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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

/x/ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2002

OR

/ / **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 1-2189

ABBOTT LABORATORIES

An Illinois Corporation

I.R.S. Employer Identification No. 36-0698440

100 Abbott Park Road
Abbott Park, Illinois 60064-6400

Telephone: (847) 937-6100

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /x/. No / /.

As of September 30, 2002, the Corporation had 1,562,540,625 common shares without par value outstanding.

PART I. FINANCIAL INFORMATION

Abbott Laboratories and Subsidiaries

Condensed Consolidated Financial Statements

(Unaudited)

Abbott Laboratories and Subsidiaries
Condensed Consolidated Statement of Earnings
(Unaudited)
(dollars and shares in thousands except per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
Net Sales	$ 4,341,236	$ 4,181,185	$ 12,845,414	$ 11,840,184
Cost of products sold	2,067,494	2,040,899	6,130,161	5,667,281
Research and development	393,125	400,566	1,129,298	1,116,187
Acquired in-process research and development	—	—	107,700	1,187,000
Selling, general and administrative	967,218	995,086	2,836,912	2,690,301

Total Operating Cost and Expenses	3,427,837	3,436,551	10,204,071	10,660,769
Operating Earnings	913,399	744,634	2,641,343	1,179,415
Net interest expense	52,757	74,973	157,864	170,165
Income from TAP Pharmaceutical Products Inc. joint venture	(171,586)	(215,637)	(507,299)	(181,352)
Net foreign exchange loss	28,900	15,506	71,992	34,227
Other (income) expense, net	49,618	55,639	49,122	67,991
Earnings Before Taxes	953,710	814,153	2,869,664	1,088,384
Taxes on earnings	233,659	182,753	703,068	151,549
Net Earnings	$ 720,051	$ 631,400	$ 2,166,596	$ 936,835
Basic Earnings Per Common Share	$ 0.46	$ 0.41	$ 1.39	$ 0.60
Diluted Earnings Per Common Share	$ 0.46	$ 0.40	$ 1.38	$ 0.60
Cash Dividends Declared Per Common Share	$ 0.235	$ 0.21	$ 0.705	$ 0.63
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,562,332	1,551,677	1,560,379	1,549,432
Dilutive Common Stock Options	6,619	20,377	13,558	13,324
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options	1,568,951	1,572,054	1,573,937	1,562,756
Outstanding Common Stock Options Having No Dilutive Effect	63,001	2,001	22,558	2,001

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

Abbott Laboratories and Subsidiaries
Condensed Consolidated Statement of Cash Flows
(Unaudited)
(dollars in thousands)

	Nine Months Ended September 30	
	2002	**2001**
Cash Flow From (Used in) Operating Activities:		
Net earnings	$ 2,166,596	$ 936,835
Adjustments to reconcile net earnings to net cash from operating activities—		
Depreciation	638,311	576,205
Amortization of intangibles	253,198	272,921
Acquired in-process research and development	107,700	1,187,000
Trade receivables	(37,833)	(46,697)
Inventories	(191,652)	(202,480)
Other, net	47,095	(44,326)
Net Cash From Operating Activities	2,983,415	2,679,458
Cash Flow From (Used in) Investing Activities:		
Acquisition of businesses and technology	(585,999)	(7,052,626)

Acquisitions of property and equipment	(910,103)	(801,609)
Investment securities transactions	(38,699)	46,767
Other	12,461	17,970
Net Cash (Used in) Investing Activities	(1,522,340)	(7,789,498)
Cash Flow From (Used in) Financing Activities:		
Proceeds from (repayments of) commercial paper, net	(742,841)	2,622,000
Proceeds from issuance (retirement) of long-term debt, net	—	3,000,000
Other borrowing transactions, net	245,888	57,474
Common share transactions	129,304	107,302
Dividends paid	(1,060,654)	(944,738)
Net Cash (Used in) From Financing Activities	(1,428,303)	4,842,038
Effect of exchange rate changes on cash and cash equivalents	52,498	(52,063)
Net Increase (Decrease) in Cash and Cash Equivalents	85,270	(320,065)
Cash and Cash Equivalents, Beginning of Year	657,378	914,218
Cash and Cash Equivalents, End of Period	$ 742,648	$ 594,153

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

Abbott Laboratories and Subsidiaries
Condensed Consolidated Balance Sheet
(dollars in thousands)
(Unaudited)

	September 30 2002	December 31 2001
Assets		
Current Assets:		
Cash and cash equivalents	$ 742,648	$ 657,378
Investment securities	271,212	56,162
Trade receivables, less allowances of $192,376 in 2002 and $195,585 in 2001	2,865,699	2,812,727
Inventories:		
Finished products	1,323,074	1,154,329
Work in process	546,693	487,310
Materials	576,336	570,396
Total inventories	2,446,103	2,212,035
Prepaid expenses, income taxes, and other receivables	2,158,487	2,680,887
Total Current Assets	8,484,149	8,419,189
Investment Securities Maturing after One Year	318,992	647,214
Property and Equipment, at Cost	11,975,552	11,225,405
Less: accumulated depreciation and amortization	6,261,955	5,673,858
Net Property and Equipment	5,713,597	5,551,547
Deferred Income Taxes, Investment in Joint Ventures and Other Assets	1,412,272	1,384,153
Goodwill	3,711,069	3,177,646
Intangible Assets, net of amortization	4,020,276	4,116,674
	$ 23,660,355	$ 23,296,423
Liabilities and Shareholders' Investment		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	$ 2,480,947	$ 2,953,335
Trade accounts payable	887,802	1,525,215
Salaries, income taxes, dividends payable, and other accruals	3,348,459	3,448,267

Total Current Liabilities	6,717,208	7,926,817
Long-Term Debt	4,455,947	4,335,493
Post-employment obligations and other long-term liabilities	1,940,027	1,974,681
Shareholders' Investment:		
Preferred shares, one dollar par value Authorized—1,000,000 shares, none issued	—	—
Common shares, without par value Authorized—2,400,000,000 shares Issued at stated capital amount — Shares: 2002: 1,578,418,043; 2001: 1,571,816,976	2,865,894	2,643,443
Common shares held in treasury, at cost—Shares: 2002: 15,877,418; 2001: 17,286,684	(231,859)	(252,438)
Unearned compensation—restricted stock awards	(82,967)	(18,258)
Earnings employed in the business	8,347,523	7,281,395
Accumulated other comprehensive loss	(351,418)	(594,710)
Total Shareholders' Investment	10,547,173	9,059,432
	$ 23,660,355	$ 23,296,423

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

Abbott Laboratories and Subsidiaries

Notes to Condensed Consolidated Financial Statements

September 30, 2002

(Unaudited)

Note 1—Basis of Presentation

The accompanying unaudited, condensed consolidated financial statements have been prepared pursuant to rules and regulations of the Securities and Exchange Commission and, therefore, do not include all information and footnote disclosures normally included in annual financial statements. However, in the opinion of management, all adjustments necessary to present fairly the results of operations, financial position and cash flows have been made. It is suggested that these statements be read in conjunction with the financial statements included in Abbott's Annual Report on Form 10-K for the year ended December 31, 2001.

Note 2—Supplemental Financial Information
(dollars in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
Net interest expense:				
Interest expense	$ 61,160	$ 92,436	$ 184,293	$ 233,657
Interest income	(8,403)	(17,463)	(26,429)	(63,492)
Total	$ 52,757	$ 74,973	$ 157,864	$ 170,165

Note 3—Taxes on Earnings

Taxes on earnings reflect the estimated annual effective rates, and for 2001, include the effect of the charge for acquired in-process research and development relating to the acquisition of the pharmaceutical business of BASF and the adjustment to the TAP Pharmaceutical Products Inc. joint venture income relating to the Department of Justice investigation. The effective tax rates, net of the effect of these 2001 charges, are less than the statutory U.S. federal income tax rate principally due to the domestic dividend exclusion and the benefit of tax exemptions in several taxing jurisdictions.

Note 4—Litigation and Environmental Matters

Abbott is involved in various claims and legal proceedings including a number of antitrust suits and investigations in connection with the pricing of prescription pharmaceuticals. These suits and investigations allege that various pharmaceutical manufacturers have conspired to fix prices for prescription pharmaceuticals and/or to discriminate in pricing to retail pharmacies by providing discounts to mail-order pharmacies, institutional pharmacies and HMOs in violation of state and federal antitrust laws. The suits have been brought on behalf of individuals and retail pharmacies and name both Abbott and certain other

pharmaceutical manufacturers and pharmaceutical wholesalers as defendants. The cases seek treble damages, civil penalties, and injunctive and other relief. Abbott has filed a response to each of the complaints denying all substantive allegations.

There are several lawsuits pending in connection with the sales of *Hytrin*. These suits allege that Abbott violated state or federal antitrust laws and, in some cases, unfair competition laws by signing patent settlement agreements with Geneva Pharmaceuticals, Inc. and Zenith Laboratories, Inc. Those

agreements related to pending patent infringement lawsuits between Abbott and the two companies. Some of the suits also allege that Abbott violated various state or federal laws by filing frivolous patent infringement lawsuits to protect *Hytrin* from generic competition. The cases seek treble damages, civil penalties and other relief. Abbott has filed or intends to file a response to each of the complaints denying all substantive allegations.

The U. S. Attorney's office in the Southern District of Illinois is conducting an industry-wide investigation of the enteral nutritional business, including Abbott's Ross division. Abbott is cooperating with the investigation and is responding to subpoenas which have been issued. The investigation is both civil and criminal in nature. While it is not feasible to predict the outcome of this investigation with certainty, an adverse outcome in this investigation could have a material adverse effect on Abbott's cash flows and results of operations in a given year, but should not have a material adverse effect on Abbott's financial position.

Abbott has been identified as a potentially responsible party for investigation and cleanup costs at a number of locations in the United States and Puerto Rico under federal and state remediation laws and is investigating potential contamination at a number of company-owned locations. Abbott has recorded an estimated cleanup cost for each site for which management believes Abbott has a loss exposure. No individual site cleanup exposure is expected to exceed $3 million, and the aggregate cleanup exposure is not expected to exceed $20 million.

Within the next year, legal proceedings may occur that may result in a change in the estimated reserves recorded by Abbott. Abbott is unable to estimate the reasonably probable range of loss for the claims and investigations discussed above and in Note 5. Except for the enteral nutritional investigation, Abbott has recorded reserves of approximately $150 million for its legal proceedings and environmental exposure including those discussed above and in Note 5. These reserves represent management's best estimate of probable loss, as defined by Statement of Financial Accounting Standards No. 5. While it is not feasible to predict the outcome of such proceedings with certainty, management believes that their ultimate disposition should not result in a loss materially different than the amount recorded, and should not have a material adverse effect on Abbott' financial position, cash flows, or results of operations, except as noted above with respect to the enteral nutritional investigation.

Note 5—TAP Pharmaceutical Products Inc.

In 2001, TAP Pharmaceutical Products Inc. (TAP) entered into an agreement with the United States Department of Justice to settle matters relating to its investigation involving TAP's marketing of its prostate cancer drug, *Lupron*. In the first quarter of 2001, Abbott's income from the TAP joint venture was reduced by a charge of $344 million relating to this investigation. In the third quarter of 2001, this charge was reduced by approximately $70 million to reflect the final settlement terms.

TAP and Abbott have been named as defendants in several lawsuits alleging violations of various state or federal laws in connection with TAP's marketing and pricing of *Lupron*. Abbott intends to file a response to each of the lawsuits denying all substantive allegations.

Within the next year, legal proceedings may occur that may result in a change in the estimated reserves recorded by TAP and Abbott. While it is not feasible to predict the outcome of such pending claims, proceedings, and investigations with certainty, management is of the opinion that their ultimate disposition should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations.

Note 6—U.S. Food and Drug Administration Consent Decree

In November 1999, Abbott reached agreement with the U.S. government to have a consent decree entered to settle issues involving Abbott's diagnostics manufacturing operations in Lake County, Ill. The decree, which was amended in December 2000, requires Abbott to ensure its diagnostics manufacturing processes in Lake County conform with the U.S. Food and Drug Administration's (FDA) Quality System Regulation (QSR). The decree allows for the continued manufacture and distribution of medically necessary diagnostic products made in Lake County. However, Abbott is prohibited from manufacturing or distributing certain diagnostic products until Abbott ensures the processes in its Lake County diagnostics manufacturing operations conform with the QSR. The decree allows Abbott to export diagnostic products and components for sale and distribution outside the United States if they meet the export requirements of the Federal Food, Drug and Cosmetic Act. Under the terms of the amended consent decree, Abbott was to ensure its diagnostics manufacturing operations reached conformance with the QSR by various dates through January 15, 2001. The FDA would determine Abbott's conformance with the QSR after an inspection of Abbott's facilities. In January 2002, the FDA concluded its inspection of Abbott's facilities and issued its observations. In February 2002, Abbott submitted its response to those observations. In May 2002, the FDA informed Abbott that its Lake County manufacturing operations were found not in conformity with the QSR. A one-time pre-tax charge of $129 million, or 6 cents per share, related to this matter has been recorded in the second quarter of 2002. The FDA will determine Abbott's conformance with the QSR after a re-inspection of Abbott's facilities. If the FDA concludes that the operations are not in conformance with the QSR, Abbott may be subject to additional costs.

Note 7—Comprehensive Income, net of tax
(dollars in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
Foreign currency translation gain (loss) adjustments	$ 319,062	$ 104,966	$ 364,615	$ (19,044)
Unrealized (losses) on marketable equity securities	(22,258)	(8,773)	(89,505)	(4,895)
Net (losses) on derivative instruments designated as cash flow hedges	(15,225)	—	(30,195)	—
Reclassification adjustment for realized losses (gains)	11,306	(5,140)	(1,623)	(18,827)
Other comprehensive income (loss), net of tax	292,885	91,053	243,292	(42,766)
Net Earnings	720,051	631,400	2,166,596	936,835
Comprehensive Income	$ 1,012,936	$ 722,453	$ 2,409,888	$ 894,069

Supplemental Comprehensive Income Information, net of tax:		
Cumulative foreign currency translation loss adjustments	$ 271,307	$ 649,937
Cumulative unrealized losses (gains) on marketable equity securities	61,324	(3,959)
Cumulative losses on derivative instruments designated as cash flow hedges	18,787	—

Note 8—Segment Information *(dollars in millions)*

Reportable Segments—Abbott's principal business is the discovery, development, manufacture and sale of a broad line of health care products and services. Abbott's products are generally sold directly to retailers, wholesalers, hospitals, health care facilities, laboratories, physicians' offices and government agencies throughout the world. Abbott's reportable segments are as follows:

Pharmaceutical Products—U.S. sales of a broad line of pharmaceuticals.

Diagnostic Products—Worldwide sales of diagnostic systems for blood banks, hospitals, consumers, commercial laboratories and alternate-care testing sites.

Hospital Products—U.S. sales of intravenous and irrigation fluids and related administration equipment, drugs and drug-delivery systems, anesthetics, critical care products, and other medical specialty products for hospitals and alternate-care sites.

Ross Products—U.S. sales of a broad line of adult and pediatric nutritional products, pediatric pharmaceuticals and consumer products.

International—Non-U.S. sales of all of Abbott's pharmaceutical, hospital and nutritional products. Products sold by International are manufactured by domestic segments and by international manufacturing locations.

Abbott's underlying accounting records are maintained on a legal entity basis for government and public reporting requirements. Segment disclosures are on a performance basis consistent with internal management reporting. Intersegment transfers of inventory are recorded at standard cost and are not a measure of segment operating earnings. The cost of some corporate functions and the cost of certain employee benefits are sold to segments at predetermined rates, which approximate cost. Remaining costs, if any, are not allocated to revenue segments. The following segment information has been prepared in accordance with the internal performance measurement policies of Abbott, as described above. As a result, consolidated net sales and consolidated earnings before taxes are presented below in accordance with generally accepted accounting principles and reportable segment net sales and operating earnings are presented in accordance with the internal performance measurement policies of Abbott.

	Net Sales to External Customers				Operating Earnings			
	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001	2002	2001	2002	2001
Pharmaceutical	$ 1,073	$ 1,055	$ 3,020	$ 2,665	$ 399	$ 438	$ 983	$ 973
Diagnostics	734	728	2,148	2,154	48	84	178	265
Hospital	733	695	2,169	2,016	166	179	557	536
Ross	492	502	1,586	1,603	132	161	532	604
International	1,201	1,144	3,667	3,174	287	219	950	682
Total Reportable Segments	4,233	4,124	12,590	11,612	1,032	1,081	3,200	3,060
Other	108	57	255	228				
Consolidated Net Sales	$ 4,341	$ 4,181	$ 12,845	$ 11,840				
Corporate functions					58	71	147	178
Benefit plans costs not allocated to revenue segments					(2)	41	31	82
Non-reportable segments					(1)	9	5	6
Net interest expense					53	75	158	170
Acquired in-process research and development					—	—	108	1,187
Income from TAP Pharmaceutical Products Inc.(a)					(172)	(216)	(507)	(182)
Net foreign exchange loss					29	15	72	34
Other expense (income), net(b)					113	272	316	497
Consolidated Earnings Before Taxes					$ 954	$ 814	$ 2,870	$ 1,088

(a) The third quarter 2001 reflects a $70 million reduction in the charge related to the DOJ investigation.

(b) Other expense (income), net for the first nine months 2002 includes $116 of the $129 one-time pre-tax charge relating to the U.S. FDA consent decree charge as discussed in Note 6. The remaining amount of the charge is included in the results of the diagnostic products segment.

Note 9—Restructuring Charges
(dollars in millions)

In 2001, Abbott began implementing restructuring plans related primarily to the operations of the acquired pharmaceutical business of BASF. The following summarizes the restructuring activity:

	Employee Related And Other
Accrued balance at December 31, 2001	$ 88.8
Restructuring charges recorded, in the first quarter 2002, as goodwill associated with the acquisition of the pharmaceutical business of BASF	59.3
Payments and other	(68.4)
Accrued balance at September 30, 2002	$ 79.7

See Note 14 for restructuring plans announced by Abbott subsequent to September 30, 2002.

Note 10—Sale of Product Rights

In the third quarter 2002, Abbott sold its *Tranxene* and *Desoxyn* product rights and a portion of the international product rights of *Selsun Blue* and in the first quarter 2002, Abbott sold its U.S. *Selsun Blue* product rights. Abbott recorded the related gains in Net Sales in accordance with Abbott's revenue recognition accounting policies as discussed in Note 1 to the financial statements included in Abbott's Annual Report on Form 10-K. Sale of the remaining *Selsun Blue* international product rights will be recorded as the appropriate regulatory approvals are received.

Note 11—Goodwill and Intangible Assets *(dollars in millions except per share amounts)*

Effective with the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets," on January 1, 2002, goodwill is no longer subject to amortization over its estimated useful life. Goodwill is subject to at least an annual assessment of impairment by applying a fair-value-based test. Abbott completed its initial assessment of goodwill impairment in the second quarter 2002, and its annual assessment in the third quarter 2002, which resulted in no impairment charges. Abbott will assess goodwill impairment in the third quarter of each year.

In 2002, Abbott recorded goodwill of $59 relating to restructuring charges associated with the acquisition of the pharmaceutical business of BASF, $257 relating to the acquisitions of Biocompatibles International plc and Hokuriku Seiyaku and the translation of foreign currency denominated goodwill. There were no reductions of goodwill in 2002 relating to impairments or disposal of all or a portion of a business. For internal management reporting purposes, goodwill is not allocated to reportable segments.

The following pro forma financial information reflects net income and diluted earnings per share as if goodwill and certain intangibles were not subject to amortization for the three months and nine months ended September 30, 2001.

	Three Months Ended September 30, 2001		Nine Months Ended September 30, 2001	
	Net Income	Earnings per Share	Net Income	Earnings per Share
Amounts as reported	$ 631	$ 0.40	$ 937	$ 0.60
Amortization, net of income taxes	31	0.02	71	0.04
Proforma amounts	$ 662	$ 0.42	$ 1,008	$ 0.64

The gross amount and accumulated amortization of amortizable intangible assets is as follows:

	September 30, 2002		December 31, 2001	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Product Rights and Technology	$ 4,323	$ 596	$ 4,167	$ 352
Patient Base and Other	192	47	192	38
Total	$ 4,515	$ 643	$ 4,359	$ 390

The estimated annual amortization expense for intangible assets is $339 in 2002, $346 in 2003, $345 in 2004, $341 in 2005, and $335 in 2006. The net amount of intangible assets with indefinite lives, primarily registered tradenames, not subject to amortization is $148 at September 30, 2002 and December 31, 2001.

Note 12—Business Combinations and Technology Acquisition

In the second quarter 2002, Abbott acquired the cardiovascular stent business of Biocompatibles International plc and certain cardiovascular stent technology rights from Medtronic, Inc. In addition, Abbott acquired an additional 28.8 percent of the issued common shares of Hokuriku Seiyaku, resulting in Abbott owning 95.5 percent of the common shares of Hokuriku Seiyaku. The aggregate cash purchase price ($586 million) of these strategic business and technology acquisitions resulted in a charge of $108 million for acquired in-process research and development, intangible assets of approximately $145 million and non-tax deductible goodwill of approximately $257 million. The allocation of the purchase price was based on independent appraisals of fair values as of the dates of acquisition. Acquired intangible assets, primarily product technology, will be amortized over 4 to 13 years (average of approximately 8 years). Had these acquisitions taken place on January 1 of the previous year, consolidated sales and income would not have been significantly different from reported amounts.

In the first quarter 2001, Abbott acquired, for cash, the pharmaceutical business of BASF, which includes the global operations of Knoll Pharmaceuticals, for approximately $7.2 billion. The acquisition was accounted for under the purchase method of accounting.

Note 13—Co-Promotion Revenue Receivable

Abbott has an agreement to co-promote a product to hospitals on behalf of another pharmaceutical company. Under this agreement, which commenced in 1996, Abbott records as revenue an estimate of the commission earned each period. Abbott is able to accurately calculate its commission from available market data. Within 90 days of the end of each period, the co-promotion partner provides Abbott with a statement detailing the actual commission earned by Abbott. The co-promotion partner has notified Abbott that they have concluded that they have improperly calculated the amount of sales for which Abbott should receive a commission. Abbott believes that the co-promotion partner's assertion is invalid, and the parties are seeking arbitration of the dispute. Abbott has recorded receivables from this arrangement in the amount of $73 million as of September 30, 2002.

Note 14—Subsequent Event: Restructuring Plans

In October 2002, Abbott announced restructuring plans to align Abbott's global manufacturing operations with its scientific focus and to achieve greater operating efficiencies in its Diagnostics and International segments. Abbott expects to record an after-tax charge against earnings of $100 - $125 million in the fourth quarter 2002, reflecting the impairment of manufacturing facilities and other assets, and employee severance charges. The restructuring plans cover approximately 2,000 employees in manufacturing, sales and administrative-related functions. Abbott expects the restructuring to yield after-tax annual savings of $80 million to $100 million upon full implementation of the plans.

Abbott plans to account for these restructuring plans in accordance with Emerging Issues Task Force Issue No. 94-3 and, accordingly will charge to income all appropriate exit costs for plans approved by management before December 31, 2002. Accounting for these restructuring plans under Statement of Financial Accounting Standards No. 146 "Accounting for Costs Associated with Exit or Disposal Activities," which is effective for exit or disposal activities initiated after December 31, 2002, would have resulted in expense recognition as incurred instead of being charged to income in the fourth quarter 2002. However, a significant amount of the expenses would be charged against income in the fourth quarter 2002 under either EITF No. 94-3 or SFAS No. 146.

FINANCIAL REVIEW

Results of Operations—Third Quarter and First Nine Months of 2002 Compared with Same Periods in 2001

The following table details sales by reportable segment, presented in accordance with Abbott's internal performance measurement policies, for the third quarter and first nine months of 2002 *(dollars in millions)*:

	Three Months Ended September 30			Nine Months Ended September 30		
	Net Sales to External Customers			Net Sales to External Customers		
	2002	2001	Percentage Change (a)	2002	2001	Percentage Change (a)
Pharmaceutical	$ 1,073	$ 1,055	1.6	$ 3,020	$ 2,665	13.3
Diagnostics	734	728	0.8	2,148	2,154	(0.3)
Hospital	733	695	5.5	2,169	2,016	7.6
Ross	492	502	(1.9)	1,586	1,603	(1.1)
International	1,201	1,144	4.9	3,667	3,174	15.5
Total Reportable Segments	4,233	4,124	2.6	12,590	11,612	8.4
Other	108	57	89.5	255	228	11.8
Net Sales	$ 4,341	$ 4,181	3.8	$ 12,845	$ 11,840	8.5
Total U.S.	$ 2,672	$ 2,600	2.8	$ 7,846	$ 7,355	6.7
Total International	$ 1,669	$ 1,581	5.6	$ 4,999	$ 4,485	11.4

(a) Percentage changes are based on unrounded numbers.

Worldwide sales for the third quarter and first nine months reflect primarily unit growth. Excluding the effect of foreign exchange, sales increased 3.0 percent for the third quarter 2002 and 9.3 percent for the first nine months 2002, respectively, over the comparable 2001 periods. Pharmaceutical and International segment sales for the nine months ended September 30, 2002 were favorably impacted by the acquisition of the pharmaceutical business of BASF in the first quarter of 2001. Diluted earnings per common share for the quarter were 46 cents, compared to 40 cents a year ago.

The hospital product segment has an agreement to co-promote a product to hospitals on behalf of another pharmaceutical company. Under this agreement, which commenced in 1996, Abbott records as revenue an estimate of the commission earned each period. Abbott is able to accurately calculate its commission from available market data. Within 90 days of the end of each period, the co-promotion partner provides Abbott with a statement detailing the actual commission earned by Abbott. The co-promotion partner has notified Abbott that they have concluded that they have improperly calculated the amount of sales for which Abbott should receive a commission. Abbott believes that the co-promotion partner's assertion is invalid, and the parties are seeking arbitration of the dispute. An arbitrator's decision may not occur prior to the end of 2002. Abbott has recorded receivables from this arrangement in the amount of $73 million as of September 30, 2002. Abbott estimates that it will record additional revenue in the fourth quarter, 2002 in the amount of approximately $25 million.

Gross profit margin (sales less cost of products sold, including freight and distribution expenses) was 52.4 percent for the third quarter 2002, compared to 51.2 percent for the third quarter 2001. First nine months 2002 gross profit margin was 52.3 percent, compared to 52.1 percent for the first nine months 2001. These increases were due primarily to the absence of goodwill amortization in 2002, partially offset by unfavorable product mix for the third quarter 2002 and one-time consent decree charges for the first nine months 2002. The gross profit margin for the pharmaceutical products segment for both periods were negatively impacted by unfavorable product mix. Gross profit margin for

the diagnostic products segment were negatively impacted by the effect of the consent decree, as discussed below.

Research and development expenses, excluding acquired in-process research and development, decreased 1.9 percent in the third quarter 2002 and increased 1.2 percent in the nine months ended September 30, 2002 over the comparable 2001 periods. The decrease in research and development in the third quarter 2002 is due primarily to the lower spending on pharmaceutical programs. The majority of research and development expenditures continues to be concentrated on pharmaceutical products.

Selling, general and administrative expenses for the third quarter 2002 and first nine months 2002 decreased 2.8 percent and increased 5.4 percent, respectively, over the comparable 2001 periods. The third quarter 2002 decrease is a result a higher level of spending in the third quarter 2001 related to the acquisition of the pharmaceutical business of BASF. The first nine months 2002 increase is due primarily to increased spending as a result of the acquisition of the pharmaceutical business of BASF, increased selling and marketing support for new and existing products and for the Ross products segment, increased promotional spending to counter competitive promotional spending.

As a result of the consent decree entered into with the U.S. government in 1999, as discussed in Note 6, Abbott is prohibited from manufacturing or distributing certain diagnostic products until Abbott ensures the processes in its Lake County, Ill., diagnostics manufacturing operations conform with the U.S. Food and Drug Administration's (FDA) Quality System Regulation (QSR). Under the terms of the amended consent decree, Abbott was to ensure its diagnostics manufacturing operations reached conformance with the QSR by various dates through January 15, 2001. The FDA would determine Abbott's conformance with the QSR after an inspection of Abbott's facilities. In January 2002, the FDA concluded its inspection of Abbott's facilities and issued its observations. In February 2002, Abbott submitted its response to those observations. In May 2002, the FDA informed Abbott that its Lake County manufacturing operations were found not in conformity with the QSR. A one-time pre-tax charge of $129 million, or 6 cents per share, has been recorded in the second quarter of 2002. The majority of the charge is included in Other expense (income), net in the segment information in Note 8 to the condensed consolidated financial statements. In addition, as publicly disclosed on June 11, 2002, ongoing earnings per share is expected to be negatively impacted by approximately 9 cents per share in 2002 and 18 cents per share in 2003. The FDA will determine Abbott's conformance with the QSR after a re-inspection of Abbott's facilities. If the FDA concludes that the operations are not in conformance with the QSR, Abbott may be subject to additional costs.

The FDA announced in 1997 that all manufacturers of levothyroxine drug products (*Synthroid*), most of which had been on the market for many years, would be required as part of the agency's regulatory process to file either a New Drug Application (NDA), or a citizen petition showing that their products are not new drugs and therefore do not require an NDA. *Synthroid*'s manufacturer at the time, Knoll Pharmaceutical Company, which Abbott acquired in March 2001, exercised the citizen petition option because of *Synthroid*'s long history and excellent track record. On April 26, 2001, the FDA denied Knoll's petition. Abbott promptly responded to the FDA that Abbott would submit an NDA for *Synthroid*, which Abbott submitted on August 1, 2001. On July 24, 2002, Abbott announced that it received U.S. FDA approval of its NDA for *Synthroid.* Prior to this approval, Abbott's distribution of *Synthroid* was subject to certain limits, which were lifted by this approval. In 2001, Abbott recorded U.S. net sales of *Synthroid* of $445 million.

The U. S. Attorney's office in the Southern District of Illinois is conducting an industry-wide investigation of the enteral nutritional business, including Abbott's Ross division. Abbott is cooperating with the investigation and is responding to subpoenas which have been issued. The investigation is both civil and criminal in nature. While it is not feasible to predict the outcome of this investigation with certainty, an adverse outcome in this investigation could have a material adverse effect on Abbott's

cash flows and results of operations in a given year, but should not have a material adverse effect on Abbott's financial position.

On July 31, 2002 a jury concluded that Abbott's *Gengraf* product infringed a third party's patent and awarded $5 million in damages to the third party. Abbott intends to appeal the verdict. Sales of *Gengraf* in the nine months ended September 30, 2002 were approximately $40 million.

Business Combinations and Technology Acquisition

In the second quarter 2002, Abbott acquired the cardiovascular stent business of Biocompatibles International plc and certain cardiovascular stent technology rights from Medtronic, Inc. In addition, Abbott acquired an additional 28.8 percent of the issued common shares of Hokuriku Seiyaku, resulting in Abbott owning 95.5 percent of the common shares of Hokuriku Seiyaku. The aggregate cash purchase price ($586 million) of these strategic business and technology acquisitions resulted in a charge of $108 million for acquired in-process research and development, intangible assets of approximately $145 million and non-tax deductible goodwill of approximately $257 million. Acquired intangible assets, primarily product technology, will be amortized over 4 to 13 years (average of approximately 8 years). Had these acquisitions taken place on January 1 of the previous year, consolidated sales and income would not have been significantly different from reported amounts.

In the first quarter 2001, Abbott acquired, for cash, the pharmaceutical business of BASF, which includes the global operations of Knoll Pharmaceuticals, for approximately $7.2 billion. The acquisition was accounted for under the purchase method of accounting.

Restructuring Charges
(dollars in millions)

In 2001, Abbott began implementing restructuring plans related primarily to the operations of the acquired pharmaceutical business of BASF. The following summarizes the restructuring activity:

	Employee Related And Other
Accrued balance at December 31, 2001	$ 88.8
Restructuring charges recorded, in the first quarter 2002, as goodwill associated with the acquisition of the pharmaceutical business of BASF	59.3
Payments and other	(68.4)
Accrued balance at September 30, 2002	$ 79.7

Subsequent Event: Restructuring

In October 2002, Abbott announced restructuring plans to align Abbott's global manufacturing operations with its scientific focus and to achieve greater operating efficiencies in its Diagnostics and International segments. Abbott expects to record an after-tax charge against earnings of $100-$125 million in the fourth quarter 2002, reflecting the impairment of manufacturing facilities and other assets, and employee severance charges. The restructuring plans cover approximately 2,000 employees in manufacturing, sales and administrative-related functions. Abbott expects the restructuring to yield after-tax annual savings of $80 million to $100 million upon full implementation of the plans.

Abbott plans to account for these restructuring plans in accordance with Emerging Issues Task Force Issue No. 94-3 and, accordingly will charge to income all appropriate exit costs for plans approved by management before December 31, 2002. Accounting for these restructuring plans under Statement of Financial Accounting Standards No. 146 "Accounting for Costs Associated with Exit or Disposal Activities," which is effective for exit or disposal activities initiated after December 31, 2002,

would have resulted in expense recognition as incurred instead of being charged to income in the fourth quarter 2002. However, a significant amount of the expenses would be charged against income in the fourth quarter 2002 under either EITF No. 94-3 or SFAS No. 146.

Sale of Product Rights

In the third quarter 2002, Abbott sold its *Tranxene* and *Desoxyn* product rights and a portion of the international product rights of *Selsun Blue* and in the first quarter 2002, Abbott sold its U.S. *Selsun Blue* product rights. Abbott recorded the related gains in Net Sales in accordance with Abbott's revenue recognition accounting policies as discussed in Note 1 to the financial statements included in Abbott's Annual Report on Form 10-K. Sale of the remaining *Selsun Blue* international product rights will be recorded as the appropriate regulatory approvals are received.

Interest Expense

Interest expense decreased in the third quarter of 2002 due to lower interest rates and a lower level of debt and decreased for the first nine months 2002 due to lower interest rates.

Income from TAP Pharmaceutical Products Inc. Joint Venture

In 2001, Abbott's income from TAP Pharmaceutical Products Inc. (TAP) joint venture was adversely affected as a result of the U.S. Department of Justice investigation of TAP's marketing of *Lupron* as discussed in Note 5 to the condensed consolidated financial statements.

Taxes on Earnings

Taxes on earnings reflect the estimated annual effective rates, and for 2001, include the effect of the charge for acquired in-process research and development relating to the acquisition of the pharmaceutical business of BASF and the adjustment to the TAP Pharmaceutical Products Inc. joint venture income relating to the Department of Justice investigation. The effective tax rates, net of these 2001 charges, are less than the statutory U.S. Federal income tax rate principally due to the domestic dividend exclusion and the benefit of tax exemptions in several taxing jurisdictions.

Earnings (in millions, except per share amounts)

Abbott recorded certain one-time charges to earnings in the third quarter and first nine months of 2002 and 2001. Management's analysis of these items compared to reported net income and diluted

earnings per share for the three months and nine months ended September 30, 2002 and 2001, in accordance with generally accepted accounting principles (GAAP) is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
Description	**2002**	**2001**	**2002**	**2001**
Acquired in-process research and development	$ —	$ —	$ 108	$ 1,187
TAP Pharmaceutical Products Inc. joint venture income adjustment relating to *Lupron*	—	(55)	—	289
U.S. FDA consent decree charge	—	—	129	—
Equity impairments and other charges	42	85	42	120
Acquisition related charges other than acquired in-process research and development	—	71	—	155
Total pretax one-time charges	42	101	279	1,751
Taxes on one-time charges	10	46	69	561
Net income effect of one-time charges	32	55	210	1,190
Net income as reported (GAAP)	720	631	2,167	937
Net income excluding one-time charges	$ 752	$ 686	$ 2,377	$ 2,127
Diluted earnings per share effect of one-time charges	$ 0.02	$ 0.04	$ 0.13	$ 0.76
Diluted earnings per share as reported (GAAP)	0.46	0.40	1.38	0.60
Diluted earnings per share excluding one-time charges	$ 0.48	$ 0.44	$ 1.51	$ 1.36

Liquidity and Capital Resources at September 30, 2002 Compared with December 31, 2001

Net cash from operating activities for the first nine months 2002 totaled $3.0 billion. Abbott expects annual cash flow from operating activities to continue to approximate or exceed Abbott's capital expenditures and cash dividends.

At September 30, 2002, Abbott had working capital of $1.8 billion compared to working capital of $492 million at December 31, 2001. The increase in working capital in 2002 was primarily due to operating cash flows used to decrease short-term commercial paper borrowings.

At September 30, 2002, Abbott's bond ratings were AA by Standard & Poor's Corporation and Aa3 by Moody's Investors Service. Abbott has readily available financial resources, including unused domestic lines of credit of $3.0 billion, which support domestic commercial paper borrowing arrangements. In connection with the acquisition of the issued common shares of Hokuriku Seiyakyu, as discussed in Note 12, Abbott borrowed approximately $270 million under a bank credit facility. The $300 million yen denominated facility requires repayment by March 31, 2003.

Under a registration statement filed with the Securities and Exchange Commission in February 2001, Abbott may issue up to $250 million of securities in the future in the form of debt securities or common shares without par value.

Abbott maintains a portfolio of available-for-sale equity securities from strategic technology acquisitions. Abbott monitors its equity portfolio for other-than-temporary impairments in value. The book value of Abbott's equity security portfolio was approximately $392 million as of September 30, 2002. Market values of equity securities, particularly those in the biotech sector, have suffered declines, which have continued subsequent to September 30, 2002. If these market declines are other than temporary, Abbott could report impairment charges in future periods. In addition, assets held by Abbott's major defined benefit pension plans are also affected by the market declines. Should these

declines continue, Abbott's funding and expense for its defined benefit plans would increase in future periods.

Legislative Issues

Abbott's primary markets are highly competitive and subject to substantial government regulation. Abbott expects debate to continue at both the federal and the state levels over the availability, method of delivery, and payment for health care products and services. Abbott believes that if legislation is enacted, it could have the effect of reducing prices, or reducing the rate of price increases for medical products and services. International operations are also subject to a significant degree of government regulation. It is not possible to predict the extent to which Abbott or the health care industry in general might be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item 1, Business, in the Annual Report on Form 10-K, which is available upon request.

Private Securities Litigation Reform Act of 1995—A Caution Concerning Forward-Looking Statements

Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Abbott cautions investors that any forward-looking statements or projections made by Abbott, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Economic, competitive, governmental, technological and other factors that may affect Abbott's operations are discussed in Exhibit 99.1 to this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures.

(a) The Chief Executive Officer, Miles D. White, and Chief Financial Officer, Thomas C. Freyman, evaluated the effectiveness of Abbott Laboratories' disclosure controls and procedures on November 4, 2002 (Evaluation Date), and concluded that, as of the Evaluation Date, Abbott Laboratories' disclosure controls and procedures were effective to ensure that information Abbott is required to disclose in its filings with the Securities and Exchange Commission under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed by Abbott in the reports that it files under the Exchange Act is accumulated and communicated to Abbott's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no significant changes in Abbott's internal controls or in other factors that could significantly affect these controls subsequent to the Evaluation Date.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Abbott is involved in various claims, legal proceedings and investigations, including those described below.

As previously reported in Abbott's 2001 Form 10-K, a number of prescription pharmaceutical pricing antitrust suits have been brought on behalf of retail pharmacies and individuals and are pending in federal and state courts as purported class actions alleging that Abbott, other pharmaceutical manufacturers, and pharmaceutical wholesalers conspired to fix prices for prescription pharmaceuticals and/or to discriminate in pricing to retail pharmacies in violation of state and federal antitrust laws. As previously reported in Abbott's Form 10-Q for the period ended March 31, 2002, the Sherman Act claims were remanded to their courts of original jurisdiction. Those cases have now been consolidated in the Eastern District of New York. In July 2002, the claims of 232 plaintiffs pending in six of the federal retail pharmacy cases and the state court case in Santa Clara County, California were settled for an amount not to exceed $233,000 and dismissed.

In its 2001 Form 10-K, Abbott reported that three cases were pending in which Abbott sought to protect its patents for divalproex sodium (a drug that Abbott sells under the trademark Depakote®), that the United States District Court for the Northern District of Illinois had granted Abbott's motions for summary judgment against both TorPharm, a division of Apotex, Inc., ("TorPharm") and Alra Laboratories, Inc. ("Alra"), finding that TorPharm's proposed product and Alra's product infringed Abbott's patents, and that TorPharm and Alra appealed these decisions to the Federal Circuit Court of Appeals. In August 2002, the Federal Circuit Court of Appeals affirmed, in part, and reversed, in part, the lower court's decision in TorPharm, and remanded the issue of infringement to the lower court. The Federal Circuit Court of Appeals has stayed the litigation in Alra pending a decision in TorPharm.

In its Form 10-Q for the quarter ended June 30, 2002, Abbott reported that a number of cases were pending as purported class actions on behalf of individuals or entities that allege generally that Abbott and other pharmaceutical companies reported false information in connection with certain drugs that are reimbursable under Medicare and Medicaid. Four additional cases have been filed: *John Rice v. Abbott Laboratories, Inc., et. al.,* (filed on July 12, 2002 in the Superior Court for Alemeda County, California); *Constance Thompson v. Abbott Laboratories, Inc., et. al.,* (filed on August 23, 2002 in the Superior Court for San Francisco County, California); *Ronald E. Turner v. Abbott Laboratories, et. al.,*(filed on September 9, 2002 in the Superior Court for San Francisco County, California); and *Congress of California Seniors v. Abbott Laboratories, et. al.,* (filed on September 24, 2002 in the Superior Court for Los Angeles County, California). The cases generally seek damages, treble damages, disgorgement of profits, restitution and attorneys' fees.

In its Form 10-Q for the quarter ended June 30, 2002, Abbott reported that a number of cases had been brought against TAP Pharmaceutical Products, Inc., Abbott and Takeda Chemical Industries, Ltd. that generally allege that TAP reported false pricing information in connection with Lupron®, a product reimbursable under Medicare. Two additional cases have been filed: *Cobalt Corporation v. Abbott Laboratories, Inc., Takeda Chemical Industries, Ltd., and TAP Pharmaceutical Products, Inc.,* (filed August 23, 2002 in the United States District Court for the District of Massachusetts) and *Health Care Services Corp. v. Takeda Chemical Industries, Ltd., TAP Pharmaceutical Products, Inc. and Abbott Laboratories,* (filed July 12, 2002 in Jefferson County, Texas). *Cobalt Corporation* has been consolidated with the federal MDL proceeding, *In re Lupron Marketing and Sales Practices Litigation, MDL 1430.* Health Care Services Corporation was formerly one of the plaintiffs in the previously reported state case *Benoit* (filed February 22, 2002 in Jefferson County, Texas). It has been severed from *Benoit* and has become a plaintiff in *Health Care Services Corporation.*

As previously reported in the Form 10-Q for the period ended June 30, 2002, the U.S. Attorney's Office in the Southern District of Illinois is conducting an industry-wide investigation of the enteral nutritional business, including Abbott's Ross division. Abbott is cooperating with the investigation and is responding to subpoenas which have been issued. The investigation is both civil and criminal in nature. While it is not feasible to predict the outcome of this investigation with certainty, an adverse outcome in this investigation could have a material adverse effect on Abbott's cash flows and results of operations in a given year, but should not have a material adverse effect on Abbott's financial position.

While it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate dispositions should not have a material adverse effect on Abbott's financial position, results of operation or cash flows, except as noted above with respect to the enteral nutritional investigation.

Item 6. Exhibits and Report on Form 8-K

1) Exhibits

3.1	By-Laws of Abbott Laboratories, as amended and effective October 11, 2002—attached hereto.
12.	Statement re: computation of ratio of earnings to fixed charges—attached hereto.
99.1	Cautionary Statement Regarding Forward-Looking Statements.
99.2	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.3	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

2) Report on Form 8-K

On August 13, 2002, Abbott Laboratories filed a Current Report on Securities and Exchange Commission Form 8-K furnishing the sworn statements of the Chief Executive Officer and Chief Financial Officer pursuant to Securities and Exchange Commission Order No. 4-460, and the statements of the Chief Executive Officer and Chief Financial Officer required under 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABBOTT LABORATORIES

/s/ THOMAS C. FREYMAN

Thomas C. Freyman,
Senior Vice President, Finance and Chief Financial Officer

Date: November 5, 2002

CERTIFICATIONS

I, Miles D. White, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Abbott Laboratories;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott Laboratories as of, and for, the periods presented in this quarterly report;

4. Abbott Laboratories' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for Abbott Laboratories and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to Abbott Laboratories, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of Abbott Laboratories' disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. Abbott Laboratories' other certifying officer and I have disclosed, based on our most recent evaluation, to Abbott Laboratories' auditors and the audit committee of Abbott Laboratories' board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect Abbott Laboratories' ability to record, process, summarize and report financial data and have identified for Abbott Laboratories' auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott Laboratories' internal controls; and

6. Abbott Laboratories' other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 5, 2002

/s/ MILES D. WHITE

Miles D. White, *Chairman of the Board and Chief Executive Officer*

I, Thomas C. Freyman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Abbott Laboratories;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott Laboratories as of, and for, the periods presented in this quarterly report;

4. Abbott Laboratories' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for Abbott Laboratories and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to Abbott Laboratories, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of Abbott Laboratories' disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. Abbott Laboratories' other certifying officer and I have disclosed, based on our most recent evaluation, to Abbott Laboratories' auditors and the audit committee of Abbott Laboratories' board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect Abbott Laboratories' ability to record, process, summarize and report financial data and have identified for Abbott Laboratories' auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott Laboratories' internal controls; and

6. Abbott Laboratories' other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 5, 2002

/s/ THOMAS C. FREYMAN

Thomas C. Freyman, *Senior Vice President, Finance and Chief Financial Officer*

EXHIBIT INDEX

Exhibit No.	Exhibit
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QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

BY-LAWS

OF

ABBOTT LABORATORIES

Adopted by the Board of Directors
of Abbott Laboratories at the
Annual Meeting, April 11, 1963
as amended and restated, effective October 11, 2002

BY-LAWS OF ABBOTT LABORATORIES

ARTICLE I

OFFICES

The principal office of the Corporation in the State of Illinois shall be located at the intersection of State Routes 43 and 137 in the County of Lake. The Corporation may have such other offices either within or without the State of Illinois as the business of the Corporation may require from time to time.

The registered office of the Corporation may be, but need not be, identical with the principal office in the State of Illinois. The address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

SHAREHOLDERS

SECTION 1. ANNUAL MEETING; TRANSACTION OF BUSINESS, NOMINATION OF DIRECTORS. The annual meeting of the shareholders shall be held in the month of April in each year on such date and at such time as the Board of Directors shall provide. The meeting shall be held for the purpose of electing Directors and for the transaction of such other business as is properly brought before the meeting in accordance with these By-Laws. If the election of Directors shall not be held on the day designated for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a meeting of the shareholders as soon thereafter as conveniently may be.

To be properly brought before the meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors or (c) otherwise properly brought before the meeting by a shareholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal office of the Corporation, not earlier than October 1 nor later than the first business day of January immediately prior to the date of the meeting; *provided, however*, that in the event that the date of such meeting is not in the month of April and less than sixty-five days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be so received not later than the close of business on the fifteenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made, whichever first occurs. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the shareholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the shareholder and (iv) any material interest of the shareholder in such business.

Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 1, *provided, however*, that nothing in this Section 1 shall be deemed to preclude discussion by any shareholder of any business properly brought before the annual meeting.

The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 1, and if he should so determine, he shall so declare to the meeting and such business not properly brought before the meeting shall not be transacted.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation at the annual meeting may be made at such annual meeting of shareholders by or at the direction of the Board of Directors, by any nominating committee or person appointed by the Board of Directors, or by any shareholder of the Corporation entitled to vote for the election of directors at such meeting who complies with the notice procedures set forth in this Section 1. Such nominations, other than those made by or at the direction of the Board of Directors or by a committee or person appointed by the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary. To be timely, a shareholder's notice shall be delivered to or mailed and received at the principal office of the Corporation not earlier than October 1 nor later than the first business day of January immediately prior to the date of the meeting; *provided, however*, that in the event that the date of such meeting is not in the month of April and less than sixty-five days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be so received not later than the close of business on the fifteenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such shareholder's notice to the Secretary shall set forth: (a) as to each person whom the shareholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the person and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended; and (b) as to the shareholder giving the notice, (i) the name and record address of such shareholder and (ii) the

class and number of shares of the Corporation which are beneficially owned by such shareholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein.

The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 2. SPECIAL MEETINGS. Special meetings of the shareholders may be called by the Chairman of the Board, the Chief Executive Officer, the President, the Board of Directors or by the holders of not less than one-fifth of all the outstanding shares entitled to vote on the matter for which the meeting is called.

SECTION 3. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Illinois, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the Corporation in the State of Illinois.

SECTION 4. NOTICE OF MEETINGS. Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, or in the cases of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets not less than twenty nor more than sixty days before the meeting, either personally or by mail, by or at the direction of the Chairman of the Board, the Chief Executive Officer, the President, or the Secretary or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail,

addressed to the shareholder at his or her address as it appears on the records of the Corporation, with postage thereon prepaid.

SECTION 5. FIXING RECORD DATE. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the Corporation may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, for a meeting of shareholders, not less than ten days, or in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets not less than twenty days, immediately preceding such meeting.

SECTION 6. VOTING LISTS. The Secretary shall make, or cause to have made, within twenty days after the record date for a meeting of shareholders or ten days before such meeting, whichever is earlier, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the Corporation and shall be subject to inspection by any shareholder and to copying at the shareholder's expense, at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in this State, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of shareholders.

SECTION 7. QUORUM. A majority of the outstanding shares of the Corporation entitled to vote on a matter, represented in person or by proxy, shall constitute a quorum for consideration of such matter at a meeting of shareholders. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on a matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by The Business Corporation Act of 1983 or the Articles of Incorporation, as in effect on the date of such determination. If a quorum is not present, a majority of the shares of the Corporation entitled to vote on a matter and represented in person or by proxy at such meeting may adjourn the meeting from time to time without further notice.

SECTION 8. PROXIES. A shareholder may appoint a proxy to vote or otherwise act for the shareholder by delivering a valid appointment to the person so appointed or such person's agent; PROVIDED, HOWEVER, no shareholder may name more than two persons as proxies to attend and to vote the shareholder's shares at any meeting of shareholders. Without limiting the manner in which a shareholder may appoint such a proxy pursuant to these By-Laws, the following shall constitute valid means by which a shareholder may make such an appointment:

(a) A shareholder may sign a proxy appointment form. The shareholder's signature may be affixed by any reasonable means, including, but not limited to, by facsimile signature.

(b) A shareholder may transmit or authorize the transmission of a telegram, cablegram, or other means of electronic transmission; provided that any such transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram, or other electronic transmission was authorized by the shareholder. If it is determined that the telegram, cablegram, or other electronic transmission is valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Each proxy continues in full force and effect until revoked by the person appointing the proxy prior to the vote pursuant thereto, except as otherwise provided by law. Such

revocation may be effected by a writing delivered to the secretary of the Corporation stating that the proxy is revoked or by a subsequent delivery of a valid proxy by, or by the attendance at the meeting and voting in person by the person appointing the proxy. The dates of the proxy shall presumptively determine the order of appointment.

SECTION 9. VOTING OF SHARES. Each outstanding share, regardless of class, shall be entitled to one vote in each matter submitted to a vote at a meeting of shareholders and, in all elections for Directors, every shareholder shall have the right to vote the number of shares owned by such shareholder for as many

persons as there are Directors to be elected, or to cumulate such votes and give one candidate as many votes as shall equal the number of Directors multiplied by the number of such shares or to distribute such cumulative votes in any proportion among any number of candidates; provided that, vacancies on the Board of Directors may be filled as provided in Section 9, Article III of these By-Laws. A shareholder may vote either in person or by proxy.

SECTION 10. VOTING OF SHARES BY CERTAIN HOLDERS. Shares of this Corporation held by the Corporation in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares entitled to vote at any given time.

Shares registered in the name of another corporation, domestic or foreign, may be voted by any officer, agent, proxy or other legal representative authorized to vote such shares under the law of incorporation of such corporation.

Shares registered in the name of a deceased person, a minor ward or a person under legal disability may be voted by his or her administrator, executor, or court appointed guardian, either in person or by proxy without a transfer of such shares into the name of such administrator, executor, or court appointed guardian. Shares registered in the name of a trustee may be voted by him or her, either in person or by proxy.

Shares registered in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his or her name if authority so to do is contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

SECTION 11. VOTING BY BALLOT. Voting on any question or in any election may be viva voce unless the presiding officer shall order that voting be by ballot.

SECTION 12. INSPECTORS OF ELECTION. The Board of Directors in advance of any meeting of shareholders may appoint inspectors to act at such meeting or any adjournment thereof. If inspectors of election are not so appointed, the officer or person acting as chairman at any such meeting may, and on the request of any shareholder or his proxy, shall make such appointment. In case any person appointed as inspector shall fail to appear or to act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the officer or person acting as chairman.

Such inspectors shall ascertain and report the number of shares represented at the meeting, based upon their determination of the validity and effect of proxies; count all votes and report the results; and do such other acts as are proper to conduct the election and voting with impartiality and fairness to all the shareholders.

Each report of an inspector shall be in writing and signed by him or her or by a majority of them if there be more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on

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the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of Directors of the Corporation shall be fourteen. The terms of all Directors shall expire at the next annual meeting of shareholders following their election. Despite the expiration of a Director's term, he or she shall continue to serve until the next meeting of shareholders at which Directors are elected. Directors need not be residents of Illinois or shareholders of the Corporation.

SECTION 3. REGULAR MEETINGS. A regular annual meeting of the Board of Directors shall be held without other notice than this By-Law, immediately after, and at the same place as, the annual meeting of shareholders. Other regular meetings of the Board of Directors shall be held at the principal office of the Corporation on the second Friday of every month at 9:00 a.m. without other notice than this By-Law. The Board of Directors may provide, by resolution, for the holding of the regular monthly meetings at a different time and place, either within or without the State of Illinois, or for the omission of the regular monthly meeting altogether. Where the Board of Directors has, by resolution, changed or omitted regular meetings, no other notice than such resolution shall be given.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the Chairman of the Executive Committee, the Chief Executive Officer, the President, or of any four Directors. The persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Illinois, as the place for holding any special meeting of the Board of Directors.

SECTION 5. NOTICE. Notice of any special meeting shall be given: (i) at least one day prior thereto if the notice is given personally or by an electronic transmission, (ii) at least two business days prior thereto if the notice is given by having it delivered by a third party entity that provides delivery services in the ordinary course of business and guarantees delivery of the notice to the Director no later than the following business day, and (iii) at least seven days prior thereto if the notice is given by mail. For this purpose, the term "electronic transmission" may include, but shall not be limited to, a telex, facsimile, or other electronic means. Notice shall be delivered to the Director's business address and/or telephone number and shall be deemed given upon electronic transmission, upon delivery to the third party delivery service, or upon being deposited in the United States mail with postage thereon prepaid. Any Director may waive notice of any meeting by signing a written waiver of notice either before or after the meeting. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need to be specified in the notice or waiver of notice of such meeting.

SECTION 6. QUORUM. A majority of the number of Directors fixed by these By-Laws shall constitute a quorum for transaction of business at any meeting of the Board of Directors; provided, that if less than a majority of such number of Directors are present at said meeting, a majority of the Directors present may

adjourn the meeting from time to time without further notice.

SECTION 7. MANNER OF VOTING. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 8. INFORMAL ACTION BY DIRECTORS. Any action required to be taken at a meeting of the Board of Directors, or any other action which may be taken at a meeting of the Board of Directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof, or by all the members of such committee, as the case may be.

The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more Directors. All the approvals evidencing the consent shall be delivered to the Secretary of the Corporation to be filed in the corporate records. The action taken shall be effective when all the Directors have approved the consent unless the consent specifies a different effective date.

Any such consent signed by all the Directors or all the members of a committee shall have the same effect as a unanimous vote.

SECTION 9. VACANCIES. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors, may be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A Director elected to fill a vacancy shall serve until the next annual meeting of shareholders. A majority of Directors then in office may also fill one or more vacancies arising between meetings of shareholders by reason of an increase in the number of Directors or otherwise, and any Director so selected shall serve until the next annual meeting of shareholders, provided that at no time may the number of Directors selected to fill vacancies in this manner during any interim period between meetings of shareholders exceed $33^{1}/_{3}$ per cent of the total membership of the Board of Directors.

SECTION 10. PRESUMPTION OF ASSENT. A Director of the Corporation who is present at a meeting of the Board of Directors or any committee thereof at which action on any corporate matter is taken is conclusively presumed to have assented to the action taken unless his or her dissent is entered in the minutes of the meeting or unless he or she files his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or forwards such dissent by registered or certified mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SECTION 11. APPOINTMENT OF AUDITORS. The Audit Committee shall appoint annually a firm of independent public accountants as auditors of the Corporation. Should the Audit Committee for any reason determine that such appointment be terminated, the Audit Committee shall appoint another firm of independent public accountants to act as auditors of the Corporation.

ARTICLE IV

COMMITTEES

SECTION 1. APPOINTMENT. A majority of the Board of Directors may create one or more committees and appoint members of the Board to serve on the committee or committees. Each committee shall have three or more members, who serve at the pleasure of the Board. The Board shall designate one member of each committee to be chairman of the committee. The Board shall designate a secretary of each committee who may be, but need not be, a member of the committee or the Board.

SECTION 2. COMMITTEE MEETINGS. A majority of any committee shall constitute a quorum and a majority of the committee is necessary for committee action. A committee may act by unanimous consent in writing without a meeting. Committee meetings may be called by the Chairman of the Board, the chairman of the committee, or any two of the committee's members. The time and place of committee meetings shall be designated in the notice of such meeting. Notice of each committee meeting shall be given to each committee member. Each Committee shall keep minutes of its proceedings and such minutes shall be distributed to the Board of Directors.

SECTION 3. EXECUTIVE COMMITTEE. The Board shall appoint an Executive Committee. A majority of the members of the Committee shall be selected from those Directors who are not then serving as full-time employees of the Corporation or any of its subsidiaries.

SECTION 4. DUTIES OF THE EXECUTIVE COMMITTEE. The Executive Committee may, when the Board of Directors is not in session, exercise the authority of the Board in the management of the business and affairs of the Corporation; provided, however, the Committee may not:

(1) authorize distributions;

(2) approve or recommend to shareholders any act the Business Corporation Act of 1983 requires to be approved by shareholders;

(3) fill vacancies on the Board or on any of its committees;

(4) elect or remove Officers or fix the compensation of any member of the Committee;

(5) adopt, amend or repeal the By-Laws;

(6) approve a plan of merger not requiring shareholder approval;

(7) authorize or approve reacquisition of shares, except according to a general formula or method prescribed by the Board;

(8) authorize or approve the issuance or sale, or contract for sale, of shares or determine the designation and relative rights, preferences, and limitations of a series of shares, except that the Board may direct the Committee to fix the specific terms of the issuance or sale or contract for sale or the number of shares to be allocated to particular employees under an employee benefit plan; or

(9) amend, alter, repeal, or take action inconsistent with any resolution or action of the Board of Directors when the resolution or action of the Board of Directors provides by its terms that it shall not be amended, altered or repealed by action of the Committee.

SECTION 5. AUDIT COMMITTEE. The Board of Directors shall appoint an Audit Committee. All of the members of the Committee shall be selected from those Directors who are not then serving as full-time employees of the Corporation or any of its subsidiaries.

SECTION 6. DUTIES OF THE AUDIT COMMITTEE. The Audit Committee shall:

(1) annually appoint a firm of independent public accountants to act as auditors of the Corporation;

(2) fix or establish with the auditors in advance the scope of and fees for their annual audit;

(3) review with the auditors and the management, from time to time, the Corporation's accounting principles, policies, and practices and its reporting policies and practices;

(4) review with the auditors annually the results of their audit;

(5) review from time to time with the auditors and the Corporation's financial personnel the adequacy of the Corporation's accounting, financial and operating controls; and

(6) perform such other duties as set forth in the Audit Committee's Charter.

SECTION 7. COMPENSATION COMMITTEE. The Board of Directors shall appoint a Compensation Committee. The members of the Committee shall be selected from those Directors who are not then serving as full-time employees of the Corporation or any of its subsidiaries and who are "non-employee directors" under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, or any similar successor rule.

SECTION 8. DUTIES OF THE COMPENSATION COMMITTEE. The Compensation Committee shall:

(1) administer the stock option plans of the Corporation;

(2) review, at least annually, the compensation of Directors who are not then serving as full-time employees of the Corporation or any of its subsidiaries and recommend for approval by the Board any change in the compensation of such Directors;

(3) review, at least annually, the compensation of all Officers of the Corporation. The committee shall have the authority to approve changes in the base compensation, and any proposed special separation arrangements of Officers, except the Chairman of the Board of Directors, the Chief Executive Officer, and the President, whose base compensation, and any special separation arrangements, shall be subject to approval by the Board of Directors.

SECTION 9. NOMINATIONS AND BOARD AFFAIRS COMMITTEE. The Board of Directors shall appoint a Nominations and Board Affairs Committee. A majority of the members of the Committee shall be selected from those Directors who are not then serving as full-time employees of the Corporation or any of its subsidiaries.

SECTION 10. DUTIES OF THE NOMINATIONS AND BOARD AFFAIRS COMMITTEE. The Nominations and Board Affairs Committee shall:

(1) develop general criteria for selection of and qualifications desirable in members of the Board of Directors and Officers of the Corporation and aid the Board in identifying and attracting qualified candidates to stand for election to such positions;

(2) recommend to the Board annually a slate of nominees to be proposed by the Board to the shareholders as nominees for election as Directors, and, from time to time, recommend persons to fill any vacancy on the Board;

(3) review annually, or more often if appropriate, the performance of individual members of the management of the Corporation and the membership and performance of committees of the Board and make recommendations deemed necessary or appropriate to the Board;

(4) recommend to the Board persons to be elected as Officers of the Corporation; and

(5) serve in an advisory capacity to the Board of Directors and Chairman of the Board on matters of organization, management succession plans, major changes in the organizational structure of the Corporation, and the conduct of Board activities, including assisting in the evaluation of the Board's own performance.

SECTION 11. PUBLIC POLICY COMMITTEE. The Board of Directors shall appoint a Public Policy Committee. A majority of the members of the Committee shall be selected from those Directors who are not then serving as full time employees of the Corporation or any of its subsidiaries.

SECTION 12. DUTIES OF THE PUBLIC POLICY COMMITTEE. The Public Policy Committee shall have an advisory role with respect to public policy, regulatory and government affairs issues that affect the Corporation.

ARTICLE V

OFFICERS

SECTION 1. NUMBER. The Officers of the Corporation shall be the Chairman of the Board, the Chief Executive Officer, one or more Presidents, one or more Executive, Group or Senior Vice Presidents, one or more Vice Presidents, a Treasurer, a Secretary, a Controller, a General Counsel and

such Assistant Treasurers and Assistant Secretaries as the Board of Directors may elect or the Chairman of the Board may appoint. Any two offices may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The Board of Directors may elect any Officer. The Chairman of the Board may appoint any Vice President, a Controller, a Treasurer, a Secretary and any Assistant Treasurers and Assistant Secretaries.

The Officers of the Corporation shall be elected or appointed annually. Each year, the Board of Directors shall elect Officers at the first meeting of the Board of Directors held after the annual meeting of shareholders. If the Board of Directors does not elect Officers at such meeting, such election shall be held as soon thereafter as conveniently may be. Each year, immediately following the election of Officers by the Board of Directors or as soon thereafter as conveniently may be, the Chairman of the Board shall appoint such additional Officers within the scope of the Chairman's authority as the Chairman deems necessary or appropriate.

Vacancies or new offices may be filled at any time as set forth in Section 4 of this Article V.

Each Officer shall hold office until his or her successor shall have been duly elected or appointed and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. REMOVAL OF OFFICERS. Any Officer may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. Any Officer appointed by the Chairman of the Board may be removed by the Chairman whenever, in the Chairman's judgment, the best interests of the Corporation will be served thereby.

SECTION 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term. A vacancy in any office appointed by the Chairman of the Board may be filled by the Chairman of the Board for the unexpired portion of the term.

SECTION 5. CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER. The Chairman shall preside at all meetings of the Board of Directors and the shareholders. The Chief Executive Officer shall be responsible for the overall management of the Corporation subject to the direction of the Board of Directors.

SECTION 6. PRESIDENT. Each President shall be the Chief Operating Officer of a major area of the Corporation's activities and shall perform such duties as may be prescribed by the Board of Directors or the Chief Executive Officer.

SECTION 7. EXECUTIVE, GROUP AND SENIOR VICE PRESIDENTS. Each Executive, Group, or Senior Vice President shall be responsible for supervising and coordinating a major area of the Corporation's activities subject to the direction of the Chief Executive Officer or a President.

SECTION 8. VICE PRESIDENTS. Each of the Vice Presidents shall be responsible for those activities designated by an Executive, Group, or Senior Vice President, a President, the Chief Executive Officer, or the Board of Directors.

SECTION 9. TREASURER. The Treasurer shall administer the investment, financing, insurance and credit activities of the Corporation.

SECTION 10. SECRETARY. The Secretary will be the custodian of the corporate records and of the seal of the Corporation, will countersign certificates for shares of the Corporation, and in general will perform all duties incident to the office of the Secretary. The Secretary shall have the authority to certify the By-Laws, resolutions of the shareholders and the Board of Directors and committees thereof, and other documents of the Corporation as true and correct copies hereof.

SECTION 11. CONTROLLER. The Controller will conduct the accounting activities of the Corporation, including the maintenance of the Corporation's general and supporting ledgers and books of account, operating budgets, and the preparation and consolidation of financial statements.

SECTION 12. GENERAL COUNSEL. The General Counsel will be the chief consultant of the Corporation on legal matters. He or she will supervise all matters of legal import concerning the interests of the Corporation.

SECTION 13. ASSISTANT TREASURER. The Assistant Treasurer shall, in the absence or incapacity of the Treasurer, perform the duties and exercise the powers of the Treasurer, and shall perform such other duties as shall from time to time be given to him or her by the Treasurer.

SECTION 14. ASSISTANT SECRETARY. The Assistant Secretary shall, in the absence or incapacity of the Secretary, perform the duties and exercise the powers of the Secretary, and shall perform such other duties as shall from time to time be given to him or her by the Secretary. The Assistant Secretary shall be, with the Secretary, keeper of the books, records, and the seal of the Corporation, and shall have the authority to certify the By-Laws, resolutions and other documents of the Corporation.

SECTION 15. GENERAL POWERS OF OFFICERS. The Chairman of the Board, the Chief Executive Officer, any President, and any Executive, Group or Senior Vice President, may sign without countersignature any deeds, mortgages, bonds, contracts, reports to public agencies, or other instruments whether or not the Board of Directors has expressly authorized execution of such instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws solely to some other Officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. Any other Officer of this Corporation may sign contracts, reports to public agencies, or other instruments which are in the regular course of business and within the scope of his or her authority, except where signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other Officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

ARTICLE VI

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form as may be determined by the Board of Directors. Such certificates shall be signed by any one of the Chairman of the Board, the Chief Executive Officer, the President or an Executive Vice President, and shall be countersigned by the Secretary or an Assistant Secretary and shall be sealed with the seal, or a facsimile of the seal, of the Corporation. If a certificate is countersigned by a Transfer Agent or Registrar, other than the Corporation itself or its employee, any other signatures or countersignature on the certificate may be facsimiles. In case any Officer of the Corporation, or any officer or employee of the Transfer Agent or Registrar who has signed or whose facsimile signature has been placed upon such certificate ceases to be an Officer of the Corporation, or an officer or employee of the Transfer Agent or Registrar before such certificate is issued, the certificate may be issued by the Corporation with the same effect as if the Officer of the Corporation, or the officer or employee of the Transfer Agent or Registrar had not ceased to be such at the date of its issue. Each certificate representing shares shall state: that the Corporation is organized under the laws of the State of Illinois; the name of the person to whom issued; the number and class of shares; and the designation of the series, if any, which such certificate represents. Each certificate shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the Corporation. All certificates surrendered to the Corporation for transfer shall be canceled, and no new certificate shall

be issued in replacement until the former certificate for a like number of shares shall have been surrendered and canceled, except in the case of lost, destroyed or mutilated certificates.

SECTION 2. TRANSFER AGENT AND REGISTRAR. The Board of Directors may from time to time appoint such Transfer Agents and Registrars in such locations as it shall determine, and may, in its discretion, appoint a single entity to act in the capacity of both Transfer Agent and Registrar in any one location.

SECTION 3. TRANSFER OF SHARES. Transfers of shares of the Corporation shall be made only on the books of the Corporation at the request of the holder of record thereof or of his attorney, lawfully constituted in writing, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

SECTION 4. LOST, DESTROYED OR MUTILATED CERTIFICATES. In case of lost, destroyed or mutilated certificates, duplicate certificates shall be issued to the person claiming the loss, destruction or mutilation, provided:

(a) That the claimant furnishes an affidavit stating the facts of such loss, destruction or mutilation so far as known to him or her and further stating that the affidavit is made to induce the Corporation to issue a duplicate certificate or certificates; and that issuance of the duplicate certificate or certificates is approved:

(i) in a case involving a certificate or certificates for more than 1,000 shares, by the Chairman of the Board, the Chief Executive Officer, the President, an Executive Vice President, or the Secretary; or

(ii) in a case involving a certificate or certificates for 1,000 shares or less, by the Transfer Agent appointed by the Board of Directors for the transfer of the shares represented by such certificate or certificates;

upon receipt of a bond, with one or more sureties, in the amount to be determined by the party giving such approval; or

(b) that issuance of the said duplicate certificate or certificates is approved by the Board of Directors upon such terms and conditions as it shall determine.

ARTICLE VII

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January in each year and end on the last day of December in each year.

ARTICLE VIII

VOTING SHARES OR INTERESTS IN OTHER CORPORATIONS

The Chairman of the Board, the Chief Executive Officer, the President, an Executive, Group, or Senior Vice President and each of them, shall have the authority to act for the Corporation by voting any shares or exercising any other interest owned by the Corporation in any other corporation or other business association, including wholly or partially owned subsidiaries of the Corporation, such authority to include, but not be limited to, power to attend any meeting of any such corporation or other business association, to vote shares in the election of directors and upon any other matter coming before any such meeting, to waive notice of any such meeting and to consent to the holding thereof without notice, and to appoint a proxy or proxies to represent the Corporation at any such meeting with all the powers that the said Officer would have under this section if personally present.

ARTICLE IX

DISTRIBUTIONS TO SHAREHOLDERS

The Board of Directors may authorize, and the Corporation may make, distributions to its shareholders, subject to any restriction in the Articles of Incorporation and subject also to the limitations prescribed by law.

ARTICLE X

SEAL

The Corporate Seal of the Corporation shall be in the form of a circle in the center of which is the insignia "**1**" and shall have inscribed thereon the name of the Corporation and the words "an Illinois Corporation."

ARTICLE XI

WAIVER OF NOTICE

Whenever any notice whatever is required to be given under the provisions of these By-Laws or under the provisions of the Articles of Incorporation or under the provisions of The Business Corporation Act of 1983, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute waiver of notice thereof unless the person at the meeting objects to the holding of the meeting because proper notice was not given.

ARTICLE XII

AMENDMENTS

These By-Laws may be made, altered, amended or repealed by the shareholders or the Board of Directors.

QuickLinks

BY-LAWS OF ABBOTT LABORATORIES

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Exhibit 12

Abbott Laboratories

Computation of Ratio of Earnings to Fixed Charges

(Unaudited)

(dollars in millions except ratios)

	Nine Months Ended September 30, 2002
Net Earnings	$ 2,167
Add (deduct):	
Taxes on earnings	703
Minority interest	8
Net Earnings as adjusted	$ 2,878
Fixed Charges:	
Interest on long-term and short-term debt	184
Capitalized interest cost	7
Rental expense representative of an interest factor	44
Total Fixed Charges	235
Total adjusted earnings available for payment of fixed charges	$ 3,113
Ratio of earnings to fixed charges	13.2

NOTE: For the purpose of calculating this ratio, (i) earnings have been calculated by adjusting net earnings for taxes on earnings; interest expense; capitalized interest cost, net of amortization; minority interest; and the portion of rentals representative of the interest factor, (ii) Abbott considers one-third of rental expense to be the amount representing return on capital, and (iii) fixed charges comprise total interest expense, including capitalized interest and such portion of rentals.

QuickLinks

Exhibit 12

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Exhibit 99.1

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Financial Review and other sections of this Form 10-Q contain forward-looking statements that are based on management's current expectations, estimates and projections. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of these words and similar expressions are intended to identify these forward-looking statements. Certain factors, including but not limited to those listed below, may cause actual results to differ materially from current expectations, estimates, projections and from past results.

- Competitive factors, including: (i) pricing pressures, both in the United States and abroad, primarily from managed care groups and government agencies, (ii) the development of new products by competitors having lower prices or superior performance or that are otherwise competitive with Abbott's current products, (iii) generic competition when Abbott's products lose their patent or regulatory protection, (iv) technological advances, patents and registrations obtained by competitors, (v) problems with licensors, suppliers and distributors and (vi) business combinations among Abbott's competitors or major customers.

- Difficulties and delays inherent in the development, manufacturing, marketing, or sale of products, including: (i) uncertainties in the Federal Food and Drug Administration and foreign regulatory approval processes, (ii) delays in the receipt of or the inability to obtain required approvals, (iii) efficacy or safety concerns, (iv) the suspension or revocation of the authority necessary for manufacture, marketing, or sale, (v) the imposition of additional or different regulatory requirements, such as those affecting labeling, (vi) seizure or recall of products, (vii) the failure to obtain, the imposition of limitations on the use of, or the loss of patent and other intellectual property rights, (viii) loss of regulatory exclusivity, and (ix) manufacturing or distribution problems.

- Governmental action including: (i) new laws, regulations and judicial decisions related to health care availability, method of delivery and payment for health care products and services, (ii) changes in the Federal Food and Drug Administration and foreign regulatory approval processes that may delay or prevent the approval of new products and result in lost market opportunity, (iii) new laws, regulations and judicial decisions affecting pricing or marketing and (iv) changes in the tax laws relating to Abbott's operations, including laws related to the remittance of foreign earnings.

- Economic factors over which Abbott has no control, including changes in the rate of inflation, business conditions, interest rates, foreign currency exchange rates, and market value of Abbott's equity investments.

- Changes in business, political and economic conditions, including the cost and availability of insurance, due to the recent terrorist attacks in the U.S. and other parts of the world, the threat of future terrorist activity in the U.S. and other parts of the world and related U.S. military action overseas.

- Changes in Abbott's business units and investments and changes in the relative and absolute contribution of each to earnings resulting from evolving business strategies and opportunities existing now or in the future, such as acquisitions, restructurings or dispositions.

- Changes in costs or expenses, including variations resulting from changes in product mix and changes in tax rates both in the United States and abroad.

- Complying with the consent decree between Abbott and the United States Food and Drug Administration (this consent decree is described in the portion of Abbott's Form 10-K captioned "Regulation") and Abbott's ability to return diagnostic products to market successfully.

- Legal difficulties, any of which could preclude commercialization of products or adversely affect profitability, including: (i) claims asserting antitrust violations, (ii) claims asserting securities law violations, (iii) claims asserting violations of the Federal False Claims Act, Anti-Kickback Act, the Prescription Drug Marketing Act or other violations in connection with Medicare and/or Medicaid reimbursement, (iv) derivative actions, (v) product liability claims, (vi) disputes over intellectual property rights (including patents) and (vii) environmental matters.

- Changes in accounting standards promulgated by the Financial Accounting Standards Board, the Securities and Exchange Commission or the American Institute of Certified Public Accountants.

No assurance can be made that any expectation, estimate or projection contained in a forward-looking statement will be achieved or will not be affected by the factors cited above or other future events. Readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. Abbott undertakes no obligation to release publicly any revisions to forward-looking statements as the result of subsequent events or developments.

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Exhibit 99.1

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Exhibit 99.2

Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Abbott Laboratories (the "Company") on Form 10-Q for the period ended September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Miles D. White, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MILES D. WHITE

Miles D. White
Chairman of the Board and
Chief Executive Officer

November 5, 2002

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Exhibit 99.2

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Exhibit 99.3

Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Abbott Laboratories (the "Company") on Form 10-Q for the period ended September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas C. Freyman, Senior Vice President, Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ THOMAS C. FREYMAN

Thomas C. Freyman
Senior Vice President, Finance
and Chief Financial Officer

November 5, 2002

QuickLinks

Exhibit 99.3