FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

(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, 1999

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) 937-6l00

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section l3 or l5(d) of the Securities Exchange Act of l934 during the preceding l2 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
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As of October 31, 1999, Abbott Laboratories had 1,522,169,258 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	
	1999	1998	1999	1998
Net Sales	$ 3,120,662	$ 3,035,767	$ 9,662,859	$ 9,147,433
Cost of products sold	1,584,643	1,375,010	4,444,416	3,952,753
Research and development	276,240	292,078	858,361	879,086
Selling, general and administrative	683,631	665,202	2,051,631	2,029,539
Total Operating Cost and Expenses	2,544,514	2,332,290	7,354,408	6,861,378
Operating Earnings	576,148	703,477	2,308,451	2,286,055
Net interest expense	19,545	26,373	67,812	78,346
Income from TAP Holdings Inc. joint venture	(109,925)	(69,271)	(277,830)	(189,907)
Net foreign exchange loss	3,441	5,551	21,922	20,575
Other (income) expense, net	15,689	2,322	30,775	6,375
Earnings Before Taxes	647,398	738,502	2,465,772	2,370,666
Taxes on earnings	181,271	206,780	690,416	663,786
Net Earnings	$ 466,127	$ 531,722	$ 1,775,356	$ 1,706,880
Basic Earnings Per Common Share	$0.31	$0.35	$1.17	$1.12
Diluted Earnings Per Common Share	$0.30	$0.34	$1.15	$1.10
Cash Dividends Declared Per Common Share	$0.17	$0.15	$0.51	$0.45
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,521,521	1,520,914	1,519,765	1,524,556
Dilutive Common Stock Options	18,112	23,766	21,243	22,052
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options	1,539,633	1,544,680	1,541,008	1,546,608
Outstanding Common Stock Options Having No Dilutive Effect	18,861	564	1,709	564

The accompanying notes to 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	
	1999	1998
Cash Flow From (Used in) Operating Activities:		
Net earnings	$ 1,775,356	$ 1,706,880
Adjustments to reconcile net earnings to net cash from operating activities -		
Depreciation and amortization	631,893	591,032
Trade receivables	(7,327)	14,671
Inventories	(63,329)	(135,017)
Other, net	196,682	90,547
Net Cash From Operating Activities	2,533,275	2,268,113
Cash Flow From (Used in) Investing Activities:		
Acquisitions of businesses, net of cash acquired	--	(242,713)
Acquisitions of property and equipment	(734,516)	(703,677)
Investment securities transactions	(43,209)	(135,897)
Other	7,763	11,040
Net Cash Used in Investing Activities	(769,962)	(1,071,247)
Cash Flow From (Used in) Financing Activities:		
Repayments of commercial paper, net	(874,000)	(301,000)
Proceeds from issuance of long-term debt	--	400,000
Other borrowing transactions, net	(6,445)	(51,748)
Common share transactions	101,678	(581,419)
Dividends paid	(744,544)	(663,824)
Net Cash Used in Financing Activities	(1,523,311)	(1,197,991)
Effect of exchange rate changes on cash and cash equivalents	(17,162)	(5,429)
Net Increase in Cash and Cash Equivalents	222,840	(6,554)
Cash and Cash Equivalents, Beginning of Year	308,230	230,024
Cash and Cash Equivalents, End of Period	$ 531,070	$ 223,470

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

Abbott Laboratories and Subsidiaries

Condensed Consolidated Balance Sheet

(dollars in thousands)

	September 30 1999 (Unaudited)	December 31 1998
Assets		
Current Assets:		
Cash and cash equivalents	$ 531,070	$ 308,230
Investment securities	99,310	75,087
Trade receivables, less allowances of $185,487 in 1999 and $190,952 in 1998	1,883,498	1,950,058
Inventories:		
Finished products	713,404	697,494
Work in process	326,916	345,776
Materials	376,985	367,339
Total inventories	1,417,305	1,410,609
Prepaid expenses, income taxes, and other receivables	1,946,866	1,809,152
Total Current Assets	5,878,049	5,553,136
Investment Securities Maturing after One Year	666,454	783,842
Property and Equipment, at Cost	9,654,073	9,396,236
Less: accumulated depreciation and amortization	4,937,539	4,657,393
Net Property and Equipment	4,716,534	4,738,843
Deferred Charges, Intangible and Other Assets	2,313,188	2,140,392
	$ 13,574,225	$ 13,216,213
Liabilities and Shareholders' Investment		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	$ 872,791	$ 1,759,076
Trade accounts payable	1,191,383	1,056,641
Salaries, income taxes, dividends payable, and other accruals	2,264,833	2,146,409
Total Current Liabilities	4,329,007	4,962,126
Long-Term Debt	1,336,425	1,339,694
Other Liabilities and Deferrals	1,239,140	1,200,732
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: 1999: 1,539,606,033; 1998: 1,533,774,332	1,516,933	1,231,079
Earnings employed in the business	5,815,966	4,782,349
Accumulated other comprehensive income (loss)	(380,528)	(227,701)
Common shares held in treasury, at cost -		
Shares: 1999: 17,671,334; 1998: 17,710,838	(258,055)	(46,735)
Unearned compensation - restricted stock awards	(24,663)	(25,331)
Total Shareholders' Investment	6,669,653	5,713,661
	$ 13,574,225	$ 13,216,213

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

Abbott Laboratories and Subsidiaries

Notes to Condensed Consolidated Financial Statements

September 30, 1999

(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 audited financial statements. However, in the opinion of management, all adjustments (which include only normal 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, 1998.

Note 2 - Supplemental Financial Information
(dollars in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Net interest expense:				
Interest expense	$ 35,002	$ 41,027	$ 111,842	$ 119,388
Interest income	(15,457)	(14,654)	(44,030)	(41,042)
Total	$ 19,545	$ 26,373	$ 67,812	$ 78,346

Note 3 - Taxes on Earnings

Taxes on earnings reflect the estimated annual effective tax rates. The effective tax rates are less than the statutory U.S. Federal income tax rate principally due to tax incentive grants related to subsidiaries operating in Puerto Rico, the Dominican Republic, Ireland, the Netherlands, and Italy.

Note 4 - Litigation and Environmental Matters

Abbott is involved in various claims and legal proceedings including numerous 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 and at least one mail-order pharmacy company as defendants. The cases seek treble damages, civil penalties, injunctive and other relief. During 1998, settlements were reached in the federal class action lawsuit, whereby Abbott paid $57 million, and thirteen other separate actions. Abbott has filed or intends to file a response to each of the remaining complaints denying all substantive allegations.

In addition, 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 Abbott-owned locations.

The matters above are discussed more fully in Note 14 to the financial statements included in Abbott's Annual Report on Form 10-K, which is available upon request.

Subsequent to the end of the third quarter 1999, five lawsuits were filed relating to the item discussed in Note 5. The lawsuits allege failure to comply with the disclosure requirements of the Securities Exchange Act of 1934, purport to be class actions brought on behalf of certain purchasers of Abbott stock, and seek unspecified damages and other relief.

While it is not feasible to predict the outcome of such pending claims, proceedings, investigations and remediation activities 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. Abbott expects that within the next year, legal proceedings will occur which may result in a change in the estimated reserves recorded by Abbott.

Note 5 - U.S. Food and Drug Administration Consent Decree

On September 28, 1999, Abbott announced that it had been notified by the United States Government of alleged noncompliance with the Food and Drug Administration's Quality System Regulation at Abbott's Diagnostics Division facilities in Lake County, Ill. On November 2, 1999, Abbott announced that it has reached agreement with the U.S. Food and Drug Administration to have a consent decree entered which will settle issues involving Abbott's diagnostic manufacturing operations in Lake County, Ill. The decree requires Abbott to ensure its diagnostic manufacturing processes in Lake County, Ill. conform with the FDA's current Quality System Regulation. The decree allows for the continued manufacture and distribution of medically necessary diagnostic products made in Lake County, Ill. However, 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 current Quality System Regulation. Under the terms of the consent decree, among other actions, Abbott has agreed to submit to the FDA a proposed master compliance and validation plan to ensure its processes conform with the current Quality System Regulation. The decree requires Abbott to ensure its facilities are in conformance with the current Quality System Regulation within one year. The consent 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. The consent decree resulted in a one-time charge of $168.1 million, which includes charges associated with actions required by the FDA, and a $100 million payment to the U.S. Government as follows (in millions):

Payment to U.S. Government	$100.0
Long-term asset impairments	24.4
Inventory exposures	22.7
Contractual obligations	21.0
	$168.1

Note 6 - Comprehensive Income
(dollars in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	1999	1998	1999	1998
Net Earnings	$ 466,127	$ 531,722	$ 1,775,356	$ 1,706,880
Other comprehensive income (loss):				
Foreign currency translation adjustments	(11,060)	(30,947)	(133,234)	(66,701)
Tax (expense) benefit related to foreign currency translation adjustments	541	(463)	586	(463)
Unrealized gains (losses) on marketable equity securities	(6,583)	(850)	(33,631)	(16,245)
Tax (expense) benefit related to unrealized losses on marketable equity securities	2,633	340	13,452	6,498
Other comprehensive income (loss), net of tax	(14,469)	(31,920)	(152,827)	(76,911)
Comprehensive Income	$ 451,658	$ 499,802	$ 1,622,529	$ 1,629,969

As of September 30, 1999, the cumulative net of tax balances for foreign currency translation loss adjustments and the unrealized (gains) on marketable equity securities were $393,359, and ($12,831), respectively.

Note 7 - Segment Information
(dollars in millions)

REVENUE 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. Segments are identified as those revenue divisions which report directly to the chief operating officer of Abbott. Abbott's products are sold through six revenue segments 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 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 Abbott's pharmaceutical, hospital and nutritional products. Products sold by International are manufactured by domestic segments and by international manufacturing locations.

CHEMICAL & AGRICULTURAL PRODUCTS - Worldwide sales of chemicals and agricultural products for crop protection, forestry and animal health and a supplier of bulk drugs for the Pharmaceutical Products, Hospital Products, and International segments.

SEGMENT ACCOUNTING POLICIES - 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 accounting policies of Abbott, as described above, and may not be presented in accordance with generally accepted accounting principles.

Note 7 - Segment Information, continued
(dollars in millions)

	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	
	1999	1998	1999	1998	1999	1998	1999	1998
Pharmaceutical	$ 565	$ 616	$ 1,778	$ 1,905	$ 269	$ 322	$ 923	$1,037
Diagnostics	752	691	2,227	2,018	(40)	114	211	314
Hospital	511	464	1,572	1,380	108	91	372	292
Ross	478	461	1,449	1,372	152	145	496	425
International	749	724	2,362	2,207	147	147	529	490
Chemical & Agricultural	66	79	240	263	13	20	61	83
Total Segments	3,121	3,035	9,628	9,145	649	839	2,592	2,641
Other	--	1	35	2				
Net Sales	$ 3,121	$ 3,036	$ 9,663	$ 9,147				
Corporate and service functions					38	35	102	108
Benefit plans costs					27	33	85	85
Net interest expense					20	26	68	78
Income from TAP Holdings Inc.					(110)	(69)	(278)	(190)
Net foreign exchange (gain) loss					3	6	22	21
Other expense (income), net					24	69	127	168
Consolidated Earnings Before Taxes					$ 647	$ 739	$2,466	$2,371

The three months and nine months ended September 30, 1999 operating earnings for Diagnostics reflect the charge of $168.1 described in Note 5.

Note 8 - Pending Acquisitions

On June 21, 1999, Abbott and ALZA Corporation announced that the companies entered into a definitive agreement for Abbott to acquire ALZA, a research-based pharmaceutical company with a growing portfolio of urology and oncology products and leading drug delivery technologies.

On July 8, 1999, Abbott and Perclose, Inc. announced that the companies entered into a definitive agreement for Abbott to acquire Perclose, the leading arterial closure device manufacturer.

Abbott expects to account for each transaction as a pooling of interests.

FINANCIAL REVIEW

RESULTS OF OPERATIONS - THIRD QUARTER AND FIRST NINE MONTHS 1999 COMPARED WITH SAME PERIODS IN 1998

The following table details sales by segment for the third quarter and first nine months 1999:
(dollars in millions)

	Net Sales to External Customers		Percentage Change*	Net Sales to External Customers		Percentage Change*
	Three Months Ended September 30			Nine Months Ended September 30		
	1999	1998		1999	1998	
Pharmaceutical	$ 565	$ 616	(8.3)	$1,778	$1,905	(6.7)
Diagnostics	752	691	8.7	2,227	2,018	10.3
Hospital	511	464	10.0	1,572	1,380	13.9
Ross	478	461	3.9	1,449	1,372	5.6
International	749	724	3.4	2,362	2,207	7.0
Chemical & Agricultural	66	79	(16.5)	240	263	(9.0)
Total Segments	3,121	3,035	2.8	9,628	9,145	5.3
Other	--	1		35	2	
Net Sales	$3,121	$3,036	2.8	$9,663	$9,147	5.6
Total U.S.	$1,917	$1,894	1.2	$5,947	$5,667	4.9
Total International ...	$1,204	$1,142	5.4	$3,716	$3,480	6.8

* Percentage changes are based on unrounded numbers.

Worldwide sales for the third quarter and first nine months reflect primarily unit growth. Excluding the negative effect of the relatively stronger U.S. dollar, sales increased 3.3 percent and 6.1 percent, respectively, over the comparable 1998 periods. Pharmaceutical segment sales decreased primarily due to volume shortfalls for Abbokinase, as the result of production issues more fully described below, and Hytrin. Diluted earnings per common share decreased 11.8 percent for the third quarter 1999 and increased 4.5 percent for the first nine months 1999 over the same periods in 1998. Net earnings decreased 12.3 percent for the third quarter 1999 and increased 4.0 percent for the first nine months 1999, respectively, over the comparable 1998 periods. Earnings per share and net earnings were negatively affected 8 cents and $121 million by the charges described in Note 5 relating to the FDA consent decree.

Gross profit margin (sales less cost of products sold, including freight and distribution expenses) was 49.2 percent for the 1999 third quarter, compared to 54.7 percent for the 1998 third quarter. First nine months 1999 gross profit margin was 54.0 percent, compared to 56.8 percent a year earlier. Excluding the charges described in Note 5 relating to the FDA consent decree, gross margins for the 1999 third quarter and first nine months 1999 would have been 54.6 percent and 55.7 percent, respectively. Gross margins, excluding the consent decree charges, for both periods were affected by unfavorable product mix, primarily lower sales of pharmaceuticals, partially offset by net payments related to the Hytrin patent dispute.

Research and development expenses were $276.2 million for the third quarter 1999 and $858.4 million for the first nine months 1999. Research and development expenses represented 8.9 percent of net sales for both the third quarter and first nine months 1999, compared to 9.6 percent in the comparable 1998 periods. The majority of research and development expenditures continues to be concentrated on pharmaceutical and diagnostic products.

Selling, general and administrative expenses for the third quarter and first nine months 1999 increased 2.8 percent and 1.1 percent, respectively, over the comparable 1998 periods, due primarily to increased selling and marketing support for new and existing products.

Abbott holds patents on Hytrin in the United States and several major markets throughout the world. Abbott is facing a number of patent challenges from generic manufacturers in the United States, and the ultimate outcome of litigation cannot be predicted with certainty. In August 1999, Geneva Pharmaceuticals, Inc. began shipments of generic Hytrin in the United States.

Abbott believes that the resulting generic competition will adversely impact Abbott's Hytrin sales. For the first nine months of 1999, Abbott recorded U.S. sales of Hytrin of $388 million and U.S. sales of Hytrin in 1998 amounted to $542 million.

In late 1998, the U.S. Food and Drug Administration (FDA) suspended its approval of the release of production lots of Abbott's pharmaceutical product Abbokinase due to current Good Manufacturing Practice concerns raised by the FDA following inspections of Abbott and its raw material supplier. In January 1999, after Abbott revised the product's labeling to add additional warnings and the FDA issued a health care provider information sheet, the FDA released certain lots that were under its review. Since January, the FDA has established new criteria for the release of additional lots. In a letter dated July 14, 1999, the FDA raised additional concerns regarding these criteria and identified several additional criteria which Abbott must address as part of its corrective actions. Abbott continues to work with the FDA to resolve the remaining issues. No additional lots have been released. Abbott cannot predict whether it will be able to resolve the FDA's concerns or the effect of this matter on future sales of Abbokinase. During 1998, Abbott sold approximately $277 million of Abbokinase, primarily in the United States.

On September 28, 1999, Abbott announced that it had been notified by the United States Government of alleged noncompliance with the Food and Drug Administration's Quality System Regulation at Abbott's Diagnostics Division facilities in Lake County, Ill. On November 2, 1999, Abbott announced that it has reached agreement with the U.S. Food and Drug Administration to have a consent decree entered which will settle issues involving Abbott's diagnostic manufacturing operations in Lake County, Ill. The decree requires Abbott to ensure its diagnostic manufacturing processes in Lake County, Ill. conform with the FDA's current Quality System Regulation. The decree allows for the continued manufacture and distribution of medically necessary diagnostic products made in Lake County, Ill. However, 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 current Quality System Regulation. Under the terms of the consent decree, among other actions, Abbott has agreed to submit to the FDA a proposed master compliance and validation plan to ensure its processes conform with the current Quality System Regulation. The decree requires Abbott to ensure its facilities are in conformance with the current Quality System Regulation wihtin one year. The consent 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. The consent decree resulted in a one-time charge of $168.1 million, which includes charges associated with actions required by the FDA, and a $100 million payment to the U.S. Government as follows (in millions):

Payment to U.S. Government	$100.0
Long-term asset impairments	24.4
Inventory exposures	22.7
Contractual obligations	21.0
	$168.1

Abbott believes fourth quarter 1999 earnings may be negatively impacted by as much as two cents per share. For the full-year 2000, sales may be negatively impacted up to $250 million and earnings per share may be negatively impacted up to 10 cents per share.

LIQUIDITY AND CAPITAL RESOURCES AT SEPTEMBER 30, 1999 COMPARED WITH DECEMBER 31, 1998

Net cash from operating activities for the first nine months 1999 totaled $2.533 billion. Abbott expects annual cash flow from operating activities to continue to approximate or exceed Abbott's capital expenditures and cash dividends.

Abbott has maintained its favorable bond ratings (AAA by Standard & Poor's Corporation and Aa1 by Moody's Investors Service) and continues to have readily available financial resources, including unused domestic lines of credit of $2.505 billion at September 30, 1999. These lines of credit support domestic commercial paper borrowing arrangements.

Abbott may issue up to $1.350 billion of senior debt securities in the future under a registration statement filed with the Securities and Exchange Commission on July 23, 1999. Of the $1.350 billion total, Abbott may issue up to $600 million either in the form of debt securities or additional common shares without par value. The remaining $750 million may only be issued in the form of debt securities.

In December 1998, Abbott suspended purchases of its common shares and in June 1999, the Board of Directors revoked its resolutions authorizing future purchases of common shares. Abbott's short-term borrowings have decreased by approximately $886 million since December 31, 1998, due, in part, to the cessation of the common stock purchases.

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.

YEAR 2000

The Year 2000 ("Y2K") issue results from the inability of some computer programs to identify the Year 2000 properly, potentially leading to errors or system failure.

Abbott has organized its efforts to resolve the Y2K issue as follows: internal information systems; landlord and embedded systems; electronic products currently marketed or in the field; and suppliers providing products and services to Abbott. Progress goals have been established in each area.

Internal information systems were inventoried and assessed, and remediation started in 1992. All remediation and testing has been completed.

Landlord and embedded systems were inventoried and Y2K assessment completed by May 1998. All critical systems were resolved by July 1999.

Abbott has assessed the ability of its medical electronic and software products to cope with the Y2K issue. Customers may access Abbott's assessment on Abbott's Web site. For i-STAT products and the recently acquired Murex product line, a referral source for customers to contact the manufacturer is provided on the Web site. Most of Abbott's products are not affected by the Y2K issue. For those products requiring remediation, all have solutions available and Abbott is working with customers to complete remediation that remains according to plan.

Beginning in March 1998, key suppliers were requested to certify that they were Y2K compliant or, if not, to provide their plans to become compliant. Ninety-eight percent of suppliers responded; Seventy-three percent of those responding certified compliance currently and twenty-seven percent have stated they have action plans for compliance in place. Follow-up with all key suppliers is being conducted according to plan.

Each of the above areas began developing business continuity plans during 1998. All business continuity plans were completed by September 30, 1999.

Abbott has been working with customers to ensure that the supply chain is capable of handling Y2K-related demand fluctuations. The amount of sales which might occur in 1999 due to Y2K that would otherwise occur in 2000 is currently estimated to be immaterial.

The most likely worst-case Y2K scenarios are subject to a wide range of speculation. However, the business continuity plans assume Y2K failures are primarily third party, are intermittent, are of relatively short duration, or are localized at one site or region, primarily outside the United States.

Abbott's policy is to expense Y2K remediation costs as incurred. Y2K remediation costs from inception through the end of 1999 are expected to approximate $100 million, of which approximately one-third is expected to be spent in 1999.

EURO CONVERSION

On January 1, 1999, the European Economic and Monetary Union took effect and introduced the euro as the official single currency of the eleven participating member countries. On that date the currency exchange rates of the participating countries were fixed against the euro. There is a three-year transition to the euro, and at the end of 2001, the legacy currencies will be eliminated. In 1997, Abbott organized an internal cross-functional task force to address the euro issues and expects to be ready for the full conversion to the euro. Costs required to prepare for the euro are not material to Abbott's financial position, results of operations or cash flows. The impact, if any, of the euro on Abbott's competitive position is unknown.

PENDING ACQUISITIONS

On June 21, 1999, Abbott and ALZA Corporation announced that the companies entered into a definitive agreement for Abbott to acquire ALZA, a research-based pharmaceutical company with a growing portfolio of urology and oncology products and leading drug delivery technologies.

On July 8, 1999, Abbott and Perclose, Inc. announced that the companies entered into a definitive agreement for Abbott to acquire Perclose, the leading arterial closure device manufacturer.

Abbott expects to account for each transaction as a pooling of interests.

Abbott remains committed to the ALZA and Perclose acquisitions. Both companies have been advised of Abbott's recent consent decree with the U.S. Government regarding Abbott's diagnostic manufacturing operations in Lake County, Ill. Abbott understands that ALZA is analyzing the information and its implications. Abbott and ALZA have informed the plaintiffs, in the lawsuits brought by ALZA stockholders described in Part II, Item I below, that Abbott and ALZA will not close the proposed merger before December 30, 1999, absent a new vote of the ALZA stockholders. Perclose has advised Abbott that it intends to distribute to its stockholders a supplement to the proxy statement/prospectus dated August 26, 1999, relating to the proposed merger with Abbott and that its stockholders meeting to vote upon the merger is scheduled for November 19, 1999.

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995--A CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Any statements made in this Form 10-Q that deal with information that is not historical, such as statements concerning Abbott's anticipated financial results, are forward-looking statements. As such, they are subject to the occurrence of many events outside Abbott's control and to various risk factors that could cause results to differ materially from those expressed in such forward-looking statements. The risk factors include those described in Abbott's reports filed with the Securities and Exchange Commission including Form 10-K and include, without limitation, the risk factors associated with complying with the consent decree described above and returning products to market successfully.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As reported in Abbott's 10-K for the fiscal year ended December 31, 1998, Abbott is involved in numerous antitrust suits and two investigations regarding Abbott's pricing of pharmaceutical products. As of October 29, 1999, 116 antitrust suits are pending in federal court and 15 are pending in state courts. The prescription pharmaceutical pricing antitrust suits allege that various pharmaceutical manufacturers and pharmaceutical wholesalers 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 individual consumers and retail pharmacies and name both Abbott and certain other pharmaceutical manufacturers and pharmaceutical wholesalers and at least one mail-order pharmacy company as defendants. The cases seek treble damages, civil penalties and injunctive and other relief. Abbott has filed or intends to file a response to each of the complaints denying all substantive allegations. The federal cases are pending in the United States District Court for the Northern District of Illinois under the Multidistrict Litigation Rules as In re: Brand Name Prescription Drug Antitrust Litigation, MDL 997. The state cases are pending in the following state courts: Tuscaloosa County and Clarke County, Alabama; Monterey County, California; San Francisco County, California (five cases); San Joaquin County, California; Prentiss County, Mississippi; San Miguel County, New Mexico; Burleigh County, North Dakota; Hughes County, South Dakota; Cocke County, Tennessee; and Marshall County, West Virginia. As previously reported, a settlement agreement for the four consumer cases pending in Alameda County, California and San Francisco County, California was approved by the court on April 21, 1999. The amount to be paid in settlement is $6.2 million. An appeal was filed challenging this settlement agreement. The appeal has been withdrawn.

As previously reported, five cases involving Abbott's patents for terazosin hydrochloride, a drug that Abbott sells under the trademark Hytrin -Registered Trademark-, has been filed in the United States District Court for the Northern District of Illinois. The other parties to these cases were Geneva Pharmaceuticals, Inc. ("Geneva"), Novopharm Limited ("Novopharm"), Invamed, Inc. ("Invamed"), Mylan Pharmaceuticals, Inc. ("Mylan"), and Warner Chilcott, Inc.("Warner Chilcott"). Abbott sued each of these five other corporations alleging patent infringement after learning that they had applied to the Federal Food and Drug Administration for approval for a generic version of terazosin hydrochloride. Each of these corporations contends that Abbott's patent which covers their version of terazosin hydrochloride is invalid and unenforceable. The Geneva, Invamed, and Novopharm cases were all pending before the same judge, who, on September 1, 1998, entered a judgment in each of those cases ruling that the Abbott patent at issue in those cases is invalid. Abbott appealed this ruling and on July 1, 1999, the appellate court affirmed the lower court's decision. Abbott filed a petition for rehearing which was denied on August 5, 1999. Abbott has filed a petition for a writ of certiorari in the United States Supreme Court. On October 4, 1999, Mylan's motion in the appellate court for Summary Affirmance, based on the September 1, 1998 ruling in the Geneva case, was granted.

In April 1996, Zenith Laboratories, Inc. ("Zenith") sued Abbott in the United States District Court for the District of New Jersey alleging that Abbott had engaged in unfair competition, abuse of process, tortious interference with prospective economic advantage, and fraud in attempting to protect Hytrin from generic competition. Zenith sought money damages and a declaration that certain of Abbott's patents covering terazosin hydrochloride are invalid. Abbott filed counterclaims alleging patent infringement. On March 31, 1998, Abbott and Zenith reached an agreement that resolved the litigation between the parties. In the settlement, Zenith acknowledged the validity of Abbott's terazosin hydrochloride patents and agreed to refrain from selling a generic version of terazosin hydrochloride until the expiration of one of Abbott's patents for terazosin hydrochloride (U.S. Patent No. 4,251,532). On April 1, 1998, Abbott and Geneva reached an agreement under which Geneva would not market its Food and Drug Administration approved generic terazosin hydrochloride products until resolution of the pending litigation between the parties. Abbott agreed to make quarterly payments to Zenith and monthly payments to Geneva until the date on which they could enter the market for terazosin hydrochloride under their agreements. Under the agreements, both Zenith and Geneva would have been free to enter the market for terazosin hydrochloride in the United States if certain of Abbott's patents for terazosin hydrochloride were determined to be invalid and if another company legally entered the generic market in the United States. On August 12, 1999, Abbott and Geneva terminated their April 1, 1998 agreement, and Geneva returned to Abbott a portion of the payments held in escrow under the agreement. On August 13, 1999, Geneva entered the market with its product.

In addition to the lawsuits Abbott has previously reported, five new lawsuits have been brought concerning Abbott's agreements regarding terazosin hydrochloride. On August 19, 1999, Drug Mart Pharmacy Corp. sued Abbott, Geneva, and Zenith in the Supreme Court of New York, Kings County, alleging that Abbott's agreements with Geneva and Zenith regarding terazosin hydrochloride violate New York's antitrust laws. The case purports to be a class action brought on behalf of indirect purchasers of terazosin hydrochloride and seeks actual damages, treble damages, and other relief. On August 30, 1999, Valley Drug Co. sued Abbott and Geneva in the United States District Court for the Southern District of Florida, alleging Abbott's agreement with Geneva regarding terazosin hydrochloride violates the federal antitrust laws. It purports to be a class action and seeks actual damages, treble damages, and other relief. On October 5, 1999, United Wisconsin Services, Inc., Blue Cross & Blue Shield of Wisconsin, Inc., Compare Health Insurance Corp., Unity Health Plans Insurance Corp., and Valley Health Plan Inc. sued Abbott in the Circuit Court of Cook County, Illinois. The plaintiffs allege Abbott violated the Illinois Fraud and Deceptive Trade Practices Act by filing lawsuits based on allegedly "irrelevant" or "invalid" terazosin hydrochloride patents and by entering into agreements with Geneva and Zenith that had an adverse effect on competition. The case purports to be a class action and seeks actual damages, punitive damages, interest, and other relief. On October 19, 1999, Char-Mar Pharmacy, Inc. sued Abbott, Geneva, and Zenith in the United States District Court for the Eastern District of New York alleging that Abbott's agreements with Geneva and Zenith regarding terazosin hydrochloride violate federal antitrust laws. The case purports to be a class action and seeks actual damages, treble damages, and other relief. Finally, on October 29, 1999, Ewald and Lavera Grosskrueger sued Abbott in the Circuit Court of Cook County, Illinois. The plaintiffs allege Abbott violated the Illinois Fraud and Deceptive Trade Practices Act by filing lawsuits based on allegedly "irrelevant" or "invalid" terazosin hydrochloride patents and by entering into agreements with Geneva and Zenith that had an adverse effect on competition. The case purports to be a class action and seeks actual damages, punitive damages, interest, and other relief. Abbott has filed or intends to file a response to each complaint denying all substantive allegations.

On September 28, 1999, Abbott announced that it had been notified by the United States government of alleged noncompliance with the Food and Drug Administration's Quality System Regulation at Abbott's Diagnostics Division facilities in Lake County, Illinois. On November 2, 1999, a consent decree was entered in the United States District Court for the Northern District of Illinois which settles the issues involving Abbott's diagnostic manufacturing operations in Lake County, Illinois. The decree requires Abbott to make a payment of $100 million to the United States government and to ensure its diagnostic manufacturing processes in Lake County, Illinois conform with the Food and Drug Administration's current Quality System Regulation. The consent decree does not represent an admission by Abbott of any violation of the Federal Food, Drug and Cosmetic Act or its regulations. The decree allows for the continued manufacture and distribution of medically necessary diagnostic products made in Lake County, Illinois, such as assays for hepatitis, retrovirus, cardiovascular disease, cancer, thyroid disorders, fertility, drug monitoring, and congenital and respiratory conditions. However, Abbott is prohibited from manufacturing or distributing certain diagnostic products until Abbott ensures the processes in its Lake County, Illinois diagnostics manufacturing operations conform with the current Quality System Regulation. Under the terms of the consent decree, among other actions, Abbott has agreed to submit to the Food and Drug Administration a proposed master compliance and validation plan to ensure its processes conform with the current Quality System Regulation. The decree requires Abbott to ensure its facilities are in conformance with the current Quality System Regulation within one year.

The consent decree does not affect Abbott's MediSense, i-STAT, hematology or Murex products; the clinical chemistry products Abbott Spectrum -Registered Trademark-, Aeroset -Registered Trademark-, and Alcyon -Registered Trademark-; or any other Abbott divisions or products. The consent 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. Abbott believes that fourth quarter 1999 earnings may be negatively impacted by as much as two cents per share. For the full-year 2000, sales may be negatively impacted up to $250 million and earnings may be negatively impacted up to 10 cents per share.

As of November 3, 1999, Abbott had knowledge of nine lawsuits naming Abbott as a defendant and claiming violations of the securities laws in connection with alleged regulatory noncompliance described above. All of these lawsuits were filed in the United States District Court for the Northern District of Illinois. On October 20, 1999, Tom Anderson sued Abbott and Miles White, its chief executive officer. Abbott and White were also sued by Adele Brody on October 26, 1999; Solomon Glazer also on October 26, 1999; Deborah Isaac on October 29, 1999; and, on November 3, 1999, Feivel Alter. Each of these cases (i) alleges that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by misrepresenting or omitting material information about the alleged regulatory noncompliance, (ii) purports to be a class action brought on behalf of purchasers of Abbott stock between March 17, 1999, and September 29, 1999, and (iii) seeks unspecified monetary damages and other relief. Abbott denies all of the substantive allegations of these lawsuits and will vigorously defend against them. The four other lawsuits all purport to be class action lawsuits filed on behalf of a class of holders of ALZA Corporation ("ALZA") stock as of August 16, 1999. On October 7, 1999, Gayle Stahl sued Abbott, Miles White, ALZA, and ALZA's Chief Executive Officer, Ernest Mario. On October 13, 1999, Galina Mikhailova sued Abbott, Miles White, ALZA, Ernest Mario, Gary Coughlan (who is Abbott's Chief Financial Officer), Gary Flynn (who is Abbott's Controller), and Abbott's board of directors. Abbott, Miles White, ALZA, and Ernest Mario also were sued by Ted Dellas on October 15, 1999, and Sylvia Piven on October 25, 1999. Each of these cases alleges the defendants violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 by soliciting the approval of ALZA's shareholders for a merger of ALZA with Abbott by means of a proxy statement/prospectus, which the plaintiffs allege contained materially false and misleading statements or omissions concerning the alleged regulatory non-compliance described in the preceding paragraph. Each of these four cases requests, in addition to unspecified damages and other relief, a preliminary and permanent injunction stopping the pending merger of ALZA with Abbott and requiring that the ALZA shareholders be given another opportunity to vote on the merger. Abbott intends to oppose these requests for an injunction, and denies all of the substantive allegations of these suits. Abbott will vigorously defend these suits.

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, cash flows, or results of operations.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On July 8, 1999, Abbott Laboratories exchanged 4,985,475 shares of its common stock for the 5,099,720 shares of Abbott Laboratories common stock owned by MSI, Inc., a Utah corporation. No underwriters were involved and no commission or other remuneration was paid or given directly or indirectly for soliciting the exchange. The exchange was exempt from registration under Section 3(a)(9) of the Securities Act of 1933.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

3.1 By-Laws of Abbott Laboratories, as amended and effective October 8, 1999 - attached hereto.

12. Statement re: computation of ratio of earnings to fixed charges - attached hereto.

27. Financial Data Schedule - attached hereto.

b) Reports on Form 8-K

One report on Form 8-K was filed during the quarter ended September 30, 1999. In a Form 8-K dated September 29, 1999, Abbott reported that on September 28, 1999, it announced that it has been notified by the government of alleged noncompliance with the Food and Drug Administration's Quality System Regulation at Abbott's Diagnostics Division facilities in Lake County, Illinois. In addition, in a Form 8-K dated November 4, 1999, Abbott reported that a consent decree was entered in the United States District Court for the Northern District of Illinois which settles the issues involving Abbott's diagnostics manufacturing operations in Lake County, Illinois.

SIGNATURE

Pursuant to the requirements of the Securities and 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/ Gary L. Flynn

Date: November 5, 1999

Gary L. Flynn, Vice President
and Controller (Principal Accounting Officer)

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 8, 1999

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 three 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 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 thirteen. 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. Upon the recommendation of the Audit Committee, the Board of Directors shall appoint annually a firm of independent public accountants as auditors of the Corporation. Such appointment shall be submitted to the shareholders for ratification at the Annual Meeting next following such appointment. Should the holders of a majority of the shares represented at the meeting fail to ratify the appointment of any firm as auditors of the Corporation, or should the Board of Directors for any reason determine that such appointment be terminated, the Board of Directors shall appoint another firm of independent public accountants to act as auditors of the Corporation and such appointment shall be submitted to the shareholders for ratification at the Annual or Special Shareholders Meeting next following such appointment.

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) recommend to the Board of Directors annually a firm of independent public accountants to act as auditors of the Corporation;

(2) review 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; and

(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.

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, the President, 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. Any two or more offices may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The Officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of shareholders. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies or new offices may be filled at any meeting of the Board of Directors. Each Officer shall hold office until his or her successor shall have been duly elected 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.

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.

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. The President shall be the Chief Operating Officer. The President shall perform such duties as may be prescribed by the Board of Directors or by 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 the 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, the President, the Chief Executive Officer or by 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, the 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 the 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 "a" 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.

Exhibit 12

Abbott Laboratories

Computation of Ratio of Earnings to Fixed Charges

(Unaudited)

(dollars in millions except ratios)

	Nine Months Ended September 30, 1999
Net Earnings	$1,775
Add (deduct):	
Taxes on earnings	690
Minority interest	5
Net Earnings as adjusted	$2,470
Fixed Charges:	
Interest on long-term and short-term debt	112
Capitalized interest cost	4
Rental expense representative of an interest factor	29
Total Fixed Charges	145
Total adjusted earnings available for payment of fixed charges	$2,615
Ratio of earnings to fixed charges	18.0

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.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM ABBOTT LABORATORIES' 1999 THIRD QUARTER FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q FILING.

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9-MOS
DEC-31-1999
JAN-01-1999
SEP-30-1999
531,070
99,310
2,068,985
185,487
1,417,305
5,878,049
9,654,073
4,937,539
13,574,225
4,329,007
1,336,425
0
0
1,516,933
5,152,720
13,574,225
9,662,859
9,662,859
4,444,416
4,444,416
858,361
10,401
111,842
2,465,772
690,416
1,775,356
0
0
0
1,775,356
1.17
1.15

Other expenses consist of research and development expenses.