-owned subsidiary of Abbott Laboratories, and each remaining MediSense shareholder will receive $45 per share in exchange for each MediSense share held.

"We are extremely pleased to add MediSense's superior technology and outstanding people to our company," said Duane L. Burnham, chairman and chief executive officer of Abbott Laboratories. "MediSense fits very well with our diagnostics operations, and will create many opportunities for synergy with our other divisions as well."

According to Miles D. White, senior vice president, diagnostics operations, the acquisition advances Abbott's interests in the glucose monitoring market. "This important strategic step, combined with other internal and external initiatives to secure industry-leading technology in glucose monitoring, will position Abbott very favorably in this market. In addition to providing immediate access to the fastest-growing segment of the diagnostics market, MediSense's research and development program will augment our existing work to develop and commercialize future non-invasive monitoring technologies," said White.

"We are delighted to become a part of the world's leading diagnostics company," said Robert L. Coleman, Ph.D., president and chief executive officer of MediSense. "The combination of the two organizations will accelerate market growth and will ensure continued development and availability of therapies to improve the care of people with diabetes."

MediSense manufactures products that allow people with diabetes to routinely measure blood glucose which is critical to diabetes management. The products are compact, easy-to-use home glucose meters and disposable single-use test strips. MediSense was the first company to develop a biosensor-based blood glucose self-testing system. MediSense's leading system, the Precision Q/ /I/ /D-TM-, provides accurate results, with less blood, faster than any competition product.

The MediSense subsidiary of Abbott will continue to be located in Massachusetts, with Dr. Coleman remaining as president of the subsidiary. MediSense is a worldwide developer, manufacturer and marketer of blood glucose self-testing systems that enable people with diabetes to manage their disease more effectively. MediSense believes the convenience and simplicity of its products promote increased testing compliance by individual with diabetes and provide for more effective management of their condition.

Abbott Laboratories is a diversified global manufacturer of health care products, employing 50,000 people researches, develops and markets pharmaceutical, diagnostic, nutritional and hospital products. In 1995, the company's sales and net earnings were $10.0 billion and $1.7 billion, respectively, with earnings per share of $2.12.

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The Purchaser commenced the Offer on April 4, 1996.

EXHIBIT 3

April 4, 1996

Dear Stockholder:

We are pleased to report that, on March 29, 1996, MediSense, Inc. entered into a merger agreement with Abbott Laboratories and one of its subsidiaries that provides for the acquisition of MediSense by Abbott at a price of $45.00 per share in cash. Under the terms of the proposed transaction, an Abbott subsidiary is today commencing a cash tender offer for all outstanding shares of MediSense common stock and class B common stock at $45.00 per share. Following the successful completion of the Abbott tender offer, the Abbott subsidiary will be merged into MediSense and all shares not purchased in the Abbott tender offer will be converted into the right to receive $45.00 per share in cash in the merger.

YOUR BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE ABBOTT TENDER OFFER AND DETERMINED THAT THE TERMS OF THE TENDER OFFER AND THE MERGER, TAKEN TOGETHER, ARE FAIR TO, AND IN THE BEST INTERESTS OF, MEDISENSE AND ITS STOCKHOLDERS. ACCORDINGLY, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT ALL MEDISENSE STOCKHOLDERS ACCEPT THE ABBOTT TENDER OFFER AND TENDER THEIR SHARES TO ABBOTT.

In arriving at its recommendations, the Board of Directors gave careful consideration to a number of factors. These factors included the opinion of Alex. Brown & Sons Incorporated, financial advisors to MediSense, that the cash consideration of $45.00 per share to be received by MediSense stockholders pursuant to the Abbott tender offer and the merger is fair from a financial point of view to such stockholders.

Accompanying this letter is a copy of MediSense's Solicitation/Recommendation Statement on Schedule 14D-9. Also enclosed is Abbott's Offer to Purchase and related materials, including a Letter of Transmittal for use in tendering shares. We urge you to read the enclosed materials, including Alex. Brown's fairness opinion which is attached to the Schedule 14D-9, carefully.

The management and directors of MediSense thank you for the support you have given the company.

Sincerely,

Richard C.E. Morgan
CHAIRMAN OF THE BOARD

Robert L. Coleman, Ph.D.
PRESIDENT AND CHIEF EXECUTIVE OFFICER

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

Among

MEDISENSE, INC.,

ABBOTT LABORATORIES

and

AAC ACQUISITION, INC.

dated as of March 29, 1996

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of March 29, 1996, is among MediSense, Inc., a Massachusetts corporation (the "Company"), Abbott Laboratories, an Illinois corporation ("Parent") and AAC Acquisition, Inc., a Massachusetts corporation and a wholly owned subsidiary of Parent ("Acquisition").

WHEREAS, the Board of Directors of Parent, Acquisition and the Company have each approved the acquisition of the Company by Parent upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, in furtherance thereof, it is proposed that Acquisition shall make a tender offer to acquire all outstanding shares of common stock, par value $0.01 per share, of the Company (the "Common Stock") and all outstanding shares of class B common stock, par value $0.01 per share,of the Company (the "Class B Common Stock" and together with the Common Stock, the "Shares"), for a cash amount of $45.00 per Share (such amount, or any greater amount per Share paid pursuant to the tender offer, being hereinafter referred to as the "Per Share Amount") in accordance with the terms and subject to the conditions provided for herein (the "Offer");

WHEREAS, the Board of Directors of the Company (the "Board") has (i) determined that the consideration to be paid for each Share in the Offer and the Merger (as defined below) is fair to and in the best interests of the stockholders of the Company and (ii) approved this Agreement and the transactions contemplated hereby and resolved to recommend acceptance of the Offer and approval and adoption of this Agreement by the stockholders of the Company; and

WHEREAS, the Boards of Directors of Parent and Acquisition have each approved the merger (the "Merger") of Acquisition with and into the Company following the Offer in accordance with the General Laws of the Commonwealth of Massachusetts ("Massachusetts Law") upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Company, Parent and Acquisition hereby agree as follows;

ARTICLE I

THE OFFER

Section 1.1 THE OFFER. (a) Provided that this Agreement shall not have been terminated in accordance with Section 8.1, as promptly as practicable, but in no event later than the fifth business day following the public announcement of the terms of this Agreement, Acquisition shall commence the Offer. The obligation of Acquisition to accept for payment and pay for Shares tendered pursuant to the Offer shall be subject to the condition that a number of Shares representing not less than a majority of the Company's outstanding voting power (assuming the exercise of all outstanding options to purchase shares of Common Stock and the conversion of all outstanding shares of Class B Common Stock into Common Stock) shall have been validly tendered and not withdrawn prior to the expiration date of the Offer (the "Minimum Condition"), and the obligation of Acquisition to accept for payment and pay for Shares tendered pursuant to the Offer shall be subject to the other conditions set forth in Annex A hereto. It is agreed that the Minimum Condition and the other conditions set forth in Annex A hereto are for the sole benefit of Acquisition and may be asserted by Acquisition regardless of the circumstances giving rise to any such condition unless Parent, Acquisition or their affiliates shall have caused the circumstances giving rise to such condition. Acquisition expressly reserves the right in its sole discretion to waive, in whole or in part, at any time or from time to time, any such condition (other than the Minimum Condition, which may not be waived without the prior written consent of the Company), to increase the price per Share payable in the Offer or to make any other changes in the terms and conditions of the Offer; PROVIDED that, unless previously approved by the Company in writing, no change may be made that decreases the price per Share payable in the Offer, changes the form of consideration payable in the Offer, reduces the maximum number of Shares to be purchased in the Offer or imposes conditions to the Offer in addition to those set forth in Annex A hereto. Acquisition covenants and agrees that, subject to the conditions of the Offer set forth in Annex A hereto, Acquisition shall accept for payment and pay for Shares which have been validly tendered and not withdrawn pursuant to the Offer as soon as it is permitted to do so under applicable law; PROVIDED that, if the number of Shares that have been validly tendered and not withdrawn represent less than 90% of the Shares outstanding on a fully diluted basis, Acquisition may extend the Offer up to the tenth business day following the date on which all conditions to the Offer shall first have been satisfied or waived. The Per Share Amount payable in the Offer shall be paid net to the seller in cash, upon the terms and subject to the conditions of the Offer. Acquisition agrees that

if all conditions set forth in Annex A are not satisfied on the initial expiration date of the Offer, Acquisition shall extend (and re-extend) the Offer through June 30, 1996 to provide time to satisfy such conditions; PROVIDED that, if Acquisition shall not have purchased Shares pursuant to the Offer prior to June 30, 1996 as the result of the receipt by the Company of an Acquisition Proposal (as defined below) or as a result a failure of the applicable waiting period under the HSR Act (as defined below) to expire or the failure to obtain any necessary governmental or regulatory approvals, Acquisition shall extend (and re-extend) the Offer through September 30, 1996.

(b) As soon as practicable on the date of commencement of the Offer, Parent and Acquisition shall file with the Securities and Exchange Commission (the "SEC") a Tender Offer Statement on Schedule 14D-1 with respect to the Offer which will contain the offer to purchase and form of the related letter of transmittal (together with any supplements or amendments thereto, the "Offer Documents"). Parent, Acquisition and the Company each agrees promptly to correct any information provided by it for use in the Offer Documents if and to the extent that any such information shall have become false or misleading in any material respect and Parent and Acquisition each further agrees to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. The Company and its counsel shall be given a reasonable opportunity to review and comment on the Offer Documents prior to their filing with the SEC and shall be provided with any comments Parent, Acquisition and their counsel may receive from the SEC or its staff with respect to the Offer Documents promptly after receipt of such comments.

Section 1.2 COMPANY ACTION. (a) The Company hereby approves of and consents to the Offer and represents and warrants that the Board, at a meeting duly called and held on March 29, 1996, unanimously (i) determined that this Agreement and the transactions contemplated hereby, including the Offer and the Merger, are fair to and in the best interests of the stockholders of the Company, (ii) approved this Agreement and the transactions contemplated hereby, including the Offer and the Merger and (iii) resolved to recommend that the stockholders of the Company accept the Offer, tender their Shares thereunder to Acquisition and, if required by applicable law, approve and adopt this Agreement and the Merger. The Company further represents and warrants that Alex. Brown & Sons Incorporated ("Alex. Brown") has delivered to the Board its written opinion to the effect that, as of the date of such opinion, the consideration to be received by the holders of Shares pursuant to the Offer and the Merger is fair to such holders from a financial point of view. The Company has been authorized by Alex. Brown to permit the inclusion of such

fairness opinion in the Offer Documents and the Schedule 14D-9 referred to below and the Proxy Statement referred to in Section 4.7. Subject to the fiduciary duties of the Board under applicable law (as determined in good faith after consultation with independent counsel), the Company hereby consents to the inclusion in the Offer Documents of the recommendations of the Board described in this Section 1.2(a).

(b) As soon as practicable on the date of commencement of the Offer, the Company shall file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 (together with any amendments or supplements thereto, the "Schedule 14D-9") and shall mail the Schedule 14D-9 to the stockholders of the Company promptly after the commencement of the Offer. The Schedule 14D-9 shall, subject to the fiduciary duties of the Board under applicable law (as determined in good faith after consultation with independent counsel), at all times contain the determinations, approvals and recommendations described in Section 1.2(a). Parent, Acquisition and the Company each agrees promptly to correct any information provided by it for use in the Schedule 14D-9 if and to the extent that any such information shall have become false or misleading in any material respect and the Company further agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Parent, Acquisition and their counsel shall be given a reasonable opportunity to review and comment on the Schedule 14D-9 prior to its filing with the SEC and shall be provided with any comments the Company and its counsel may receive from the SEC or its staff with respect to the Schedule 14D-9 promptly after receipt of such comments.

(c) In connection with the Offer, the Company will promptly furnish Acquisition with mailing labels, security position listings and any available listing or computer file containing the names and addresses of the record holders of the Shares as of a recent date and shall furnish Acquisition with such additional information and assistance (including, without limitation, updated lists of stockholders, mailing labels and lists of securities positions) as Acquisition or its agents may reasonably request in communicating the Offer to the record and beneficial holders of Shares. Subject to the requirements of applicable law, and except for such steps as are necessary to disseminate the Offer Documents and any other documents necessary to consummate the Merger, Acquisition and its affiliates and associates shall hold in confidence the information contained in any such labels, listings and files, will use such information only in connection with the Offer and the Merger, and, if this Agreement shall be terminated, will deliver to the Company all copies of such information then in their possession.

Section 1.3 BOARDS OF DIRECTORS AND COMMITTEES; SECTION 14(f). (a) Promptly upon the purchase by Acquisition of Shares pursuant to the Offer and from time to time thereafter, Acquisition shall be entitled to designate up to such number of directors, rounded up to the next whole number, on the Board that equals the product of (i) the total number of directors on the Board (giving effect to the election of any additional directors pursuant to this Section) and (ii) the percentage that the number of Shares owned by Acquisition and its affiliates (including any Shares purchased pursuant to the Offer) bears to the total number of outstanding Shares, and the Company shall, upon request by Acquisition, subject to the provisions of Section 1.3(b), promptly either increase the size of the Board (and shall, if necessary, amend the Company's By-Laws to permit such an increase) or use its reasonable best efforts to secure the resignation of such number of directors as is necessary to enable Acquisition's designees to be elected to the Board and shall cause Acquisition's designees to be so elected. Promptly upon request by Acquisition, the Company will, subject to the provisions of Section 1.3(b), use its reasonable best efforts to cause persons designated by Acquisition to constitute the same percentage as the number of Acquisition's designees to the Board bears to the total number of directors on the Board on (i) each committee of the Board, (ii) each board of directors or similar governing body or bodies of each subsidiary of the Company designated by Acquisition and (iii) each committee of each such board or body.

(b) The Company's obligations to appoint designees to the Board shall be subject to Section 14(f) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14f-1 promulgated thereunder. The Company shall promptly take all actions required pursuant to Section 14(f) and Rule 14f-1 in order to fulfill its obligations under this Section 1.3 and shall include in the Schedule 14D-9 or a separate Rule 14f-1 Statement provided to shareholders such information with respect to the Company and its officers and directors as is required under Section 14(f) and Rule 14f-1. Parent or Acquisition will supply to the Company in writing and be solely responsible for any information with respect to either of them and their nominees, officers, directors and affiliates required by Section 14(f) and Rule 14f-1.

(c) Following the election or appointment of Acquisition's designees pursuant to this Section 1.3 and prior to the Effective Time (as defined below), any amendment of this Agreement or the Restated Articles of Organization or By-Laws of the Company, any termination of this Agreement by the Company, any extension by the Company of the time for the performance of any of the obligations or other acts of Parent or Acquisition or any waiver of any of the Company's rights hereunder will require

the concurrence of a majority of the directors of the Company then in office who are not designees of Acquisition or employees of the Company.

ARTICLE II

THE MERGER

Section 2.1 THE MERGER. At the Effective Time (as defined below) and upon the terms and subject to the conditions of this Agreement and Massachusetts Law, Acquisition shall be merged with and into the Company whereupon the separate corporate existence of Acquisition shall cease and the Company shall continue as the surviving corporation (the "Surviving Corporation"). At Acquisition's option, the Merger may be structured so that any direct or indirect subsidiary of Parent is merged with and into the Company. In the event of such election, the parties agree to execute an appropriate amendment to this Agreement in order to reflect such election.

Section 2.2 EFFECTIVE TIME; CLOSING. As soon as practicable after the satisfaction or waiver of the conditions set forth in Article VII, the parties hereto will file articles of merger with the Secretary of the Commonwealth of Massachusetts and make all other filings or recordings required by Massachusetts Law in connection with the Merger. The Merger shall become effective at such time as the articles of merger are duly filed with the Secretary of the Commonwealth of Massachusetts, or at such later time as is specified in the articles of merger (the "Effective Time"). Prior to such filing, a closing shall be held at the offices of Mayer, Brown & Platt, 190 South LaSalle Street, Chicago, Illinois 60603, or such other place as the parties shall agree, for the purpose of confirming the satisfaction or waiver of the conditions set forth in Article VII.

Section 2.3 EFFECTS OF THE MERGER; SUBSEQUENT ACTIONS. (a) The Merger shall have the effects set forth in Massachusetts Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the properties, rights, privileges, powers and franchises of the Company and Acquisition shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Acquisition shall become the debts, liabilities and duties of the Surviving Corporation.

(b) If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its

right, title or interest in, to or under any of the rights, properties or assets of the Company or Acquisition acquired or to be acquired by the Surviving Corporation as a result of or in connection with the Merger, or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of the Company or Acquisition, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of such corporations or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm of record or otherwise any and all right, title and interest in, to and under such rights, properties or assets of the Surviving Corporation or otherwise to carry out this Agreement.

Section 2.4 ARTICLES OF ORGANIZATION; BY-LAWS. (a) Subject to Section 6.5, at the Effective Time, the Articles of Organization of Acquisition in effect immediately prior to the Effective Time shall be the Articles of Organization of the Surviving Corporation until amended in accordance with applicable law; PROVIDED, however, that at the Effective Time, Article I of the Articles of Organization of the Surviving Corporation shall be amended to read as follows: "The name by which the corporation shall be known is MediSense, Inc."

(b) The By-Laws of Acquisition in effect at the Effective Time shall be the By-Laws of the Surviving Corporation until amended in accordance with applicable law.

(c) The Articles of Organization of the Surviving Corporation shall state that the purpose of the Surviving Corporation shall be to carry on any manufacturing, mercantile, selling, management, service or other business, operation or activity which may be lawfully carried on by a corporation organized under Massachusetts Law. The Surviving Corporation initially shall be authorized to issue up to 1,000 shares of its common stock, par value $0.01 per share.

Section 2.5 DIRECTORS. The directors of Acquisition at the Effective Time shall be the initial directors of the Surviving Corporation, each to hold office in accordance with the Articles of Organization and By-Laws of the Surviving Corporation and until his or her successor is duly elected and qualified.

Section 2.6 OFFICERS. The officers of the Company at the Effective Time, and any additional individuals designated by Parent, shall be the initial officers of the Surviving Corporation, each to hold office in accordance with the Articles of Organization and By-Laws of the Surviving Corporation and until his or her successor is duly appointed and qualified.

Section 2.7 CONVERSION OF SECURITIES. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Acquisition, the Company or the holder of any of the following securities:

(a) Each Share issued and outstanding immediately prior to the Effective Time (other than Shares to be cancelled pursuant to Section 2.7(b) hereof and Dissenting Shares (as defined in Section 3.1)), shall by virtue of the Merger and without any action on the part of the holder thereof be cancelled and extinguished and be converted into the right to receive an amount equal to the Per Share Amount (the "Merger Consideration").

(b) Each Share issued and outstanding immediately prior to the Effective Time and owned by Parent or Acquisition or any direct or indirect subsidiary of Parent or Acquisition, or which is held in the treasury of the Company or any of its subsidiaries, shall be cancelled and retired and no payment of any consideration shall be made with respect thereto.

(c) Each share of common stock, par value $0.01 per share, of Acquisition issued and outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Corporation.

Section 2.8 STOCK OPTIONS. Immediately prior to the Effective Time, each outstanding option (including any related stock appreciation right) (an "Option") issued pursuant to the Company's 1983 Stock Option Plan, 1992 Directors' Stock Option Plan, 1993 Stock Option Plan, 1995 U.K. Stock Option Scheme and 1995 Directors' Stock Option Plan or any other option plan or agreement of the Company or other outstanding options to purchase Common Stock granted by the Company to its executive officers, whether or not then exercisable, shall be cancelled by the Company, and each holder of a cancelled Option shall be entitled to receive at the Effective Time or as soon as practicable thereafter from the Company in consideration for the cancellation of such Option an amount in cash (less applicable withholding taxes) equal to the product of (i) the number of shares of Common Stock previously subject to such Option and (ii) the excess, if any, of the Merger Consideration over the exercise price per share of Common Stock previously subject to such Option.

Section 2.9 COMPANY EMPLOYEE STOCK PURCHASE PLAN. The Company shall take such actions as are necessary to cause the exercise date applicable to the then current Purchase Period (as defined in the Company's 1994 Employee Stock Purchase Plan (the "Stock Purchase Plan")) to be the last trading day on which the Common Stock is traded on the Nasdaq National Market immediately

prior to the Effective Time (the "Final Company Purchase Date"); PROVIDED that such change in the exercise date shall be conditioned upon the consummation of the Merger. On the Final Company Purchase Date, the Company shall apply the funds credited as of such date under the Company Stock Purchase Plan within each participant's payroll withholdings account to the purchase of whole shares of Common Stock in accordance with the terms of the Company Stock Purchase Plan. The cost to each participant in the Company Stock Purchase Plan for shares of the Common Stock shall be the lower of 85% of the closing sale price of the Common Stock, as reported by Nasdaq National Market (as published in THE WALL STREET JOURNAL) on (i) the first day of the then current Purchase Period or (ii) the last trading day on or prior to the Final Company Purchase Date.

Section 2.10 STOCKHOLDERS' MEETING. If approval by the Company's stockholders is required by applicable law to consummate the Merger, the Company, acting through the Board, shall in accordance with applicable law and subject to the fiduciary duties of the Board under applicable law (as determined in good faith after consultation with independent counsel), as soon as practicable following the consummation of the Offer:

(i) duly call, give notice of, convene and hold an annual or special meeting of its stockholders (the "Stockholders' Meeting") for the purpose of considering and taking action upon this Agreement;

(ii) include in the Proxy Statement (as defined in Section 4.7) the recommendation of the Board that stockholders of the Company vote in favor of the approval and adoption of this Agreement and the transactions contemplated hereby; and

(iii) use its reasonable best efforts (A) to obtain and furnish the information required to be included by it in the Proxy Statement and, after consultation with Parent, respond promptly to any comments made by the SEC with respect to the Proxy Statement and any preliminary version thereof and cause the Proxy Statement to be mailed to its stockholders at the earliest practicable time following the consummation of the Offer and (B) to obtain the necessary approvals by its stockholders of this Agreement and the transactions contemplated hereby.

At such meeting, Parent and Acquisition will vote all Shares owned by them in favor of this Agreement and the transactions contemplated hereby.

ARTICLE III

DISSENTING SHARES; EXCHANGE OF SHARES

Section 3.1 DISSENTING SHARES. Notwithstanding anything in this Agreement to the contrary, Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such Shares in accordance with Massachusetts Law ("Dissenting Shares") shall not be converted into a right to receive the Merger Consideration unless such holder fails to perfect or withdraws or otherwise loses his, her or its right to appraisal. If, after the Effective Time, such holder fails to perfect or withdraws or loses his, her or its right to appraisal, such Shares shall be treated as if they had been converted as of the Effective Time into a right to receive the Merger Consideration without interest thereon. The Company shall give Parent prompt notice of any demands received by the Company for appraisal of Shares, and, prior to the Effective Time, Parent shall have the right to participate in all negotiations and proceedings with respect to such demands. Prior to the Effective Time, the Company shall not, except with the prior written consent of Parent, make any payment with respect to, or settle or offer to settle, any such demands.

Section 3.2 EXCHANGE OF CERTIFICATES. (a) Prior to the Effective Time, a bank or trust company shall be designated by Parent (the "Paying Agent") to act as agent in connection with the Merger to receive the funds to which holders of Shares shall become entitled pursuant to Section 2.7(a). Promptly after the Effective Time, the Surviving Corporation shall cause to be mailed to each record holder, as of the Effective Time, of a certificate or certificates (the "Certificates") that, prior to the Effective Time, represented Shares and a form of letter of transmittal and instructions for use in effecting the surrender of the Certificates for payment of the Merger Consideration therefor. Upon the surrender of each such Certificate formerly representing Shares, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, the Paying Agent shall pay the holder of such Certificate the Merger Consideration multiplied by the number of Shares formerly represented by such Certificate, in exchange therefor, and such Certificate shall forthwith be cancelled. Until so surrendered and exchanged, each such Certificate (other than Certificates representing Dissenting Shares or Shares held by Parent, Acquisition or the Company, or any direct or indirect subsidiary thereof) shall represent solely the right to receive the Merger Consideration. No interest shall be paid or accrue on the Merger Consideration. If the Merger Consideration (or any portion thereof) is to be delivered to any person other than the person in whose name the Certificate

formerly representing Shares surrendered in exchange therefor is registered, it shall be a condition to such exchange that the Certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such exchange shall pay to the Paying Agent any transfer or other taxes required by reason of the payment of the Merger Consideration to a person other than the registered holder of the Certificate surrendered, or shall establish to the satisfaction of the Paying Agent that such tax has been paid or is not applicable.

(b) When and as needed, Parent or Acquisition shall deposit, or cause to be deposited, in trust with the Paying Agent the Merger Consideration to which holders of Shares shall be entitled at the Effective Time pursuant to Section 2.7(a) hereof.

(c) The Merger Consideration shall be invested by the Paying Agent, as directed by Parent, provided such investments shall be limited to direct obligations of the United States of America, obligations for which the full faith and credit of the United States of America is pledged to provide for the payment of principal and interest, commercial paper rated of the highest quality by Moody's Investors Service, Inc. or Standard & Poor's Corporation, or certificates of deposit issued by a commercial bank having at least $1,000,000,000 in assets.

(d) Promptly following the date which is six months after the Effective Time, Parent will cause the Paying Agent to deliver to the Surviving Corporation all cash and documents in its possession relating to the transactions described in this Agreement, and the Paying Agent's duties shall terminate. Thereafter, each holder of a Certificate formerly representing a Share may surrender such Certificate to the Surviving Corporation and (subject to applicable abandoned property, escheat and similar laws) receive in exchange therefor the Merger Consideration, without any interest thereon.

(e) After the Effective Time, there shall be no transfers on the stock transfer books of the Surviving Corporation of any Shares. If, after the Effective Time, Certificates formerly representing Shares are presented to the Surviving Corporation or the Paying Agent, they shall be cancelled and exchanged for the Merger Consideration, as provided in this Article III, subject to applicable law in the case of Dissenting Shares.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the schedules delivered by the Company to Parent and Acquisition concurrently with the execution of this Agreement and the SEC Reports (as defined in Section 4.5) filed prior to the date hereof, the Company represents and warrants to Parent and Acquisition as follows:

Section 4.1 ORGANIZATION AND QUALIFICATION; SUBSIDIARIES. (a) Each of the Company and its subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power and authority would not, individually or in the aggregate, have a material adverse effect on the business, assets, liabilities, results of operations, reserves or financial condition of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect"); PROVIDED, HOWEVER, that the term Material Adverse Effect shall not include a material adverse change which affects the glucose monitoring industry as a whole.

(b) Each of the Company and its subsidiaries is duly qualified or licensed and in good standing to do business in each jurisdiction (including any foreign country) in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not, individually or in the aggregate, have a Material Adverse Effect.

(c) The Company has heretofore made available to Parent complete and correct copies of the Company's Restated Articles of Organization and By-Laws and the equivalent organizational documents of each of its subsidiaries, each as amended to the date hereof. Such Restated Articles of Organization, By-Laws and equivalent organizational documents are in full force and effect and no other organizational documents are applicable to or binding upon the Company or its subsidiaries. The Company is not in violation of any of the provisions of its Restated Articles of Organization or By-Laws and no subsidiary of the Company is in violation of any of the provisions of such subsidiary's equivalent organizational documents except, in each case, for such violations that would not, individually or in the aggregate, have a Material Adverse Effect.

(d) The Company has heretofore furnished to Parent a complete and correct list of all entities in which the Company owns, directly or indirectly, any equity or voting interest, which list sets forth the amount of capital stock of or other

equity interests in such entities, directly or indirectly. No entity in which the Company owns, directly or indirectly, less than a 50% equity interest is, individually or when taken together with all other such entities, material to the business of the Company and its subsidiaries, taken as a whole. Neither the Company, nor any of its subsidiaries, is subject to any outstanding material obligation or has made any commitment to purchase any additional equity interests, make any capital contributions to or invest any funds in any business or entity other than any wholly-owned subsidiary of the Company.

Section 4.2 CAPITALIZATION OF THE COMPANY AND ITS SUBSIDIARIES. The authorized capital stock of the Company consists of (i) 30,000,000 shares of Common Stock of which, as of March 28, 1996, 16,792,849 shares of Common Stock were issued and outstanding (including 8,173 shares subject to restrictions issued pursuant to employee benefit plans of the Company and its subsidiaries or otherwise), (ii) 3,000,000 shares of class A common stock, par value $0.01 per share, of which, as of March 28, 1996, no shares were issued and outstanding, (iii) 1,500,000 shares of Class B Common Stock, of which, as of March 28, 1996, 897,340 shares were issued and outstanding and (iv) 1,000,000 shares of undesignated preferred stock, of which, as of March 28, 1996, no shares were issued and outstanding. All outstanding shares of capital stock of the Company have been validly issued, and are fully paid, nonassessable and free of preemptive rights. As of March 28, 1996, Options to purchase an aggregate of 2,500,913 shares of Common Stock were outstanding and the weighted average exercise price of such Options was $12.8656 per share of Common Stock. Except as set forth above, and except as a result of the exercise of Options outstanding as of March 28, 1996, there are outstanding (i) no shares of capital stock or other voting securities of the Company, (ii) no securities of the Company convertible into or exchangeable for shares of capital stock or voting securities of the Company, (iii) no options, subscriptions, warrants, convertible securities, calls or other rights to acquire from the Company, and no obligation of the Company to issue, deliver or sell any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company and (iv) no equity equivalents, interests in the ownership or earnings of the Company or other similar rights (collectively, "Company Securities"). There are no outstanding obligations of the Company or any of its subsidiaries to repurchase, redeem or otherwise acquire any Company Securities, other than the Company's obligations hereunder to cancel the Options. Each of the outstanding shares of capital stock of each of the Company's subsidiaries is duly authorized, validly issued, fully paid and nonassessable and is directly or indirectly owned by the Company, free and clear of all security interests, liens, claims, pledges, charges, voting agreements or other encumbrances of any nature

whatsoever (collectively, "Liens"). There are no existing options, calls or commitments of any character relating to the issued or unissued capital stock or other securities of any subsidiary of the Company.

Section 4.3 AUTHORITY RELATIVE TO THIS AGREEMENT. The Company has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the transactions so contemplated (other than, with respect to the Merger, the approval and adoption of this Agreement by the holders of a majority of the outstanding Shares if and to the extent required by applicable law and the filing of the appropriate merger documents as required by Massachusetts Law). This Agreement has been duly and validly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company enforceable against the Company in accordance with its terms.

Section 4.4 NON-CONTRAVENTION; REQUIRED FILINGS AND CONSENTS. (a) The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby (including the Merger) do not and will not (i) contravene or conflict with the Restated Articles of Organization or By-Laws of the Company or the equivalent organizational documents of any of its subsidiaries; (ii) assuming that all consents, authorizations and approvals contemplated by subsection (b) below have been obtained and all filings described therein have been made, contravene or conflict with or constitute a violation of any provision of any law, regulation, judgment, injunction, order or decree binding upon or applicable to the Company, any of its subsidiaries or any of their respective properties; (iii) conflict with, or result in the breach or termination of any provision of or constitute a default (with or without the giving of notice or the lapse of time or both) under, or give rise to any right of termination, cancellation, or loss or impairment of any benefit to which the Company or any of its subsidiaries is entitled under any provision of any agreement, contract, license or other instrument binding upon the Company, any of its subsidiaries or any of their respective properties, or allow the acceleration of the performance of, any obligation of the Company or any of its subsidiaries under any indenture, mortgage, deed of trust, lease, license, contract, instrument or other agreement to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of their respective assets or properties is subject or bound; or (iv) result in the

creation or imposition of any Lien on any asset of the Company or any of its subsidiaries, except in the case of clauses (ii), (iii) and (iv) for any such contraventions, conflicts, violations, breaches, terminations, defaults, cancellations, losses, accelerations and Liens which would not individually or in the aggregate have a Material Adverse Effect or materially interfere with the consummation of the transactions contemplated by this Agreement.

(b) The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby (including the Merger) by the Company require no action by or in respect of, or filing with, any governmental body, agency, official or authority (either domestic, foreign or supranational) other than (i) the filing of articles of merger in accordance with Massachusetts Law; (ii) compliance with any applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"); (iii) compliance of any applicable requirements of any laws or regulations relating to the regulation of monopolies or competition in Germany; (iv) compliance with any applicable requirements of the Exchange Act and state securities, takeover and Blue Sky laws; and (v) such actions or filings which, if not taken or made, would not, individually or in the aggregate, have a Material Adverse Effect or materially interfere with the consummation of the transactions contemplated by this Agreement.

Section 4.5 SEC REPORTS. (a) The Company has filed all required forms, reports and documents with the SEC since July 8, 1994 (collectively, the "SEC Reports"), each of which has complied in all material respects with applicable requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act. As of their respective dates, none of the SEC Reports, including, without limitation, any financial statements or schedules included therein, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited consolidated interim financial statements of the Company included in the SEC Reports fairly present, in all material respects and in conformity with generally accepted accounting principles applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject to normal year-end adjustments in the case of any unaudited interim financial statements).

(b) Except as reflected or reserved against in the audited consolidated balance sheet of the Company and its subsidiaries at December 31, 1995, the Company and its subsidiaries have no liabilities of any nature (whether accrued, absolute, contingent or otherwise), except for liabilities incurred in the ordinary course of business since December 31, 1995 or liabilities which would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor any of its subsidiaries is liable as an indemnitor, guarantor, surety or endorser, and no person has the power to confess judgment against the Company or any of its subsidiaries, assets, properties or business except as would not, individually or in the aggregate, result in or reasonably be likely to result in a Material Adverse Effect.

Section 4.6 ABSENCE OF CERTAIN CHANGES; DERIVATIVES. (a) Since December 31, 1995, except as specifically disclosed in the SEC Reports filed prior to the date of this Agreement, neither the Company nor any of its subsidiaries has (A) except as disclosed on Schedule 4.6, taken any of the actions set forth in Sections 6.1(a), (c), (d), (g), (h)(i), (h)(ii), (h)(iii), (i), (j) or (k), (B) taken any of the actions set forth in Sections 6.1(e) or (f) except, in each case, as would not individually or in the aggregate, result in a Material Adverse Effect, or (C) entered into any transaction, or conducted its business or operations, other than in the ordinary course of business consistent with past practice. Since December 31, 1995, there has not been any change or event resulting in a Material Adverse Effect.

(b) As of the date hereof, there are no futures, forward, swap, option or swaption contract, or any other financial instruments with similar characteristics and/or generally characterized as a "derivative" security except as would not, individually or in the aggregate, result in or reasonably be likely to result in a Material Adverse Effect.

Section 4.7 SCHEDULE 14D-9; OFFER DOCUMENTS; PROXY STATEMENT. Neither the Schedule 14D-9, nor any of the information provided by the Company and/or by its auditors, legal counsel, financial advisors or other consultants or advisors specifically for use in the Offer Documents shall, on the respective dates the Schedule 14D-9, the Offer Documents or any supplements or amendments thereto are filed with the SEC or on the date first published, sent or given to the Company's stockholders, as the case may be, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The proxy or information statement or similar materials distributed to the Company's stockholders in

connection with the Merger, including any amendments or supplements thereto (the "Proxy Statement"), shall not, at the time filed with the SEC, at the time mailed to the Company's stockholders, at the time of the Stockholders' Meeting or at the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, the Company makes no representation or warranty with respect to any information provided by Parent, Acquisition and/or by their auditors, legal counsel, financial advisors or other consultants or advisors specifically for use in the Schedule 14D-9 or the Proxy Statement. The Schedule 14D-9 and the Proxy Statement will comply as to form in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder.

Section 4.8 FINDER'S FEE. No broker, finder, investment banker or other intermediary (other than Alex. Brown) is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of the Company. The Company has heretofore furnished to Parent a complete and correct copy of all agreements between the Company and Alex. Brown pursuant to which Alex. Brown would be entitled to any payment relating to the transactions contemplated hereby.

Section 4.9 ABSENCE OF LITIGATION. Except as disclosed on Schedule 4.9, there is no action, suit, claim, investigation or proceeding pending against or, to the knowledge of the Company, threatened against, the Company or any of its subsidiaries or any of their respective properties before any court or arbitrator or any administrative, regulatory or governmental body, or any agency or official (i) which, individually or in the aggregate, would reasonably be likely to have a Material Adverse Effect; (ii) which, as of the date of this Agreement, in any manner challenges or seeks to prevent, enjoin, alter or delay the Offer or the Merger or any of the other transactions contemplated hereby; or (iii) which, as of the date of this Agreement, alleges criminal action or inaction and which, as of the Effective Time, alleges any criminal action or inaction which would reasonably be likely to have a Material Adverse Effect. As of the date hereof, neither the Company nor any of its subsidiaries nor any of their respective properties is subject to any order, writ, judgment, injunction, decree, determination or award having, or which would reasonably be expected to have, a Material Adverse Effect or which would prevent or delay the consummation of the transactions contemplated hereby.

Section 4.10 TAXES. (a) All federal, state, local, foreign and other Tax returns, reports, information returns and statements of the Company and each of its subsidiaries (including any consolidated Tax returns that include the income or loss of the Company or any of its subsidiaries) required by law to be filed or sent as of the Effective Time have been or will be duly filed or sent, except where the failure to file or send such returns, reports or statements would not have a Material Adverse Effect and to the best knowledge of the Company such returns, reports and statements are or will be true, complete and correct in all respects, except where the failure to be true, complete and correct would not have a Material Adverse Effect. All federal, state, local, foreign and other taxes, assessments, fees and other governmental charges, including without limitation income, gross receipts, net proceeds, alternative or add-on minimum, ad valorem, value added, turnover, sales, use, property, personal property (tangible and intangible), stamp, leasing, lease, user, excise, duty, franchise, transfer, license, withholding, payroll, employment, fuel, excess profits, occupational and interest equalization, windfall profits, severance, and other charges (including interest and penalties) (collectively, "Taxes") imposed upon the Company or any of its subsidiaries or any of the properties, assets or income of the Company or any of its subsidiaries which are due and payable through the Effective Time or claimed by any taxing authority to be due and payable through the Effective Time have been or will be paid or reserved for, or adequate provision will be made therefor, as of the Effective Time, other than Taxes being contested in good faith by the Company or any of its subsidiaries and other than where the failure to pay, reserve or provide for such Taxes would not have a Material Adverse Effect. The most recent financial statements contained in the SEC Reports reflect an adequate tax reserve in accordance with Generally accepted accounting principles.

(b) Neither the IRS nor any other taxing authority or agency, domestic or foreign, has asserted or, to the best knowledge of the Company has threatened to assert, against the Company or its subsidiaries any deficiency or claim for additional Taxes which, if such deficiency or claims were finally resolved against the Company or its subsidiaries, would have a Material Adverse Effect.

(c) The Company and all of its subsidiaries have paid or are withholding and will pay when due to the proper taxing authorities all withholding amounts required to be withheld with respect to all Taxes, including without limitation sales and use Taxes and Taxes on income or benefits and taxes for unemployment, social security or other similar programs with respect to salary and other compensation of directors, officers and employees of the Company and its subsidiaries, except where the failure to

withhold and pay such Taxes would not have a Material Adverse Effect.

(d) Neither the Company nor any of its subsidiaries has any liability for any federal, state, local, foreign or other Taxes of any corporation or entity other than the Company and its subsidiaries, including without limitation any liability arising from the application of U.S. Treasury Regulations Section 1.1502-6 or any analogous provision of state, local or foreign law, except any liability that would not have a Material Adverse Effect.

(e) Neither the Company nor any of its subsidiaries is or has been a party to any Tax sharing agreement with any corporation other than the Company and its subsidiaries, except any Tax sharing agreement under which the liability of the Company or its subsidiaries would not have a Material Adverse Effect.

(f) To the best of the Company's knowledge and as of the date hereof, no person who holds 5 percent or more of the stock of the Company is a "foreign person" as defined in Section 1445(f)(3) of the Code.

Section 4.11 EMPLOYEE BENEFITS. (a) Schedule 4.11 lists all employee pension plans (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), all material employee welfare plans (as defined in Section 3(1) of ERISA), and all other material bonus, stock option, stock purchase, incentive, deferred compensation, supplemental retirement, severance or termination and other similar fringe or employee benefit plans, programs or arrangements, and any material current or former employment, executive compensation or severance contracts or agreements, written or otherwise, for the benefit of, or relating to, any employee of the Company, any trade or business (whether or not incorporated) which is a member of a controlled group including the Company or which is under common control with the Company (an "ERISA Affiliate") within the meaning of Section 414 of the Code, or Section 4001 of ERISA or any subsidiary of the Company, as well as each plan with respect to which the Company or an ERISA Affiliate could incur liability under Section 4069 (if such plan has been or were terminated) or Section 4212(c) of ERISA (together, all of the foregoing plans, programs, arrangements contracts or agreements referred to as the "Employee Plans"). There have been made available to Parent copies of (i) each such written Employee Plan (other than those referred to in Section 4(b)(4) of ERISA), and (ii) the most recent summary plan description and annual report on Form 5500 series, with accompanying schedules and attachments, filed with respect to each Employee Plan required to make such a filing. Except as provided at Section 4.11(c), for purposes of this Section 4.11,

the term "material," used with respect to any Employee Plan, shall mean that the Company or an ERISA Affiliate has incurred or may incur obligations, or has or may have liabilities, in an amount exceeding $400,000 with respect to, or may have or under, such Employee Plan.

(b) (i) None of the Employee Plans promises or provides retiree medical or other retiree welfare benefits to any person, and none of the Employee Plans is a "multiemployer plan" as such term is defined in Section 3(37) of ERISA: (ii) there has been no "prohibited transaction," as such term is defined in Section 406 of ERISA and Section 4975 of the Code, with respect to any Employee Plan, which could result in any material liability of the Company or any of its subsidiaries; (iii) all Employee Plans are in compliance in all material respects with the requirements prescribed by any and all statutes (including ERISA and the Code), orders or governmental rules and regulations currently in effect with respect thereto (including all applicable requirements for notification to participants or the Department of Labor, Internal Revenue Service (the "IRS") or Secretary of the Treasury) and the Company and each of its subsidiaries have performed all material obligations required to be performed by them under, are not in any material respect in default under or violation of, and have no knowledge of any default or violation by any other party to, any of the Employee Plans, (iv) each Employee Plan intended to qualify under Section 401(a) of the Code and each trust intended to qualify under Section 501(a) of the Code is the subject of a favorable determination letter from the IRS and, to the Company's knowledge, nothing has occurred which may reasonably be expected to impair such determination, (v) all contributions required to be made to any Employee Plan pursuant to Section 412 of the Code, or the terms of the Employee Plan, have been made on or before their due dates; (vi) none of the Employee Plans are subject to Title IV of ERISA and none is intended to be a VEBA under Section 501(c)(9).

(c) No amounts payable under any Employee Plan or pursuant to this Agreement (including but not limited to payments pursuant to Section 2.8 hereof) will fail to be deductible for federal income tax purposes by virtue of Section 280G of the Code. For purposes of this Section 4.11 the term "Employee Plan" shall include all Employee Plans described at Section 4.11(a), as well as any plan, program, arrangement, contract or agreement that would be an Employee Plan described at Section 4.11(a), but for the requirement that such plan, program, arrangement, contract or agreement be "material."

(d) The consummation of the transactions contemplated by this Agreement will not under any Employee Plans (i) entitle any current or former employee or officer of the Company or any ERISA Affiliate to severance pay, unemployment compensation or

any other payment, (except as expressly provided in this Agreement or (ii) accelerate the time of payment or vesting (except in the case of stock options), or increase the amount of compensation due any such employee or officer.

(e) There are no material pending, threatened or anticipated claims by or on behalf of any Employee Plan, by any employee or beneficiary covered under any such Employee Plan, or otherwise involving any such Plan (other than routine claims for benefits).

(f) The Company has the right to terminate any Plan which is a welfare benefit plan, as that term is defined in section 3(1) of ERISA.

Section 4.12 COMPLIANCE. Neither the Company nor any of its subsidiaries is in violation of, or has violated, any applicable provisions of (i) any laws, rules, statutes, orders, ordinances or regulations or (ii) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise, or other instrument or obligation to which the Company or its subsidiaries is a party or by which the Company or any of its subsidiaries or its or any of their respective properties are bound or affected, which, in the case of either subsection (i) or (ii), individually or in the aggregate, would result or reasonably be likely to result in a Material Adverse Effect. Without limiting the generality of the foregoing, neither the Company nor any of its subsidiaries is in violation of, or has violated any applicable provisions of the Foreign Corrupt Practices Act, the Trading with the Enemy Act, the Anti-Economic Discrimination Act or any law or regulation relating to Medicare or Medicaid anti-kickback fraud and abuse, except for such violations that would not, individually or in the aggregate, result in or reasonably be likely to result in a Material Adverse Effect.

Section 4.13 ENVIRONMENTAL MATTERS. (a) The Company and its subsidiaries are in compliance with all applicable Environmental Laws (as defined below) (which compliance includes, but is not limited to, the possession by the Company and its subsidiaries of all permits and other governmental authorizations required under applicable Environmental Laws, and compliance with the terms and conditions thereof), except for any noncompliance that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect. To the knowledge of Cheryl Lawton or Robert Coleman, neither the Company nor any of its subsidiaries has received any communication (written or oral), whether from a governmental authority, citizens group, employee or otherwise, that alleges that the Company or any of its subsidiaries is not in such compliance, and there are no past or present (or to the knowledge of the Company, future) actions,

activities, circumstances, conditions, events or incidents that may prevent or interfere with such compliance in the future, except for any such interference that would not reasonably be likely to have a Material Adverse Effect.

(b) There is no Environmental Claim (as defined below) pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries, or, to the knowledge of the Company, against any person or entity whose liability for any Environmental Claim the Company or any of its subsidiaries has or may have retained or assumed either contractually or by operation of law, which, individually or in the aggregate, would reasonably be likely to have a Material Adverse Effect.

(c) There are no past or present (or to the knowledge of the Company, future) actions, activities, circumstances, conditions, events or incidents (including, without limitation, the release, emission, discharge, presence or disposal of any Hazardous Material (as defined below)) which could reasonably be likely to form the basis of any Environmental Claim against the Company or any of its subsidiaries, or, to the knowledge of the Company, against any person or entity whose liability for any Environmental Claim the Company or any of its subsidiaries has or may have retained or assumed either contractually or by operation of law, which, in either case, individually or in the aggregate, would reasonably be likely to have a Material Adverse Effect.

(d) To the knowledge of Cheryl Lawton and Robert Coleman, neither the Company nor any of its subsidiaries has received any request for information regarding the contamination, or notice that it is a potentially responsible party for the Cleanup (as defined below), of any property, whether or not owned or operated by the Company or any of its subsidiaries, which individually or in the aggregate would reasonably be likely to have a Material Adverse Effect.

(e) No transfers of permits or other governmental authorizations under Environmental Laws, and no additional permits or other governmental authorizations under Environmental Laws, will be required to permit the Company and its subsidiaries or the Surviving Corporation and its subsidiaries, as the case may be, to be in full compliance with all applicable Environmental Laws immediately following the transactions contemplated hereby, as conducted by the Company and its subsidiaries immediately prior to the date hereof. To the extent that such transfers or additional permits and other governmental authorizations are required, the Company and its subsidiaries agree to use its reasonable best efforts to effect such transfers and obtain such permits and other governmental authorizations prior to the consummation of the Offer.

(f) The following terms as used in this Section shall have the following meanings:

"Cleanup" means all actions required to: (1) cleanup, remove, treat or remediate Hazardous Materials in the indoor or outdoor environment; (2) prevent the Release of Hazardous Materials so that they do not migrate, endanger or threaten to endanger public health or welfare of the indoor or outdoor environment; (3) perform pre-remedial studies and investigations and post-remedial monitoring and care; or (4) respond to any government requests for information or documents in any way relating to cleanup, removal, treatment or remediation or potential cleanup, removal, treatment or remediation of Hazardous Materials in the indoor or outdoor environment.

"Environmental Claim" means any claim, action, cause of action, investigation or notice (written or oral) by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, or Release into the indoor or outdoor environment, of any Hazardous Materials at any location, whether or not owned or operated by the Company or any of its subsidiaries or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

"Environmental Laws" means all federal, state, local and foreign laws and regulations, rules, permits, licenses, approvals and orders relating to pollution or protection of human health or the environment, including without limitation, laws relating to Releases or threatened Releases of Hazardous Materials in or into the indoor or outdoor environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, disposal, transport or handling of Hazardous Materials and all laws and regulations with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials.

"Hazardous Materials" means all substances defined as Hazardous Substances under Section 101(14) of the Comprehensive Environmental Response Compensation and Liability Act, as amended ("CERCLA") except that the term Hazard Materials shall include petroleum, natural gas, natural gas liquids, liquified natural gas, synthetic gas, mixtures of any of the above, and constituents of any of the above which are themselves considered hazardous or toxic. The term shall also include any material which is regulated as a hazardous, toxic or otherwise dangerous material by any state in the United States or by any human health

or environmental agency in the United Kingdom or which otherwise may be the basis for any federal, state, local or foreign government requiring cleanup, removal, treatment or remediation.

"Release" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration in or into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater and land surface or subsurface strata) or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

Section 4.14 INTELLECTUAL PROPERTY. (a) Schedule 4.14 sets forth a complete list of all patents, trademarks and service marks issued in the United States and other material patents owned by the Company.

(b) Except as set forth on Schedule 4.14 and as otherwise would not result in a Material Adverse Effect: (i) the Company and each of its subsidiaries owns and has the exclusive right to make, have made, use, sell, import and offer for sale (in each case, free and clear of any Liens), all Intellectual Property (as defined below) used in the conduct of its business as currently conducted; (ii) to the knowledge of the Company, the manufacture, use, sale, import or offer for sale of any Intellectual Property by the Company and its subsidiaries does not infringe on or otherwise violate the rights of any person; (iii) to the knowledge of the Company, no product (or component thereof or process) used, sold, imported or manufactured by and/or for, or supplied to, the Company or any of its subsidiaries infringes or otherwise violates the Intellectual Property of any other person; (iv) to the knowledge of the Company, no person is challenging, infringing on or otherwise violating any right of the Company or any of its subsidiaries with respect to any Intellectual Property owned by and/or licensed to the Company and its subsidiaries; and (v) to the knowledge of the Company, the Company is not obligated to pay royalties in respect of any Intellectual Property. For purposes of this Agreement "Intellectual Property" shall mean trademarks, service marks, brand names, certification marks, trade dress, assumed names, trade names and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application; inventions, discoveries and ideas, whether patentable or not in any jurisdiction; patents, applications for patents (including, without limitation, division, continuations, continuations in part and renewal applications), and any renewals, extensions or reissues thereof, in any jurisdiction; nonpublic information,

trade secrets and confidential information and rights in any jurisdiction to limit the use or disclosure thereof by any person; writings and other works, whether copyrightable or not in any jurisdiction including, without limitation, products being researched or developed; registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; any similar intellectual property or proprietary rights; and any claims or causes of action arising out of or related to any infringement or misappropriation of any of the foregoing.

Section 4.15 INSURANCE. The coverage provided by the Company's insurance policies is reasonable in scope and amount compared to similarly situated companies, except where the failure to be so reasonable in scope and amount would not have a Material Adverse Effect.

Section 4.16 PROPERTIES. The Company and its subsidiaries do not own any real property. The Company and its subsidiaries are not parties to any material real property leases other than the Company's leases with respect to the real property located in Abingdon, England, Waltham, Massachusetts and Bedford, Massachusetts, and true and complete copies of instruments setting forth material terms of these leases have heretofore been furnished to Parent. Such leases are valid and binding, and there does not exist any event which, with notice or lapse of time or both, would constitute a material default under such leases by the Company.

Section 4.17 REGULATORY MATTERS. (a) Except as disclosed in Schedule 4.17 and except as would not, individually or in the aggregate, have a Material Adverse Effect, to the knowledge of the Company, (i) since December 31, 1995 through the date hereof there have been no written notices, citations or decisions by any governmental or regulatory body that any product produced, manufactured, marketed or distributed at any time by the Company or any Company subsidiary (the "COMPANY PRODUCTS") is defective or fails to meet any applicable standards promulgated by any such governmental or regulatory body, or any other governmental or regulatory body, agency or office of any other jurisdiction to which the Company or any of its subsidiaries is subject, (ii) since December 31, 1995 through the date hereof there have been no recalls, field notifications or seizures ordered or threatened by the United States Food and Drug Administration (the "FDA") or any other comparable governmental or regulatory body with respect to any of the Company Products and (iii) since December 31, 1995 through the date hereof none of the Company or the Company subsidiaries have received any warning letter or Section 305 notices from the FDA (or comparable notices from such other governmental or regulatory bodies).

(b) Except as set forth in Schedule 4.17 and as would not, individually or in the aggregate, have a Material Adverse Effect, with respect to each Company Product: (i) the Company and its subsidiaries have obtained all applicable approvals, clearances, authorizations, licenses (including site licensures) and registrations required by United States or foreign governments or government agencies to permit the manufacturing, distribution, sale (including reimbursement and pricing), marketing, export, import or human research (including clinical and non-clinical trials) of such Product (collectively, "Licenses"); and (ii) the Company and its subsidiaries are in full compliance with all terms and conditions of each License in each country in which such Company Product is marketed, and with all requirements pertaining to the manufacturing (including current good manufacturing practices), distribution, sale (including reimbursement and pricing), marketing, export, import or human research (including good laboratory practices and clinical and non-clinical trials) of such Company Product which is not required to be the subject of a License.

Section 4.18 LABOR MATTERS. Neither the Company nor any of its subsidiaries is a party to any collective bargaining or other labor union contract applicable to persons employed by the Company or any of its subsidiaries, no collective bargaining agreement is being negotiated by the Company or any of its subsidiaries and the Company has no knowledge of any activities or proceedings of any labor union to organize any of their respective employees. There is no labor dispute, strike or work stoppage against the Company or any of its subsidiaries pending or, to the Company's knowledge, threatened.

Section 4.19 VOTING REQUIREMENTS. The affirmative vote of a majority of the outstanding shares of Common Stock and Class B Common Stock approving this Agreement is the only vote of the holders of any class or series of Company Securities necessary to approve this Agreement and the transactions contemplated by this Agreement. Pursuant to a stockholders' agreement with the J.P. Morgan Capital Corporation, the holder all of the issued and outstanding shares of the Class B Common Stock ("Morgan"), Morgan is required to vote its shares of Class B Common Stock in the same manner and proportion as the Common Stock is voted with respect to approval of this Agreement and the transactions contemplated by this Agreement.

Section 4.20 STATE TAKEOVER LAWS. The Board has approved the transactions contemplated hereby so as to render inapplicable to such transactions, including, without limitation, the Offer and the Merger, the restrictions on business combinations contained in Chapter 110F of Massachusetts Law. The provisions of Chapter 110D of Massachusetts Law are inapplicable to the Company, the Offer and the Merger and the Offer and the Merger

are exempt from the requirements of any other "moratorium," "control share," "fair price," or other anti-takeover laws or regulations of any state. The Company has taken all steps necessary irrevocably to exempt the transactions contemplated by this Agreement from any applicable provisions of the Company's Restated Articles of Organization and By-Laws which would have the effect of delaying, preventing or materially reducing the expected benefits to Parent or Acquisition of the transactions contemplated by this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PARENT AND ACQUISITION

Each of Parent and Acquisition represents and warrants to the Company as follows:

Section 5.1 ORGANIZATION. Each of Parent and Acquisition is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power and authority would not reasonably be likely to prevent or materially delay the consummation of the Offer or the Merger.

Section 5.2 AUTHORITY RELATIVE TO THIS AGREEMENT. Each of Parent and Acquisition has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the boards of directors of Acquisition and Parent and by Parent as the sole stockholder of Acquisition, and no other corporate proceedings on the part of Parent or Acquisition are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by each of Parent and Acquisition and constitutes a legal, valid and binding agreement of each of Parent and Acquisition, enforceable against each of Parent and Acquisition in accordance with its terms.

Section 5.3 NON-CONTRAVENTION; REQUIRED FILINGS AND CONSENTS. (a) The execution, delivery and performance by Parent and Acquisition of this Agreement and the consummation of the transactions contemplated hereby (including the Merger) do not and will not (i) contravene or conflict with the Certificate of Incorporation or By-Laws of Parent or Acquisition; (ii) assuming that all consents, authorizations and approvals contemplated by

subsection (b) below have been obtained and all filings described therein have been made, contravene or conflict with or constitute a violation of any provision of any law, regulation, judgment, injunction, order or decree binding upon or applicable to Parent or Acquisition or any of their respective properties; (iii) conflict with, or result in the breach or termination of any provision of or constitute a default (with or without the giving of notice or the lapse of time or both) under, or give rise to any right of termination, cancellation, or loss of any benefit to which Parent or Acquisition is entitled under any provision of any agreement, contract, license or other instrument binding upon Parent, Acquisition or any of their respective properties, or allow the acceleration of the performance of, any obligation of Parent or Acquisition under any indenture, mortgage, deed of trust, lease, license, contract, instrument or other agreement to which Parent or Acquisition is a party or by which Parent or Acquisition or any of their respective assets or properties is subject or bound; or (iv) result in the creation or imposition of any Lien on any asset of Parent or Acquisition, except in the case of clauses (ii), (iii) and (iv) for any such contraventions, conflicts, violations, breaches, terminations, defaults, cancellations, losses, accelerations and Liens which, individually or in the aggregate, would not reasonably be likely to prevent or materially delay the consummation of the Offer or the Merger.

(b) The execution, delivery and performance by Parent and Acquisition of this Agreement and the consummation of the transactions contemplated hereby (including the Merger) by Parent and Acquisition require no action by or in respect of, or filing with, any governmental body, agency, official or authority (whether domestic, foreign or supranational) other than (i) the filing of articles of merger in accordance with Massachusetts Law; (ii) compliance with any applicable requirements of the HSR Act; (iii) compliance with any applicable requirements of the Exchange Act and state securities, takeover and Blue Sky laws; and (iv) such actions or filings which, if not taken or made, would not, individually or in the aggregate, reasonably be likely to prevent the consummation of the Offer or the Merger.

Section 5.4 OFFER DOCUMENTS; SCHEDULE 14D-9; PROXY STATEMENT. Neither the Offer Documents, nor any of the information provided by Parent or Acquisition and/or by their auditors, legal counsel, financial advisors or other consultants or advisors specifically for use in the Schedule 14D-9 shall, on the respective dates the Offer Documents, the Schedule 14D-9 or any supplements or amendments thereto are filed with the SEC or on the date first published, sent or given to the Company's stockholders, as the case may be, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements

therein, in light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, neither Parent nor Acquisition makes any representation or warranty with respect to any information provided by the Company and/or by its auditors, legal counsel, financial advisors or other consultants or advisors specifically for use in the Offer Documents. None of the information provided by Parent or Acquisition and/or by their auditors, attorneys, financial advisors or other consultants or advisors specifically for use in the Proxy Statement shall, at the time filed with the SEC, at the time mailed to the Company's stockholders, at the time of the Stockholders' Meeting or at the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Offer Documents will comply as to form in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder.

Section 5.5 NO PRIOR ACTIVITIES. Since the date of its incorporation, Acquisition has not engaged in any activities other than in connection with or as contemplated by this Agreement or in connection with arranging any financing required to consummate the transactions contemplated hereby.

Section 5.6 FINANCING. Acquisition has or will have available to it all funds necessary to satisfy its obligations hereunder, including, without limitation, the obligation to pay the Per Share Amount pursuant to the Offer and the Merger Consideration pursuant to the Merger and to pay all related fees and expenses in connection with the Offer and the Merger.

ARTICLE VI

COVENANTS

Section 6.1 CONDUCT OF BUSINESS OF THE COMPANY. Except as otherwise expressly provided in this Agreement, during the period from the date hereof to the time Acquisition's designees are elected as directors of the Company pursuant to Section 1.3, the Company and its subsidiaries will each conduct its operations in the ordinary course of business consistent with past practice, and the Company and its subsidiaries will each use its reasonable best efforts to preserve intact its business organization, to keep available the services of its officers and employees and to maintain existing relationships with licensors, licensees, suppliers, contractors, distributors, customers and others having business relationships with it. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement, prior to the Effective Time, neither the Company

nor any of its subsidiaries will, without the prior written consent of Acquisition:

(a) amend or propose to amend its articles of organization or by-laws or equivalent organizational documents, or increase or propose to increase the number of directors of the Company;

(b) authorize for issuance, issue, sell, deliver or agree or commit to issue, sell or deliver (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other securities or equity equivalents (including, without limitation, stock appreciation rights), except as required by option agreements and option plans as in effect as of the date hereof, or amend any of the terms of any such securities or agreements outstanding as of the date hereof;

(c) split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, stock, or property or any combination thereof) in respect of its capital stock, or redeem, repurchase or otherwise acquire any of its securities or any securities of its subsidiaries;

(d) (i) except in the ordinary course of business consistent with past practice, incur any indebtedness for borrowed money or issue any debt securities or, assume, guarantee or endorse the obligations of any other person; (ii) make any loans, advances or capital contributions to, or investments in, any other person (other than to wholly owned subsidiaries of the Company); (iii) pledge or otherwise encumber shares of capital stock of the Company or any of its subsidiaries; or (iv) except in the ordinary course of business consistent with past practice, mortgage or pledge any of its assets, tangible or intangible, or create or suffer to exist any Lien thereupon;

(e) enter into, adopt or (except as may be required by law) amend or terminate any bonus, profit sharing, compensation, severance, termination, stock option, stock appreciation right, restricted stock, performance unit, stock equivalent, stock purchase agreement, pension, retirement, deferred compensation, employment, severance or other employee benefit agreement, trust, plan, fund or other arrangement for the benefit or welfare of any director, officer or employee, or (except, in the case of employees who are not officers or directors, for normal compensation increases in the ordinary course of business consistent with past practice that, in the aggregate, do not result in a material increase in benefits or compensation expense to the Company) increase in any manner the compensation or benefits of any director, officer or employee or pay any benefit

not required by any plan or arrangement as in effect as of the date hereof (including, without limitation, the granting of stock options, restricted stock, stock appreciation rights or performance units);

(f) acquire, sell, lease, license, encumber, transfer or dispose of any assets outside the ordinary course of business consistent with past practice or any assets which in the aggregate are material to the Company and its subsidiaries, taken as a whole, or enter into any contract, agreement, commitment or transaction outside the ordinary course of business consistent with past practice;

(g) except as may be required as a result of a change in law or in generally accepted accounting principles, change any of the accounting principles or practices used by it;

(h) (i) acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof; (ii) authorize any new capital expenditure or expenditures which, was not reflected in the capital budget previously furnished to Parent by the Company; (iii) settle any litigation for amounts in excess of $500,000 individually or $1,000,000 in the aggregate; or (iv) enter into or amend any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(i) make any tax election or settle or compromise any material Tax liability;

(j) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in the consolidated financial statements (or the notes thereto) of the Company and its consolidated subsidiaries or incurred in the ordinary course of business consistent with past practice, except where such action would not result in a Material Adverse Effect;

(k) enter into any agreement providing for the acceleration of payment or performance or other consequence as a result of a change in control of the Company;

(l) (i) enter into any agreement providing for any license, sale, assignment or otherwise transfer any patent rights or grant any covenant not to sue with respect to any of its patent rights or (ii) enter into any agreements providing for any license, sale or assignment or otherwise transfer any Intellectual Property or grant any covenant not to sue with

respect to its Intellectual Property, except if such agreement, assignment or transfer would not have a Material Adverse Effect; or

(m) take, or agree in writing or otherwise to take, any of the actions described above in Section 6.1 or any action which would make any of the representations or warranties of the Company contained in this Agreement untrue or incorrect or would result in any of the conditions to the Offer not being satisfied.

Notwithstanding anything to the contrary contained herein, the Company may adopt a shareholder rights plan, issue rights thereunder and issue securities upon exercise of such rights; PROVIDED, HOWEVER, that such rights plan exempts the Offer and the Merger from the events which trigger the exercise of such rights.

Section 6.2 ACCESS TO INFORMATION. (a) Subject to applicable law and the agreements set forth in Section 6.2(b), between the date hereof and the Effective Time, the Company will give each of Parent and Acquisition and their counsel, financial advisors, auditors, and other authorized representatives reasonable access to all employees, plants, offices, warehouses and other facilities and to all books and records of the Company and its subsidiaries, will permit each of Parent and Acquisition and their respective counsel, financial advisors, auditors and other authorized representatives to make such inspections as Parent or Acquisition may reasonably require and will cause the Company's officers or representatives and those of its subsidiaries to furnish promptly to Parent or Acquisition or their representatives such financial and operating data and other information with respect to the business and properties of the Company and any of its subsidiaries as Parent or Acquisition may from time to time request. No investigation pursuant to this Section 6.2 shall affect any representations or warranties of the parties herein or the conditions to the obligations of the parties hereunder.

(b) Parent and Acquisition agree to be bound by the confidentiality agreement dated March 13, 1996 (the "Confidentiality Agreement"), among the Company and Parent as if the references to Parent therein were to Acquisition. Notwithstanding any provision of the Confidentiality Agreement, Parent and Acquisition may (i) enter into this Agreement, (ii) acquire Shares pursuant to the Offer and the Merger and (iii) make such disclosures in connection with the Offer and the Offer Documents as Parent and Acquisition may determine in their reasonable discretion is required by applicable law.

Section 6.3 REASONABLE BEST EFFORTS. Subject to the terms and conditions herein provided, each of the parties hereto agrees

to use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, Parent, Acquisition and the Company shall cooperate with one another (i) in the preparation and filing of the Offer Documents, the Schedule 14D-9, the Proxy Statement and any required filings under the HSR Act and the other laws referred to in Sections 4.4(b) and 5.3(b); (ii) in determining whether action by or in respect of, or filing with, any governmental body, agency, official or authority (either domestic or foreign) is required, proper or advisable or any actions, consents, waivers or approvals are required to be obtained from parties to any contracts, in connection with the transactions contemplated by this Agreement; and (iii) in seeking timely to obtain any such actions, consents and waivers and to make any such filings. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party hereto shall take all such necessary action.

Section 6.4 PUBLIC ANNOUNCEMENTS. Parent and Acquisition, on the one hand, and the Company, on the other hand, will consult with each other before issuing any press release or otherwise making any public statements with respect to the transactions contemplated by this Agreement and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable law or by applicable rules of any securities exchange or the Nasdaq National Market. The initial joint announcement of the transactions contemplated by this Agreement shall be in the form attached hereto as Annex B.

Section 6.5 INDEMNIFICATION. (a) Parent shall cause the Surviving Corporation to keep in effect the provisions in its Articles of Organization and By-Laws containing the provisions with respect to exculpation of director and officer liability and indemnification set forth in the Restated Articles of Organization and Amended and Restated By-Laws of the Company on the date of this Agreement to the fullest extent permitted under applicable law, which provisions shall not be amended, repealed or otherwise modified except as required by applicable law or except to make changes permitted by applicable law that would enlarge the exculpation or rights of indemnification thereunder.

(b) From and after the Effective Time, Parent hereby agrees to guarantee and to cause the Surviving Corporation to perform all of its obligations under the Restated Articles of Organization and By-Laws of the Company with respect to indemnification.

(c) Parent shall cause the Surviving Corporation to use its reasonable best efforts to maintain in effect for five years from the Effective Time, if available, the coverage provided by the current directors' and officers' liability insurance policies maintained by the Company (provided that the Surviving Corporation may substitute therefor policies of at least the same coverage containing terms and conditions which are not materially less favorable) with respect to matters occurring prior to the Effective Time; PROVIDED, HOWEVER, that nothing contained herein shall require the Surviving Corporation to incur any annual premium in excess of 200% of the last annual aggregate premium paid prior to the date of this Agreement for all current directors' and officers' liability insurance policies maintained by the Company which the Company represents and warrants to be $278,000 (the "Current Premium"). If such premiums for such insurance would at any time exceed 200% of the Current Premium, then the Surviving Corporation shall cause to be maintained policies of insurance which, in the Surviving Corporation's good faith determination, provide the maximum coverage available at an annual premium equal to 200% of the Current Premium.

Section 6.6 NOTIFICATION OF CERTAIN MATTERS. The Company shall give prompt notice to Parent or Acquisition, and Parent or Acquisition shall give prompt notice to the Company, as the case may be, of (i) the occurrence, or non-occurrence, of any event the respective occurrence, or non-occurrence, of which would be likely to cause any representation or warranty contained in this Agreement to be untrue or inaccurate and (ii) any failure of the Company, Parent or Acquisition, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; PROVIDED, that the delivery of any notice pursuant to this Section 6.6 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 6.7 TERMINATION OF STOCK PLANS. Prior to the consummation of the Offer, the Board (or, if appropriate, any committee thereof) shall adopt such resolutions or take such other actions as are required to ensure that, following the Effective Time, no participant in any stock, stock option, stock appreciation or other benefit plan of the Company or any of its subsidiaries or any holder of any Option shall have any right thereunder to acquire any capital stock of the Surviving Corporation or any subsidiary thereof.

Section 6.8 NO SOLICITATION. (a) The Company will immediately cease any existing discussions or negotiations with any third parties conducted prior to the date hereof with respect to any Acquisition Proposal (as defined below). The Company shall not, directly or indirectly, through any officer, director, employee, representative or agent or any of its subsidiaries, (i)

solicit, initiate, continue or encourage any inquiries, proposals or offers that constitute, or could reasonably be expected to lead to, a proposal or offer for a merger, consolidation, business combination, sale of substantial assets, sale of shares of capital stock (including, without limitation, by way of a tender offer) or similar transactions involving the Company or any of its subsidiaries, other than the transactions contemplated by this Agreement (any of the foregoing inquiries or proposals being referred to in this Agreement as an "Acquisition Proposal"), (ii) solicit, initiate, continue or engage in negotiations or discussions concerning, or provide any non-public information or data to any person or entity relating to, any Acquisition Proposal, or (iii) agree to, approve or recommend any Acquisition Proposal; PROVIDED, that nothing contained in this Section 6.8 shall prevent the Company from, prior to the purchase by Acquisition of Shares pursuant to the Offer, furnishing non-public information or data to, or entering into discussions or negotiations with, any person in connection with an unsolicited Acquisition Proposal by such person or recommending an unsolicited Acquisition Proposal to the stockholders of the Company, if and only to the extent that (1) the Company's directors determine in good faith, after receiving advice of its independent counsel, that such action is required for the discharge of their fiduciary duties to stockholders under applicable law and (2) prior to furnishing such nonpublic information to, or entering into discussions or negotiations with, such person, the Company receives from such person an executed confidentiality agreement with terms no less favorable, taken as a whole, to the Company than those contained in the Confidentiality Agreement, but which confidentiality agreement shall not include any provision calling for any exclusive right to negotiate with the Company, and (3) the Company advises Parent of all such nonpublic information delivered to such person concurrently with its delivery to the requesting party.

(b) The Company shall notify Parent immediately (and in no event later than 24 hours) after receipt by the Company of any Acquisition Proposal or any request for non-public information in connection with an Acquisition Proposal or for access to the properties, books or records of the Company by any person or entity that informs the Company that it is considering making, or has made, an Acquisition Proposal.

ARTICLE VII

CONDITIONS TO CONSUMMATION OF THE MERGER

Section 7.1 CONDITIONS TO EACH PARTY'S OBLIGATION TO EFFECT THE MERGER. The respective obligations of each party

hereto to effect the Merger is subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) Acquisition shall have purchased Shares pursuant to the Offer;

(b) if required by Massachusetts Law, this Agreement shall have been adopted by the affirmative vote of the stockholders of the Company by the requisite vote in accordance with Massachusetts Law;

(c) there shall not be in effect any order, decree or ruling or other action restraining, enjoining or otherwise prohibiting the Merger, which order, decree, ruling or action shall have been issued or taken by any court of competent jurisdiction or other governmental body located or having jurisdiction within the United States or any country or economic region in which the Company or any of its subsidiaries or Parent or any of its affiliates, directly or indirectly, has material assets or operations; and

(d) any waiting period applicable to the Merger under the HSR Act shall have terminated or expired.

ARTICLE VIII

TERMINATION; EXPENSES; AMENDMENT; WAIVER

Section 8.1 TERMINATION. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, notwithstanding approval thereof by the stockholders of the Company:

(a) by mutual written consent of Parent, Acquisition and the Company;

(b) by Parent or the Company if any court of competent jurisdiction or other governmental body located or having jurisdiction within the United States or any country or economic region in which the Company or any of its subsidiaries or Parent or any of its affiliates, directly or indirectly, has material assets or operations, shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Offer or the Merger and such order, decree, ruling or other action shall have become final and nonappealable;

(c) by Parent or the Company if Acquisition shall have (A) terminated the Offer or (B) failed to accept for purchase and pay for Shares pursuant to the Offer by June 30, 1996 unless

Acquisition shall have failed to accept for purchase and pay for Shares pursuant to the Offer as the result of the receipt by the Company of an Acquisition Proposal or as a result of a failure of the applicable waiting period under the HSR Act to expire or the failure to obtain any necessary governmental or regulatory approvals, in which case, if Acquisition shall have failed to accept for purchase and pay for Shares pursuant to the Offer by September 30, 1996; PROVIDED, that the right to terminate this Agreement under the foregoing clauses (A) or (B) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause or resulted in any of the circumstances described in such clauses;

(d) by either Parent or the Company if, prior to the purchase of Shares pursuant to the Offer, the other party shall have failed to comply in all material respects with any of its covenants or agreements contained in this Agreement required to be complied with prior to the date of such termination, which failure to comply has not been cured within twenty business days following receipt by such other party of written notice of such failure to comply; PROVIDED, HOWEVER, that, if such breach is curable by the breaching party through the exercise of the breaching party's best efforts and for so long as the breaching party continues to exercise such best efforts, the nonbreaching party may not terminate this Agreement under this Section 8.1(d);

(e) by either Parent or the Company if, prior to the purchase of Shares pursuant to the Offer, there has been (i) a breach in any material respect by the other party (in the case of Parent, including any material breach by Acquisition) of any representation or warranty that is not qualified as to materiality which has the effect of making such representation or warranty not true and correct in all material respects or (ii) a breach by the other party (in the case of Parent, including any material breach by Acquisition) of any representation that is qualified as to materiality, in each case which breach has not been cured within twenty business days following receipt by the breaching party of written notice of the breach; PROVIDED, HOWEVER, that, if such breach is curable by the breaching party through the exercise of the breaching party's best efforts and for so long as the breaching party continues to exercise such best efforts, the nonbreaching party may not terminate this Agreement under this Section 8.1(e);

(f) by either Parent or the Company, not sooner than the third business day after the Company's notice to Parent of the Company's receipt of an Acquisition Proposal if the Board reasonably determines that such Acquisition Proposal constitutes a Superior Proposal; or

(g) by Parent if the Board shall have withdrawn or modified in a manner adverse to Parent or Acquisition its approval of the Offer, this Agreement, the Merger, its recommendation that the Company's stockholders accept the Offer and the Company shall have entered into an agreement providing for an Acquisition Proposal or the Board shall have resolved to do any of the foregoing.

"SUPERIOR PROPOSAL" shall mean a bona fide proposal or offer made by a third party to acquire the Company pursuant to a tender or exchange offer, a merger, consolidation, acquisition of a majority of the Shares or other business combination or a sale of all or substantially all of the assets of the Company and its subsidiaries on terms which the Board determines in good faith (after consultation with independent financial advisors and counsel) to be more favorable to the Company and to its stockholders than the transactions contemplated hereby.

Section 8.2 EFFECT OF TERMINATION. (a) If this Agreement is terminated pursuant to Section 8.1(f) or Section 8.1(g), the Company shall pay Parent a non-refundable fee of $17,500,000, which amount shall be payable by wire transfer of same day funds within two business days after the date this Agreement is so terminated.

(b) In the event of the termination and abandonment of this Agreement pursuant to Section 8.1, this Agreement shall forthwith become void and have no effect, other than the provisions of this Section 8.2 and Section 8.3. No termination of this Agreement and nothing contained in this Section 8.2 shall relieve any party from liability for any breach of this Agreement.

Section 8.3 FEES AND EXPENSES. Subject to Section 8.2(a) above, each party shall bear its own expenses and costs in connection with this Agreement and the transactions contemplated hereby.

Section 8.4 AMENDMENT. Subject to Section 1.3(c), this Agreement may be amended by action taken by the Company, Parent and Acquisition at any time before or after adoption of the Merger by the stockholders of the Company (if required by applicable law) but, after any such approval, no amendment shall be made which decreases the Merger Consideration or changes the form thereof or which adversely affects the rights of the Company's stockholders hereunder without the approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

Section 8.5 EXTENSION; WAIVER. Subject to Section 1.3(c), at any time prior to the Effective Time, the Company, on the one hand, and Parent and Acquisition, on the other hand, may (i) extend the time for the performance of any of the obligations or other acts of the other party, (ii) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document, certificate or writing delivered pursuant hereto, or (iii) waive compliance by the other party with any of the agreements or conditions contained herein. Any agreement on the part of any party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party hereto to assert any of its rights hereunder shall not constitute a waiver of such rights.

ARTICLE IX

MISCELLANEOUS

Section 9.1 NONSURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and warranties made herein shall not survive beyond the Effective Time. The covenants and agreements herein shall survive in accordance with their respective terms.

Section 9.2 ENTIRE AGREEMENT; ASSIGNMENT. This Agreement, and the Confidentiality Agreement (i) constitute the entire agreement among the parties hereto with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (ii) shall not be assigned by operation of law or otherwise; PROVIDED that Acquisition may assign its rights and obligations in whole or in part to Parent or any subsidiary of Parent, but no such assignment shall relieve Acquisition of its obligations hereunder if such assignee does not perform such obligations.

Section 9.3 NOTICES. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by facsimile or by registered or certified mail (postage prepaid, return receipt requested), to the other party as follows:

if to Parent or Acquisition:

Abbott Laboratories
100 Abbott Park Road
Abbott Park, Illinois 60064

Fax: 847-937-4604
Attention: President, Diagnostics Division
and,

Fax: 847-938-6277
Attention: General Counsel

with copies to:

Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603-3441
Fax: 312-701-7711
Attention: Robert A. Helman and Scott J. Davis

if to the Company:

MediSense, Inc.
266 Second Avenue
Waltham, Massachusetts 02154
Fax: 617-890-8637
Attention: General Counsel

with a copy to:

Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Fax: 212-848-7179/80/81/82
Attention: Peter D. Lyons

or to such other address as the person to whom notice is given may have previously furnished to the other in writing in the manner set forth above.

Section 9.4 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts applicable to contracts executed in and to be performed in that State.

Section 9.5 PARTIES IN INTEREST. Except for Section 6.5, which shall inure to the benefit of the persons identified therein, this Agreement shall be binding upon and inure solely to the benefit of each party hereto and its successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 9.6 SPECIFIC PERFORMANCE. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity.

Section 9.7 SEVERABILITY. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity and enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid and unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 9.8 DESCRIPTIVE HEADINGS. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

Section 9.9 CERTAIN DEFINITIONS. For purposes of this Agreement, the term:

(a) "affiliate" of a person means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned person;

(b) "associate" of a person means a corporation or organization of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities or any person who is a director or officer of such person or any of its parents or subsidiaries;

(c) "business day" shall mean any day other than a Saturday, Sunday or federal holiday.

(d) "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management policies of a person,

whether through the ownership of stock, as trustee or executor, by contract or credit arrangement or otherwise;

(e) "generally accepted accounting principles" shall mean the generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession in the United States, in each case applied on a basis consistent with the manner in which the audited financial statements for the fiscal year of the Company ended March 31, 1995 were prepared;

(f) "knowledge" or "known" means, with respect to any matter in question, if the executive officers of the Company or Parent, as the case may be, have actual knowledge of such matter;

(g) "person" means an individual, corporation, partnership, association, trust, unincorporated organization, other entity or group (as defined in Section 13(d)(3) of the Exchange Act); and

(h) "subsidiary" or "subsidiaries" of any person means any corporation, partnership, joint venture or other legal entity of which such person (either alone or through or together with any other subsidiary), owns, directly or indirectly, 50% or more of the stock or other equity interests the holder of which is generally entitled to vote for the election of the board of directors or other governing body of such corporation, partnership, joint venture or other legal entity.

Section 9.10 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its representatives thereunto duly authorized, all as of the day and year first above written.

[CORPORATE SEAL] ABBOTT LABORATORIES

Attest by: By:
---------- ----------
Title: Title:

Attest by: By:
---------- ----------
Title: Title:

[CORPORATE SEAL] AAC ACQUISITION, INC.

Attest by: By:
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Title: Title:

Attest by: By:
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Title: Title:

[CORPORATE SEAL] MEDISENSE, INC.

Attest by: By:
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Title: Title:

Attest by: By:
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Title: Title:

OFFER CONDITIONS

The capitalized terms used in this Annex A have the meanings set forth in the attached Agreement, except that the term "Merger Agreement" shall be deemed to refer to the attached Agreement and the term "Commission" shall be deemed to refer to the SEC.

Notwithstanding any other provision of the Offer, Acquisition shall not be required to accept for payment or, subject to any applicable rules and regulations of the Commission, including without limitation, Rule 14e-1(c) under the Exchange Act (relating to Acquisition's obligation to pay for or return Shares promptly after termination or withdrawal of the Offer), pay for any Shares tendered pursuant to the Offer, and may postpone the acceptance for payment or, subject to the restriction referred to above, payment for any Shares tendered pursuant to the Offer, and may terminate or amend the Offer and not accept for payment any Shares, if (i) the Minimum Condition shall not have been satisfied, (ii) any applicable waiting period under the HSR Act shall not have expired or been terminated, or (iii) compliance of any applicable waiting period requirements of any laws or regulations relating to the regulation of monopolies or competition in Germany shall not have expired or been terminated; PROVIDED, that prior to June 30, 1996, (or, if the conditions to the Offer have not been satisfied prior to June 30, 1996 as the result of the receipt by the Company of an Acquisition Proposal or as a result of a failure of the applicable waiting period under the HSR Act to expire or the failure to obtain any necessary governmental or regulatory approvals, prior to September 30, 1996) Acquisition shall not terminate the Offer by reason of the nonsatisfaction of any of the conditions and shall extend the Offer, or (iv) at any time on or after April 4, 1996 and prior to the acceptance for payment of Shares, any of the following conditions occurs:

(a) there shall have been any action or proceeding brought by any governmental authority before any court, or any order or preliminary or permanent injunction entered in any action or proceeding before any court or governmental, administrative or regulatory authority or agency, located or having jurisdiction within the United States or any other country or economic region in which the Company or any of its subsidiaries or Parent or any of its subsidiaries, directly or indirectly, has material assets or operations, or any statute, rule, regulation, legislation, judgment or order, enacted, entered, enforced, promulgated, amended, issued or deemed applicable to the Offer or the Merger by any court, governmental, administrative or regulatory authority or agency located or

having jurisdiction within the United States or any other country or economic region in which the Company or any of its subsidiaries or Parent or any of its subsidiaries, directly or indirectly, has material assets or operations, which could result in a Material Adverse Effect have the effect of: (i) making illegal, or otherwise directly or indirectly restraining or prohibiting or imposing material penalties or fines or requiring the payment of material damages in connection with the making of the Offer, the acceptance for payment of, payment for, or ownership, directly or indirectly, of some of or all the Shares by Parent or Acquisition, the consummation of the Offer or the Merger; (ii) prohibiting or materially limiting the direct or indirect ownership or operation by the Company or by Parent of all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, or compelling Parent to dispose of or hold separate all or any material portion of the business or assets of the Company and its subsidiaries, taken as a whole, as a result of the transactions contemplated by the Merger Agreement; (iii) imposing or confirming material limitations on the ability of Parent effectively directly or indirectly to acquire or hold or to exercise full rights of ownership of Shares, including, without limitation, the right to vote any Shares on all matters properly presented to the stockholders of the Company, including, without limitation, the adoption and approval of the Merger Agreement and the Merger or the right to vote any shares of capital stock of any subsidiary of the Company; or (iv) requiring divestiture by Parent or Acquisition, directly or indirectly, of any Shares; or

(b) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in the United States (other than a shortening of trading hours or any coordinated trading halt triggered solely as a result of a specified increase or decrease in a market index), (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), or (iii) any limitation (whether or not mandatory), by any United States governmental authority or agency on the extension of credit by banks or other financial institutions; or

(c) the Company shall have breached or failed to perform in any material respect any of its covenants or agreements under the Merger Agreement; or

(d) any of the representations and warranties of the Company set forth in the Merger Agreement shall not be true and correct representations and warranties of the Company which address matters only as of a particular date, as of such date) except where the failure to be so true and correct would not have a Material Adverse Effect; or

(e) the Merger Agreement shall have been terminated in accordance with its terms or the Offer shall have been amended or terminated with the consent of the Company;

which, in the reasonable judgment of Acquisition in any such case, and regardless of the circumstances (including any action or omission by Acquisition) giving rise to any such condition makes it inadvisable to proceed with such acceptance for payment or payments of Shares.

The foregoing conditions are for the sole benefit of Acquisition and may be asserted by Acquisition regardless of the circumstances giving rise to any such condition or may be waived by Acquisition in whole or in part at any time or from time to time in its sole discretion. The failure by Acquisition at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, the waiver of any such right with respect to particular facts or circumstances shall not be deemed a waiver with respect to any other facts or circumstances, and each such right shall be deemed an ongoing right that may be asserted at any time or from time to time.

MEDISENSE, INC.
266 SECOND AVENUE
WALTHAM, MASSACHUSETTS 02154

March 13, 1996

Abbott Laboratories
100 Abbott Park Road
Abbott Park, Illinois 60064-3500

CONFIDENTIALITY AGREEMENT

Ladies and Gentlemen:

In order to evaluate a possible transaction (the "PROPOSED TRANSACTION") between Abbott Laboratories, an Illinois corporation ("ABBOTT"), and MediSense, Inc., a Massachusetts corporation (the "COMPANY"), each of Abbott and the Company may disclose and deliver to the other party, upon execution and delivery by Abbott and the Company of this letter agreement, certain information about its properties, employees, finances, businesses and operations (such party when disclosing such information being the "DISCLOSING PARTY" and such party when receiving such information being the "RECEIVING PARTY"). All such information furnished by the Disclosing Party or its Representatives (as defined below), whether furnished before or after the date hereof, whether oral or written, and regardless of the manner in which it is furnished, is referred to in this letter agreement as "PROPRIETARY INFORMATION". Proprietary Information does not include, however, information which (a) is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party or its Representatives, (b) was available to the Receiving Party on a nonconfidential basis prior to its disclosure by the Disclosing Party or its Representatives, (c) becomes available to the Receiving Party on a nonconfidential basis from a person other than the Disclosing Party or its Representatives who is not otherwise bound by a confidentiality agreement with the Disclosing Party or any of its Representatives, or is otherwise not under an obligation to the Disclosing Party or any of its Representatives not to transmit the information to the Receiving Party, or (d) has been independently developed by the Receiving Party (as evidenced by documentation written prior to the date of disclosure) without violating any of its obligations whether under this letter agreement or any other agreement or otherwise. As used in this letter agreement, the term "REPRESENTATIVE" means,

as to any person, such person's affiliates and its and their directors, officers, employees, agents, advisors (including, without limitation, financial advisors, counsel and accountants) and controlling persons. As used in this letter agreement, the term "affiliate" has the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"). As used in this letter agreement, the term "person" shall be broadly interpreted to include, without limitation, any corporation, company, partnership, other entity or individual.

Subject to the immediately succeeding paragraph, unless otherwise agreed to in writing by the Disclosing Party, the Receiving Party agrees (a) except as required by law, to keep all Proprietary Information confidential and not to disclose or reveal any Proprietary Information to any person other than its Representatives who are actively and directly participating in the evaluation of the Proposed Transaction or who otherwise need to know the Proprietary Information for the purpose of evaluating the Proposed Transaction and to cause those persons to observe the terms of this letter agreement, (b) not to use Proprietary Information for any purpose other than in connection with its evaluation of the Proposed Transaction or the consummation of the Proposed Transaction and (c) except as required by law or pursuant to a listing agreement with a national securities exchange or the National Association of Securities Dealers, Inc., not to disclose to any person (other than those of its Representatives who are actively and directly participating in the evaluation of the Proposed Transaction or who otherwise need to know for the purpose of evaluating the Proposed Transaction and, in the case of its Representatives, whom it will cause to observe the terms of this letter agreement) the fact that the Proprietary Information exists or has been made available, the fact that the Receiving Party is considering the Proposed Transaction or any other transaction involving the Disclosing Party, or that discussions or negotiations are taking or have taken place concerning the Proposed Transaction or involving the Disclosing Party or any term, condition or other fact relating to the Proposed Transaction or such discussions or negotiations, including, without limitation, the status thereof. The Receiving Party will be responsible for any breach of the terms of this letter agreement by the Receiving Party or any of its Representatives.

In the event that the Receiving Party is requested pursuant to, or required by, applicable law, regulation or stock exchange rule or by legal process to disclose any Proprietary Information or any other information concerning the Disclosing Party or the Proposed Transaction, the Receiving Party agrees that it will provide the Disclosing Party with prompt notice of such request or requirement in order to enable the Disclosing Party to seek an appropriate protective order or other remedy, to consult with the Receiving Party with respect to the Disclosing Party taking steps to resist or narrow the scope of such request or legal process, or to waive compliance, in whole or in part, with the terms of this letter agreement. In the event that no such protective order or other remedy is obtained, or that the Disclosing Party waives compliance with the terms of this letter agreement, the Receiving Party will furnish only that portion of any Proprietary Information which the Receiving Party

is advised by counsel is legally required and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any Proprietary Information.

Each of Abbott and the Company is aware, and each of Abbott and the Company will advise their respective Representatives who are informed of the matters that are the subject of this letter agreement, of the restrictions imposed by the United States securities laws on the purchase or sale of securities by a person who has received material, non-public information from the issuer of such securities and on the communication of such information to any other person when it is reasonably foreseeable that such other person is likely to purchase or sell such securities in reliance upon such information.

The Receiving Party acknowledges that neither the Disclosing Party nor any of its Representatives make any express or implied representation or warranty as to the accuracy or completeness of any Proprietary Information, and the Receiving Party agrees that none of such persons shall have any liability to the Receiving Party or any of its Representatives relating to or arising from the use of any Proprietary Information by the Receiving Party or its Representatives or for any errors therein or omissions therefrom. The Receiving Party also agrees that it is not entitled to rely on the accuracy or completeness of any Proprietary Information and that it shall be entitled to rely solely on such representations and warranties regarding Proprietary Information as may be made to it in any final agreement relating to the Proposed Transaction, subject to the terms and conditions of such agreement.

Each party hereto agrees that, without prior written consent of the other party, it will not for a period of one year from the date hereof directly or indirectly solicit for employment or employ any person who is now employed by the other party and who is identified as a result of any evaluation or otherwise in connection with the Proposed Transaction; PROVIDED, HOWEVER, that nothing herein shall prohibit either party from employing any person who initiates employment discussions with such party without any prior solicitation of such person by such party.

If either party hereto determines that it does not wish to proceed with the Proposed Transaction, it will promptly advise the other party of that decision. In such case, or if the Proposed Transaction is not consummated by Abbott and the Company, each party will promptly return to the other party all copies of Proprietary Information in its possession or in the possession of any of its Representatives and will not retain any copies or other reproductions in whole or in part of such material. All other documents, memoranda, notes, summaries, analyses, extracts, compilations, studies or other material whatsoever prepared by it or any of its Representatives based on the Proprietary Information will be destroyed and such destruction will be certified in writing to the other party by an authorized officer supervising such destruction. All Proprietary Information will continue to be subject to the terms of this letter agreement.

You agree that for a period of one year from the date of this letter agreement, except as otherwise provided below, neither you nor any of your affiliates will, without the prior written consent of the Company:

(a) acquire, offer to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, any voting securities or direct or indirect rights to acquire any voting securities of the Company or any subsidiary thereof, or any material assets of the Company or any subsidiary or division thereof or of any such successor or controlling person;

(b) make, or in any way participate, directly or indirectly, in any "solicitation" of "proxies" to vote (as such terms are used in the rules of the Securities and Exchange Commission), or seek to advise or influence any person or entity with respect to the voting of any voting securities of the Company;

(c) make any public announcement with respect to, or submit a proposal for, or offer of (with or without conditions) any extraordinary transaction involving the Company or any of its securities or material assets;

(d) form, join or in any way participate in a "group" as defined in Section 13(d)(3) of the Exchange Act, in connection with any of the foregoing; or

(e) request the Company or any of the Company's Representatives, directly or indirectly, to amend or waive any provision of this paragraph, except in a manner that is not, and is not intended or required to be, disclosed publicly by either party hereto or their respective affiliates;

PROVIDED, HOWEVER, that (a) through (e) above shall be not be binding on Abbott if, on or after the date of this Agreement, (A) any person or group of persons, other than any person specified in Rule 13d-1(b)(1)(i) and (ii) under the Exchange Act, acquires beneficial ownership of any equity or voting security of the Company, or any security convertible into or exchangeable for any equity or voting security of the Company, including, without limitation, the Common Stock, par value $.01 per share (the "COMMON STOCK"), of the Company (collectively, the "COMPANY SECURITIES") representing 15% or more of the then total outstanding shares of any such class of Company Securities, or representing 15% or more of the total outstanding voting interest in the Company; (B) the Company issues or commits to issue shares of its Class A Common Stock, par value $.01 per share, or any other voting securities, other than the Common Stock or any securities convertible into or exchangeable for shares of Common Stock; or (C) it has been publicly announced or otherwise publicly disclosed that any person or group of persons, other than Abbott or the Company or any of their respective affiliates, proposes to effect or has effected (i) a merger, consolidation or other business combination transaction with the Company, (ii) any sale, lease, exchange, transfer or other disposition of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, (iii) a tender offer or exchange offer for more than 20% of the outstanding shares of any class of Company Securities, or (iv) any

solicitation of proxies with respect to shares of any class of Company Securities by any person or group of persons (other than the Company or Abbott or any of its affiliates) with respect to either the election of directors or relating to any Acquisition Proposal (each of the events set forth in (A), (B) and (C) above are referred to herein as an "ACQUISITION PROPOSAL").

The Company agrees that for a period of 16 days from the date of this letter agreement, the Company will not, and will use its best efforts to ensure that its Representatives do not, directly or indirectly, (A) initiate, solicit, encourage or engage in any discussions with a party other than Abbott or its Representatives in respect of any Acquisition Proposal, (B) provide any confidential information in respect of the Company to any person other than Abbott in connection with any Acquisition Proposal, (C) initiate, solicit or encourage, or take any action to facilitate the making of any Acquisition Proposal or (D) enter into any agreement or understanding in respect of any Acquisition Proposal.

Without prejudice to the rights and remedies otherwise available to each of the parties hereto, each such party shall be entitled to equitable relief by way of specific performance, injunction or otherwise if the other party or any of its Representatives breach or threaten to breach any of the provisions of this letter agreement.

It is further understood and agreed that no failure or delay by either party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

This letter agreement shall be deemed a contract made under, and for all purposes shall be construed in accordance with, the laws of the Commonwealth of Massachusetts, without reference to its conflicts of laws principles.

This letter agreement shall not be assigned by either party, by operation of law or otherwise, without the prior written consent of the other party.

This letter agreement contains the entire agreement between Abbott and the Company concerning confidentiality of Proprietary Information, and no modification of this letter agreement or waiver of the terms and conditions hereof shall be binding upon Abbott or the Company, unless approved in writing by each of the parties hereto.

Please confirm your agreement with the foregoing by signing and returning to the undersigned the duplicate copy of this letter enclosed herewith.

MEDISENSE, INC.

By

Name:
Title:

Accepted and Agreed
as of the date
first written above.

ABBOTT LABORATORIES

By

Name:
Title: