

REGISTRATION NO. 333-65601

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

ABBOTT LABORATORIES

(Exact name of registrant as specified in its charter)

ILLINOIS
(State or other jurisdiction
of incorporation or organization)

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

100 ABBOTT PARK ROAD
ABBOTT PARK, ILLINOIS 60064-3500
(847) 937-6100
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

JOSE M. DE LASA
SENIOR VICE PRESIDENT, SECRETARY AND GENERAL COUNSEL
ABBOTT LABORATORIES
100 ABBOTT PARK ROAD
ABBOTT PARK, ILLINOIS 60064-3500
(847) 937-6100
(Name, address, including zip code, and telephone
number, including area code, of agent for service)

COPIES TO:

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

Approximate date of commencement of proposed sale to the public: From time
to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box: / /

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or interest
reinvestment plans, check the following box: /X/

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering. / / _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering. / / _____

If delivery of the prospectus is expected to be made pursuant to Rule 434,

please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE
Common Stock, Without Par Value.....	500,000 shares	\$39.875	\$19,937,500	\$5,882

(1) Estimated solely for the purpose of calculating the registration fee based on the average of the high and low sales prices on the New York Stock Exchange Composite Tape on October 8, 1998.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

500,000 SHARES
ABBOTT LABORATORIES
COMMON STOCK

Abbott Laboratories is offering you up to 500,000 shares of its common stock upon exercise of options that participants in Abbott's Incentive Stock Programs have transferred to you. The exercise price and times during which these options may be exercised are set forth in each option. Abbott grants these transferrable options under its Incentive Stock Programs to its officers and directors, who may transfer these options as gifts to certain family members or entities formed for their benefit. See "Plan of Distribution."

Abbott's common stock is traded on the New York Stock Exchange, the Chicago Stock Exchange, and the Pacific Exchange under the symbol ABT. On December 16, 1998, the last reported sale price of common stock on the New York Stock Exchange was \$46.125 per share.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is December , 1998.

TABLE OF CONTENTS

	PAGE -----		PAGE -----
Where to Get More Information.....	2	Plan of Distribution.....	4
The Company.....	2	Experts.....	7
Use of Proceeds.....	3	Validity of Shares.....	7
Summary of Selected Financial Data.....	3		

WHERE TO GET MORE INFORMATION

Abbott Laboratories ("Abbott") has filed a registration statement with the Securities and Exchange Commission (the "Commission") relating to the 500,000 shares of Abbott common stock offered with this prospectus. This prospectus does not contain all of the information described in the registration statement. For further information, you should refer to the registration statement.

Abbott files annual, quarterly, and current reports, proxy statements and other information with the Commission. You may read and copy any reports, statements, or other information Abbott files at the Commission's public reference room in Washington, D.C. You may request copies of these documents, upon payment of a duplicating fee, by writing to the Commission. Please call the Commission at 1-800-SEC-0330 for further information on the operation of the public reference room. Abbott's filings with the Commission are also available to the public on the Commission's web site at <http://www.sec.gov>.

The following documents, which Abbott has filed with the Commission, are incorporated into this prospectus by reference and considered a part of this prospectus:

- Annual Report on Form 10-K for the year ended December 31, 1997.
- Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.
- Quarterly Report on Form 10-Q for the quarter ended June 30, 1998.
- Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.

Information that Abbott subsequently files with the Commission will update and supercede this information. Abbott is also incorporating by reference all documents that it files with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and before the termination of the offering of the common stock.

Abbott will provide any of the above documents (including any exhibits specifically incorporated by reference in those documents) to each person, including any beneficial owner, to whom a prospectus is delivered. You may request these documents at no cost by writing Abbott at 100 Abbott Park Road, Abbott Park, Illinois 60064-3500, Attention Jose M. de Lasa, Senior Vice President, Secretary and General Counsel, or by telephone at (847) 937-6100.

You should rely only on the information provided in this prospectus or incorporated in this prospectus by reference. Abbott has not authorized anyone else to provide you with different information.

THE COMPANY

Abbott is an Illinois corporation, incorporated in 1900. Abbott's corporate offices are located at 100 Abbott Park Road, Abbott Park, Illinois 60064-3500. Its telephone number is (847) 937-6100.

Abbott's principal business is the discovery, development, manufacture, and sale of a broad and diversified line of health care products and services. Among Abbott's products is a line of adult and pediatric pharmaceuticals and nutritional. These products are sold primarily on the prescription or

recommendation of physicians or other health care professionals. This line also includes agricultural and chemical products, bulk pharmaceuticals, and consumer products. In addition, Abbott produces a line of hospital and laboratory products which includes diagnostic systems for blood banks, hospitals, commercial laboratories, alternate-care testing sites, and consumers; intravenous and irrigation fluids and related administration equipment, including electronic drug delivery systems; drugs and drug delivery systems; anesthetics; pain management products; critical care products; diagnostic imaging products and other medical specialty products for hospitals and alternate-care sites.

Abbott markets products in approximately 130 countries through affiliates and distributors. Most of Abbott's products are sold both in and outside the United States. Abbott employs approximately 54,000 persons in its various offices, plants and facilities located throughout North America, South America, Europe, Africa, Asia and Australia. Abbott purchases necessary raw materials and supplies essential to Abbott's operations from numerous suppliers in the United States and overseas.

USE OF PROCEEDS

The amount of the proceeds Abbott receives upon exercise of the transferable options to which this prospectus relates will depend upon the exercise prices of the options and the extent to which they are exercised. Abbott's expenses of the offering will be minimal. Abbott will use the proceeds from the exercise of the transferable options for general corporate purposes.

SUMMARY OF SELECTED FINANCIAL DATA

The following Summary of Selected Financial Data is derived from the information incorporated by reference in Abbott's Annual Report on Form 10-K for 1997 which is incorporated herein by reference. On February 13, 1998, the Board of Directors of Abbott Laboratories approved a two-for-one stock split. Shareholders of record on May 1, 1998 were issued an additional share of Abbott's common stock on May 29, 1998 for each share owned on the record date. All per share data in the following Summary of Selected Financial Data has been adjusted to reflect the stock split.

ABBOTT LABORATORIES AND SUBSIDIARIES YEAR ENDED DECEMBER 31 (DOLLARS IN MILLIONS EXCEPT PER SHARE DATA)

	1997	1996	1995	1994	1993
Summary of Operations:					
Net sales.....	\$ 11,883.5	\$ 11,013.5	\$ 10,012.2	\$ 9,156.0	\$ 8,407.8
Net earnings.....	2,094.5	1,882.0	1,688.7	1,516.7	1,399.1
Basic earnings per common share.....	1.36	1.20	1.06	.93	.84
Diluted earnings per common share.....	1.34	1.19	1.05	.92	.84
Financial Position:					
Total assets.....	12,061.1	11,125.6	9,412.6	8,523.7	7,688.6
Long-term debt.....	938.0	932.9	435.2	287.1	306.8
Other Statistics:					
Cash dividends declared per common share.....	.54	.48	.42	.38	.34

PLAN OF DISTRIBUTION

Abbott is offering its shares of common stock to transferees of transferable non-qualified stock options granted to Abbott's directors and officers pursuant to the Abbott Laboratories 1996 Incentive Stock Program (the "1996 Program"), the Abbott Laboratories 1991 Incentive Stock Program, and the Abbott Laboratories 1986 Incentive Stock Program (collectively the "Programs"), which are described below.

ASSIGNMENT OF BENEFITS

Except as provided by the Compensation Committee of Abbott's board of directors, benefits granted under the Programs will be exercisable only by the holder during the holder's lifetime, although they can be transferred by will or by the laws of descent and distribution. The Committee has authorized the transfer of non-qualified stock options held by active and retired directors and officers as gifts to the director's or officer's spouse, child or grandchild or to a family trust, a family partnership, a family limited liability company or a similar arrangement for the benefit of a spouse, child or grandchild.

TAX EFFECTS OF GRANT, TRANSFER AND EXERCISE OF NON-QUALIFIED STOCK OPTIONS

Under existing law and regulations, the grant of non-qualified stock options will not result in income taxable to the employee or director or provide an income tax deduction to Abbott. Neither the transferor nor the transferee will recognize ordinary income when a non-qualified stock option is transferred. The subsequent exercise of the non-qualified stock option will, however, result in taxable income to the transferor, and Abbott will be entitled to a corresponding deduction. The amount so taxable and so deductible will be the excess of the fair market value of the shares purchased over their exercise price. The basis of non-qualified stock option shares will be equal to the shares' fair market value on exercise, and upon subsequent disposition any further gain or loss will be long-term or short-term capital gain or loss, depending upon the length of time the shares are held. The foregoing is a summary of the principal federal income tax rules applicable to the usual situation. It does not specifically discuss the gift tax consequences or the related income tax consequences of stock option transfers. Each participant should discuss his or her individual situation with a qualified tax adviser. If the information under this heading should change, updated information will be provided in an appendix to the prospectus.

GENERAL PROGRAM INFORMATION

The Programs are designed to permit Abbott to provide several different forms of benefits to meet competitive conditions and the particular circumstances of the individuals who may be eligible to receive benefits. The Programs authorize the grant of several different forms of benefits including incentive stock options, non-qualified stock options, stock appreciation rights, limited stock appreciation rights, restricted stock awards, performance awards, and foreign qualified benefits.

The purpose of the Programs is to allow Abbott to attract and retain outstanding individuals as directors, officers and other employees and to furnish an incentive to those persons to increase profits by providing them with the opportunity to acquire shares of Abbott's common stock, or to receive monetary payments based on the value of such shares or on Abbott's financial performance, or both, on advantageous terms and to further align such persons' interests with those of Abbott's other shareholders through compensation that is based on the value of Abbott's common stock.

Abbott expects to continue the 1996 Program, but necessarily reserves the right to amend or terminate it at anytime. The 1996 Program will continue in effect until terminated by Abbott's board of directors, except that no incentive stock option may be granted more than ten years after the date of adoption of the 1996 Program by the board of directors which occurred on October 13, 1995.

The Committee administers the Programs. The members of the Committee are appointed by the board of directors, have no fixed term of office, and serve at the pleasure of the board of directors.

Requests for additional information about the Programs and its administrators should be addressed to Abbott's Senior Vice President, Human Resources, at the following address: Senior Vice President, Human Resources, Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois 60064-3500, telephone number (847) 937-3960.

The Programs are not subject to any of the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The 1996 Program authorizes the granting of options and other benefits with respect to an aggregate of: (i) 10,000,000 shares of Abbott's common stock, plus (ii) an annual additional authorization of seven-tenths of one percent (0.7%) of the total common stock of Abbott issued and outstanding on the first day of each calendar year beginning with 1996, plus (iii) shares authorized but unissued under the Prior Programs; subject in each case to adjustments as provided below. Any common stock reserved under an annual additional authorization for any calendar year as to which options or other benefits have not been awarded as of the end of such calendar year are available for issuance under benefits granted in subsequent years.

As of August 31, 1998, options to purchase 64,494,615 shares of common stock were outstanding and 13,661,417 shares were reserved and available for additional grants under the Programs. Benefits may no longer be granted under the prior Programs.

The common stock covered by the 1996 Program may be either authorized but unissued shares or treasury shares (except that restricted stock awards may be satisfied only from Abbott's treasury shares). If there is a lapse, expiration, termination, or cancellation of any benefit granted under the 1996 Program or under the Prior Programs without the issuance of shares or payment of cash, or if shares are issued under any benefit under the 1996 Program or a prior Program and thereafter are reacquired by Abbott pursuant to rights reserved upon the issuance of a benefit, or pursuant to the payment of the purchase price of shares under stock options by delivery of other shares of Abbott's common stock, the shares subject to or reserved for that benefit, or so reacquired, may again be used for new options, rights, or awards of any type authorized under the 1996 Program. Nevertheless, the shares of common stock issued under the Programs, which are not reacquired by Abbott pursuant to rights reserved upon the issuance thereof or pursuant to payment of the purchase price of shares under stock options by delivery of other shares of Abbott's common stock, may not exceed the total number of shares reserved for issuance under the Programs.

The Programs provide for adjustment in the number of shares reserved and in the shares covered by each outstanding option in the event of a stock dividend or stock split and for continuation of benefits and other equitable adjustment in the event of reorganization, sale, merger, consolidation, spin-off, or similar occurrence.

In the event of the exercise of a stock appreciation right or a limited stock appreciation right, the number of shares reserved for issuance under the Programs shall be reduced by the number of shares of common stock covered by the option or portion thereof which is surrendered in connection with such exercise. The number of shares reserved for issuance under the Programs also shall be reduced by the largest whole number obtained by dividing the monetary value of performance units granted at the commencement of a performance period by the market value of a share of common stock at such time.

PERSONS WHO MAY PARTICIPATE IN THE 1996 PROGRAM

The Committee, in its sole discretion, shall designate from time to time those officers and other employees of Abbott and its subsidiaries who will be eligible to receive benefits under the 1996 Program. In addition, members of the board of directors who are not employees of Abbott or its subsidiaries receive certain restricted stock awards and may receive non-qualified stock options.

There are limits imposed on shares covered by restricted stock awards and non-qualified stock options that may be granted to non-employee directors. The maximum number of shares with respect to which incentive stock options, non-qualified stock options, stock appreciation rights and limited stock appreciation rights may be granted to any one participant, in aggregate, in any one calendar year, is 2,000,000 shares. The Programs provide that the aggregate fair market value (determined as of the time the option is granted) of the common stock with respect to which incentive stock options may become exercisable for the first time by any individual during any calendar year may not exceed \$100,000. In no event shall incentive stock options be granted with respect to more than the lesser of: (i) 150,000,000 shares (plus any shares acquired by Abbott pursuant to payment of the purchase price of shares under incentive stock options by delivery of other shares of Abbott's common stock), or (ii) the total number of shares otherwise reserved for issuance under the Programs.

BENEFITS UNDER NON-QUALIFIED STOCK OPTIONS

A stock option permits its holder to purchase a specific number of shares of common stock, during a specified period, upon set terms, and at a set price. The actual purchase of common stock pursuant to the option is called the "exercise" of the option.

A stock option may be either an incentive stock option or a non-qualified stock option. Incentive stock options are options that qualify for special federal income tax treatment under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Stock options which do not qualify for special federal income tax treatment under Code Section 422 are termed "non-qualified stock options." The federal income tax treatment of non-qualified stock options is discussed in the section of this prospectus entitled "Tax Effects of Grant, Transfer, and Exercise of Non-Qualified Stock Options."

Under the Programs, the purchase price of any option must be at least 100 percent of the fair market value of the common stock at the time the option is granted. The Committee may provide for the payment of the purchase price in cash, by delivery of other shares of Abbott's common stock having a market value equal to the purchase price of such shares, or by any other method. A participant may pay the purchase price by delivery of an exercise notice accompanied by a copy of irrevocable instructions to a broker to deliver promptly to Abbott sale or loan proceeds to pay the purchase price. A participant may pay the purchase price of any option only in accordance with the conditions contained in his or her option agreement.

The Committee may permit or require a participant to pay all or a portion of the federal, state and local taxes, including FICA and Medicare withholding tax, arising in connection with the exercise of a non-qualified stock option, by having Abbott withhold shares or by delivering shares received in connection with the option or previously acquired, having a fair market value approximating the amount to be withheld.

The Committee may grant stock options that provide for the automatic grant of replacement stock options. When a non-qualified stock option provides for the automatic grant of a replacement stock option, that replacement stock option will cover not only the number of shares surrendered to pay the non-qualified stock option's purchase price but will also cover the number of shares surrendered by the option holder or withheld by Abbott to pay the taxes incurred in connection with the exercise of the non-qualified stock option. The purchase price of any replacement stock option must be 100 percent of the fair market value of the common shares at the time the replacement stock option is granted.

Further, every replacement stock option will be exercisable in full six months from the date of its grant, will expire on the expiration date of the original stock option, and will be a non-qualified stock option.

The period of any option will be determined by the Committee, but no option may be exercised either earlier than six months or after the expiration of ten years from the date it is granted. Each of the Programs contains special rules governing an option's exercise following the option holder's retirement, death, disability, or other termination of employment. The Programs also provide that, notwithstanding any other provision, upon the occurrence of a "Change in Control" (as defined in that program) of Abbott, all stock options (whether or not then exercisable) shall become fully exercisable as of the date of the Change in Control (subject to the six month holding period). Termination provisions in the event of retirement, death, disability, or other termination of employment will depend upon and be in accordance with the restrictions and conditions contained in the individual option agreements.

The 1996 Program also permits non-employee directors to elect to receive any or all of their directors' fees earned during the second half of 1996 and in subsequent years in the form of non-qualified stock options. The number of shares of common stock covered by each non-qualified stock option will be determined by an independent appraisal of the intrinsic value of the options being granted and the amount of the director's election for that year. These options will be granted annually on the date of Abbott's Annual Shareholder meeting and at a purchase price equal to the fair market value of the shares covered by the option on the grant date and shall not be exercisable after ten years from the grant date.

EXPERTS

The consolidated financial statements and schedules included in the Annual Report on Form 10-K for the year ended December 31, 1997, incorporated by reference in this Registration Statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

VALIDITY OF SHARES

The validity of the common stock offered hereby has been passed upon for Abbott by Jose M. de Lasa, Esq., Senior Vice President, General Counsel and Secretary of Abbott. As of the date of this prospectus, Mr. de Lasa held options to purchase 376,132 shares of common stock, 161,841 of which were then exercisable.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 16. EXHIBITS.

A list of exhibits filed herewith or incorporated by reference is contained in the Exhibit Index which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amended Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the County of Lake, State of Illinois, on December 17, 1998.

ABBOTT LABORATORIES

By: /s/ D. L. BURNHAM

D. L. Burnham
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Act of 1933, this Amended Registration Statement has been signed by the following persons in the capacities indicated on December 17, 1998.

NAME	TITLE
-----	-----
/s/ D.L. BURNHAM* ----- D. L. Burnham	Chairman of the Board, Chief Executive Officer and Director (principal executive officer)
/s/ THOMAS R. HODGSON* ----- Thomas R. Hodgson	President, Chief Operating Officer and Director
/s/ MILES D. WHITE* ----- Miles D. White	Executive Vice President and Director
/s/ ROBERT L. PARKINSON, JR.* ----- Robert L. Parkinson, Jr.	Executive Vice President and Director
/s/ GARY P. COUGHLAN* ----- Gary P. Coughlan	Senior Vice President, Finance and Chief Financial Officer (principal financial officer)
/s/ THEODORE A. OLSON* ----- Theodore A. Olson	Vice President and Controller (principal accounting officer)
/s/ K. FRANK AUSTEN, M.D.* ----- K. Frank Austen, M.D.	Director
/s/ DAVID A. JONES* ----- David A. Jones	Director
/s/ DAVID A. L. OWEN* ----- David A. L. Owen	Director
/s/ BOONE POWELL, JR.* ----- Boone Powell, Jr.	Director

NAME

TITLE

/s/ A. BARRY RAND*

A. Barry Rand

Director

/s/ W. ANN REYNOLDS, PH.D.*

W. Ann Reynolds, Ph.D.

Director

/s/ WILLIAM D. SMITHBURG*

William D. Smithburg

Director

/s/ JOHN R. WALTER*

John R. Walter

Director

/s/ WILLIAM L. WEISS*

William L. Weiss

Director

*By: /s/ JOSE M. DE LASA

Jose M. de Lasa
ATTORNEY-IN-FACT

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3.1	Corporate By-laws--Abbott Laboratories.*
4.1	Abbott Laboratories 1986 Incentive Stock Program (incorporated by reference, to Exhibit 10, Material Contracts, of the Company's Annual Report on Form 10-K, filed March 9, 1998).
4.2	Abbott Laboratories 1991 Incentive Stock Program (incorporated by reference, to Exhibit 10, Material Contracts, of the Company's Annual Report on Form 10-K, filed March 9, 1998).
4.3	Abbott Laboratories 1996 Incentive Stock Program (incorporated by reference, to Exhibit 10, Material Contracts, of the Company's Annual Report on Form 10-K, filed March 9, 1998).
4.4	Form of Option Agreement--Employee (Current form. Earlier forms differ in ways that are not material and will be furnished to the Commission upon request.)
4.5	Form of Option Agreement--Non-Employee Director (Current form. Earlier forms differ in ways that are not material and will be furnished to the Commission upon request.)
5.1	Opinion of Jose M. de Lasa.*
23.1	Consent of Arthur Andersen LLP
23.2	Consent of Jose M. de Lasa (included in the opinion filed as Exhibit 5.1 to the initial Registration Statement)
24.1	Power of Attorney (included on signature page of the initial Registration Statement)

* included with initial filing

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 9, 1998

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 sixteen. 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.

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 of 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 "[Logo]" 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.

ABBOTT LABORATORIES
1996 INCENTIVE STOCK PROGRAM
INCENTIVE AND NON-QUALIFIED STOCK OPTIONS

ABBOTT LABORATORIES (THE "COMPANY") HEREBY GRANTS TO
(THE "EMPLOYEE")
AN INCENTIVE STOCK OPTION TO PURCHASE FROM TIME TO TIME ALL OR ANY PART OF A
TOTAL OF COMMON SHARES OF THE COMPANY, AT A PRICE OF \$
PER SHARE, AND A NON-QUALIFIED STOCK OPTION TO PURCHASE FROM TIME TO TIME ALL
OR ANY PART OF A TOTAL OF COMMON SHARES OF THE COMPANY, AT A
PRICE OF \$ PER SHARE (SUCH PRICES BEING NOT LESS THAN 100% OF THE FAIR
MARKET VALUE OF THE SHARES ON THE DATE HEREOF). THESE OPTIONS ARE GRANTED
UPON THE TERMS AND CONDITIONS SET FORTH BELOW. IN ADDITION, THE INCENTIVE
STOCK OPTION IS GRANTED PURSUANT TO SECTION 422 OF THE INTERNAL REVENUE CODE
OF 1986 (THE "CODE").

THESE OPTIONS ARE GRANTED THIS DAY OF , UNDER THE COMPANY'S
1996 INCENTIVE STOCK PROGRAM (HEREIN CALLED THE "PROGRAM") FOR THE PURPOSE OF
FURNISHING TO THE EMPLOYEE AN APPROPRIATE INCENTIVE TO IMPROVE OPERATIONS AND
INCREASE PROFITS AND ENCOURAGING THE EMPLOYEE TO CONTINUE EMPLOYMENT WITH THE
COMPANY AND ITS SUBSIDIARIES. TERMS USED HEREIN SHALL HAVE THE SAME MEANING
AS IN THE PROGRAM, AND IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE
PROVISIONS HEREOF AND THE PROVISIONS OF THE PROGRAM THE PROGRAM SHALL CONTROL.

THE TERMS AND CONDITIONS OF THE OPTIONS ARE AS FOLLOWS:

1. THESE OPTIONS MAY, BUT NEED NOT, BE EXERCISED IN INSTALLMENTS, BUT MAY
BE EXERCISED ONLY TO THE EXTENT, AND WITHIN THE TIME PERIODS, DESCRIBED
BELOW. DURING THE LIFETIME OF THE EMPLOYEE THESE OPTIONS MAY BE
EXERCISED ONLY BY THE EMPLOYEE AND (EXCEPT AS PROVIDED BELOW) ONLY WHILE
IN THE EMPLOY OF THE COMPANY OR ANY OF ITS SUBSIDIARIES.

2. THESE OPTIONS MAY BE EXERCISED ONLY ON OR AFTER THE FIRST ANNIVERSARY OF THE GRANT DATE. TERMINATION OF EMPLOYMENT BEFORE THE FIRST ANNIVERSARY OF THE GRANT DATE WILL TERMINATE ALL RIGHTS UNDER THE OPTIONS (UNLESS THE TERMINATION IS FOR REASON OF RETIREMENT, DISABILITY OR DEATH, OR FOR REASON OTHER THAN RETIREMENT, DISABILITY OR DEATH AND THE FIRST ANNIVERSARY OF THE GRANT DATE OCCURS WITHIN THE THREE (3) MONTH PERIOD DESCRIBED IN PARAGRAPH 4).

(NOTE: ALTHOUGH THESE OPTIONS IN CERTAIN CIRCUMSTANCES MAY BE EXERCISED MORE THAN THREE MONTHS AFTER TERMINATION OF EMPLOYMENT, UNDER SECTION 422 OF THE CODE THE INCENTIVE STOCK OPTION MUST BE EXERCISED WITHIN THREE MONTHS AFTER TERMINATION FOR ANY REASON OTHER THAN DEATH TO QUALIFY FOR INCENTIVE STOCK OPTION TAX TREATMENT.)

3. ON THE FIRST ANNIVERSARY OF THE GRANT DATE ONE-THIRD OF THE TOTAL NUMBER OF SHARES (ROUNDED UP) COVERED BY THESE OPTIONS MAY BE PURCHASED; ON THE SECOND ANNIVERSARY OF THE GRANT DATE TWO-THIRDS OF THE TOTAL NUMBER OF SHARES (ROUNDED UP) COVERED BY THESE OPTIONS MAY BE PURCHASED; AND ON THE THIRD ANNIVERSARY OF THE GRANT DATE THESE OPTIONS SHALL BE EXERCISABLE IN FULL. THE SHARES COVERED BY THE INCENTIVE STOCK OPTION SHALL BE APPLIED FIRST TO EACH SUCH INSTALLMENT TO THE MAXIMUM EXTENT ALLOWABLE UNDER SECTION 422(D) OF THE CODE AND PARAGRAPH 6 OF THE PROGRAM UNTIL EXHAUSTED AND THE SHARES COVERED BY THE NON-QUALIFIED STOCK OPTION SHALL BE APPLIED SECOND, TO THE BALANCE OF SUCH INSTALLMENTS UNTIL EXHAUSTED. IN THE EVENT OF TERMINATION OF EMPLOYMENT, THE NUMBER OF SHARES WHICH MAY BE PURCHASED PURSUANT TO THIS PARAGRAPH SHALL BE DETERMINED AS IF THE EMPLOYEE CONTINUED TO BE EMPLOYED BY THE COMPANY DURING THE PERIODS REFERRED TO IN PARAGRAPHS 4, 5, 6, 7, 8 AND 9 OF THE OPTIONS. THE RIGHT TO PURCHASE SHALL CUMULATE SO THAT SHARES MAY BE PURCHASED AT ANY TIME AFTER BECOMING ELIGIBLE FOR PURCHASE UNTIL TERMINATION OF THE OPTIONS.
4. SUBJECT TO PARAGRAPH 10, IF EMPLOYMENT OF THE EMPLOYEE WITH THE COMPANY AND ITS SUBSIDIARIES TERMINATES, FOR ANY REASON OTHER THAN RETIREMENT, DISABILITY OR DEATH, THIS OPTION MAY BE EXERCISED BY THE EMPLOYEE TO THE EXTENT PERMITTED UNDER PARAGRAPH 3 WITHIN THREE (3) MONTHS AFTER THE EMPLOYEE'S LAST DAY OF WORK, BUT NOT BEYOND THE TERMS OF THE OPTIONS.

5. SUBJECT TO PARAGRAPH 10, IF THE EMPLOYEE SHOULD RETIRE UNDER THE ABBOTT LABORATORIES ANNUITY RETIREMENT PLAN OR ANY OTHER PENSION OR RETIREMENT PLAN OF THE COMPANY OR A SUBSIDIARY, THESE OPTIONS MAY BE EXERCISED BY THE EMPLOYEE TO THE EXTENT PERMITTED UNDER PARAGRAPH 3 WITHIN THE TERM OF THE OPTIONS.
6. SUBJECT TO PARAGRAPH 10, IF THE EMPLOYMENT OF THE EMPLOYEE WITH THE COMPANY AND ITS SUBSIDIARIES TERMINATES DUE TO DISABILITY, THESE OPTIONS MAY BE EXERCISED BY THE EMPLOYEE TO THE EXTENT PERMITTED UNDER PARAGRAPH 3 WITHIN THE TERM OF THE OPTIONS.
7. IN THE EVENT OF DEATH OF THE EMPLOYEE DURING EMPLOYMENT, THE OPTIONS MAY BE EXERCISED TO THE EXTENT PERMITTED UNDER PARAGRAPH 3 WITHIN THE TERM OF THE OPTIONS AND ONLY BY THE EXECUTOR OR ADMINISTRATOR OF THE ESTATE OF THE EMPLOYEE OR THE PERSON OR PERSONS TO WHOM RIGHTS UNDER THE OPTIONS HAVE PASSED BY WILL OR THE LAWS OF DESCENT AND DISTRIBUTION.
8. IN THE EVENT OF DEATH OF THE EMPLOYEE DURING THE THREE (3) MONTH PERIOD REFERRED TO IN PARAGRAPH 4 OF THESE OPTIONS, THESE OPTIONS MAY BE EXERCISED TO THE EXTENT PERMITTED UNDER PARAGRAPH 3 WITHIN THREE (3) MONTHS AFTER SUCH DEATH, BUT NOT BEYOND THE TERM OF THE OPTIONS AND ONLY BY THE EXECUTOR OR ADMINISTRATOR OF THE ESTATE OF THE EMPLOYEE OR THE PERSON OR PERSONS TO WHOM RIGHTS UNDER THE OPTIONS HAVE PASSED BY WILL OR THE LAWS OF DESCENT AND DISTRIBUTION.
9. IN THE EVENT OF DEATH OF THE EMPLOYEE DURING THE PERIODS REFERRED TO IN PARAGRAPHS 5 OR 6 OF THESE OPTIONS, THE OPTIONS MAY BE EXERCISED TO THE EXTENT PERMITTED UNDER PARAGRAPH 3 WITHIN THE TERM OF THE OPTIONS AND ONLY BY THE EXECUTOR OR ADMINISTRATOR OF THE ESTATE OF THE EMPLOYEE OR THE PERSON OR PERSONS TO WHOM RIGHTS UNDER THE OPTIONS HAVE PASSED BY WILL OR THE LAWS OF DESCENT AND DISTRIBUTION.
10. NOTWITHSTANDING PARAGRAPHS 4, 5 AND 6, THESE OPTIONS SHALL IMMEDIATELY TERMINATE IN THE EVENT THE EMPLOYEE ENGAGES, DIRECTLY OR INDIRECTLY, FOR THE BENEFIT OF THE EMPLOYEE OR OTHERS, IN ANY ACTIVITY, EMPLOYMENT OR BUSINESS DURING EMPLOYMENT OR WITHIN TWELVE (12) MONTHS AFTER THE DATE OF TERMINATION OR RETIREMENT WHICH, IN THE SOLE OPINION AND DISCRETION OF THE COMPENSATION COMMITTEE, IS COMPETITIVE WITH THE COMPANY OR ANY OF ITS SUBSIDIARIES.

11. THESE OPTIONS MAY NOT UNDER ANY CIRCUMSTANCES BE EXERCISED ON OR AFTER THE TENTH (10) ANNIVERSARY OF THE GRANT DATE.
12. NOTHING HEREIN CONFERS UPON THE EMPLOYEE ANY RIGHT TO CONTINUE IN THE EMPLOY OF THE COMPANY OR OF ANY SUBSIDIARY.
13. THESE OPTIONS ARE NOT TRANSFERABLE OTHERWISE THAN BY WILL OR THE LAWS OF DESCENT AND DISTRIBUTION. THEY MAY NOT BE ASSIGNED, TRANSFERRED (EXCEPT AS AFORESAID), PLEDGED OR HYPOTHECATED IN ANY WAY, WHETHER BY OPERATION OF LAW OR OTHERWISE, AND SHALL NOT BE SUBJECT TO EXECUTION, ATTACHMENT, OR SIMILAR PROCESS. ANY ATTEMPT AT ASSIGNMENT, TRANSFER, PLEDGE, HYPOTHECATION, OR OTHER DISPOSITION OF THESE OPTIONS CONTRARY TO THE PROVISIONS HEREOF, AND THE LEVY OF ANY ATTACHMENT OR SIMILAR PROCESS UPON THESE OPTIONS, SHALL BE NULL AND VOID AND WITHOUT EFFECT.
14. THESE OPTIONS MAY BE EXERCISED ONLY BY DELIVERING TO THE SECRETARY OR OTHER DESIGNATED EMPLOYEE OF THE COMPANY A WRITTEN NOTICE OF EXERCISE, SPECIFYING THE NUMBER OF COMMON SHARES WITH RESPECT TO WHICH THE OPTIONS ARE THEN BEING EXERCISED, AND ACCOMPANIED BY PAYMENT OF THE FULL PURCHASE PRICE OF THE SHARES BEING PURCHASED IN CASH, OR BY THE SURRENDER OF OTHER COMMON SHARES OF THE COMPANY HELD BY THE EMPLOYEE HAVING A THEN FAIR MARKET VALUE EQUAL TO THE PURCHASE PRICE, OR , BY DELIVERY OF A PROPERLY EXECUTED EXERCISE NOTICE TOGETHER WITH A COPY OF IRREVOCABLE INSTRUCTIONS TO A BROKER TO DELIVER PROMPTLY TO THE COMPANY THE AMOUNT OF SALE OR LOAN PROCEEDS TO PAY THE PURCHASE PRICE, OR A COMBINATION THEREOF, PLUS (FOR EXERCISES OF NON-QUALIFIED OPTIONS) PAYMENT IN CASH OR, SUBJECT TO THE APPROVAL OF THE COMPENSATION COMMITTEE, BY WITHHOLDING OR DELIVERY OF COMMON SHARES OF THE COMPANY, OF THE FULL AMOUNT OF ANY TAXES WHICH THE COMPANY BELIEVES ARE REQUIRED TO BE WITHHELD AND PAID WITH RESPECT TO SUCH EXERCISE, AND IN THE EVENT THE OPTIONS ARE BEING EXERCISED BY A PERSON OR PERSONS OTHER THAN THE EMPLOYEE, SUCH APPROPRIATE TAX CLEARANCES, PROOF OF THE RIGHT OF SUCH PERSON OR PERSONS TO EXERCISE THE OPTIONS, AND OTHER PERTINENT DATA AS THE COMPANY MAY DEEM NECESSARY.
15. IN THE EVENT THE PURCHASE PRICE OF THE SHARES COVERED BY THIS OPTION OR ANY TAXES DUE ON ITS EXERCISE ARE PAID BY THE SURRENDER OF OTHER COMMON SHARES OF THE COMPANY OR, FOR PAYMENT OF WITHHOLDING TAXES, BY WITHHOLDING OF SHARES, THE EMPLOYEE WILL BE GRANTED AN OPTION (THE "REPLACEMENT OPTION") TO PURCHASE A NUMBER OF COMMON SHARES EQUAL TO THE NUMBER OF

SHARES SURRENDERED AND/OR WITHHELD. PROVIDED THE THEN FAIR MARKET VALUE OF THE SHARES COVERED BY THIS OPTION IS AT LEAST TWENTY-FIVE PERCENT (25%) HIGHER THAN SUCH PURCHASE PRICE. THE PURCHASE PRICE UNDER THE REPLACEMENT OPTION WILL BE THE FAIR MARKET VALUE OF THE SHARES COVERED BY THE REPLACEMENT OPTION AS OF THE GRANT DATE OF THE REPLACEMENT OPTION. THE REPLACEMENT OPTION WILL BE A NON-QUALIFIED STOCK OPTION, FIRST EXERCISABLE SIX (6) MONTHS FROM THE REPLACEMENT OPTION GRANT DATE, WITH A TERM EQUAL TO THE REMAINDER OF THE TERM OF THE ORIGINAL OPTION.

16. THE COMPANY SHALL NOT BE REQUIRED TO ISSUE OR DELIVER ANY CERTIFICATE FOR SHARES PURCHASED UPON ANY EXERCISE PENDING COMPLIANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES AND OTHER LAWS (INCLUDING ANY REGISTRATION REQUIREMENTS) AND COMPLIANCE WITH THE RULES AND PRACTICES OF ANY STOCK EXCHANGE UPON WHICH THE COMPANY'S COMMON SHARES ARE LISTED.
17. IN THE EVENT THAT THERE IS A CHANGE IN THE NUMBER OF ISSUED COMMON SHARES OF THE COMPANY WITHOUT NEW CONSIDERATION TO THE COMPANY (SUCH AS BY STOCK DIVIDENDS OR STOCK SPLIT-UPS), THEN (I) THE NUMBER OF SHARES AT THE TIME UNEXERCISED UNDER THESE OPTIONS SHALL BE CHANGED IN PROPORTION TO SUCH CHANGE IN ISSUED SHARES; AND (II) THE OPTION PRICE FOR THE UNEXERCISED PORTION OF THE OPTION SHALL BE ADJUSTED SO THAT THE AGGREGATE CONSIDERATION PAYABLE TO THE COMPANY UPON THE PURCHASE OF ALL SHARES NOT THERETOFORE PURCHASED SHALL NOT BE CHANGED.

IF THE OUTSTANDING COMMON SHARES OF THE COMPANY SHALL BE COMBINED, OR BE CHANGED INTO ANOTHER KIND OF STOCK OF THE COMPANY OR INTO SECURITIES OF ANOTHER CORPORATION, WHETHER THROUGH RECAPITALIZATION, REORGANIZATION, SALE, MERGER, CONSOLIDATION, ETC., THE COMPANY SHALL CAUSE ADEQUATE PROVISION TO BE MADE WHEREBY THE PERSON OR PERSONS ENTITLED TO EXERCISE THIS OPTION SHALL THEREAFTER BE ENTITLED TO RECEIVE, UPON DUE EXERCISE OF ANY PORTION OF THE OPTION, THE SECURITIES WHICH THAT PERSON WOULD HAVE BEEN ENTITLED TO RECEIVE FOR COMMON SHARES ACQUIRED THROUGH EXERCISE OF THE SAME PORTION OF SUCH OPTION IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF SUCH RECAPITALIZATION, REORGANIZATION, SALE, MERGER, CONSOLIDATION, SPIN-OFF, ETC. IF APPROPRIATE, DUE ADJUSTMENT SHALL BE MADE IN THE PER SHARE OR PER UNIT PRICE OF THE SECURITIES PURCHASED ON EXERCISE OF THIS OPTION FOLLOWING SAID RECAPITALIZATION, REORGANIZATION, SALE, MERGER, CONSOLIDATION, SPIN-OFF, ETC.

18. NEITHER THESE OPTIONS, SHARES ISSUED UPON THEIR EXERCISE, ANY EXCESS OF MARKET VALUE OVER OPTION PRICE, NOR ANY OTHER RIGHTS, BENEFITS, VALUES OR INTEREST RESULTING FROM THE GRANTING OF THESE OPTIONS SHALL BE CONSIDERED AS COMPENSATION FOR PURPOSES OF ANY PENSION OR RETIREMENT PLAN, INSURANCE PLAN, INVESTMENT OR STOCK PURCHASE PLAN, OR ANY OTHER EMPLOYEE BENEFIT PLAN OF THE COMPANY OR ANY OF ITS SUBSIDIARIES.

IN WITNESS WHEREOF, THE COMPANY HAS CAUSED THESE OPTIONS TO BE EXECUTED BY ITS DULY AUTHORIZED OFFICER AS OF THE GRANT DATE ABOVE SET FORTH.

ABBOTT LABORATORIES

/s/ D.L. BURNHAM
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER

ABBOTT LABORATORIES
1996 INCENTIVE STOCK PROGRAM
NON-EMPLOYEE DIRECTOR NON-QUALIFIED STOCK OPTION

ABBOTT LABORATORIES (THE "COMPANY") HEREBY GRANTS TO _____, A NON-EMPLOYEE DIRECTOR OF THE COMPANY (THE "DIRECTOR"), A NON-QUALIFIED STOCK OPTION TO PURCHASE FROM TIME TO TIME ALL OR ANY PART OF A TOTAL OF _____ COMMON SHARES OF THE COMPANY, AT A PRICE OF \$ _____ PER SHARE, UPON THE TERMS AND CONDITIONS SET FORTH BELOW.

THIS OPTION IS GRANTED THIS _____ DAY OF _____, UNDER THE COMPANY'S 1996 INCENTIVE STOCK PROGRAM (HEREIN CALLED THE "PROGRAM") FOR THE PURPOSE OF FURNISHING TO THE DIRECTOR AN APPROPRIATE INCENTIVE TO INCREASE PROFITS AND ENCOURAGE THE DIRECTOR TO CONTINUE SERVICE WITH THE COMPANY. TERMS USED HEREIN SHALL HAVE THE SAME MEANING AS IN THE PROGRAM, AND IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PROVISIONS HEREOF AND THE PROVISIONS OF THE PROGRAM, THE PROGRAM SHALL CONTROL.

THE TERMS AND CONDITIONS OF THE OPTION ARE AS FOLLOWS:

1. THIS OPTION MAY, BUT NEED NOT, BE EXERCISED IN INSTALLMENTS, BUT MAY NOT UNDER ANY CIRCUMSTANCES BE EXERCISED ON OR AFTER THE TENTH (10TH) ANNIVERSARY OF THE GRANT DATE.
2. IN THE EVENT OF DEATH OF THE HOLDER OF THE OPTION, THIS OPTION MAY BE EXERCISED WITHIN THE TERM OF THE OPTION AND ONLY BY THE EXECUTOR OR ADMINISTRATOR OF THE ESTATE OF THE HOLDER OF THE OPTION OR THE PERSON OR PERSONS TO WHOM RIGHTS UNDER THE OPTION HAVE PASSED BY WILL OR THE LAWS OF DESCENT AND DISTRIBUTION.
3. THIS OPTION IS NOT TRANSFERABLE OTHERWISE THAN (I) BY WILL OR THE LAWS OF DESCENT AND DISTRIBUTION OR (II) BY THE DIRECTOR AS A GIFT TO THE DIRECTOR'S SPOUSE, CHILD OR GRANDCHILD (THE DIRECTOR'S "IMMEDIATE FAMILY") OR TO A FAMILY TRUST, A FAMILY PARTNERSHIP, A FAMILY LIMITED LIABILITY COMPANY, OR A SIMILAR ARRANGEMENT FOR THE BENEFIT OF MEMBERS OF THE DIRECTOR'S IMMEDIATE FAMILY. IT MAY NOT BE ASSIGNED, TRANSFERRED (EXCEPT AS AFORESAID), PLEDGED OR HYPOTHECATED IN ANY WAY, WHETHER BY OPERATION OF LAW OR OTHERWISE, AND SHALL NOT BE SUBJECT TO EXECUTION, ATTACHMENT OR SIMILAR PROCESS. ANY ATTEMPT AT ASSIGNMENT, TRANSFER, PLEDGE, HYPOTHECATION, OR OTHER DISPOSITION OF THIS OPTION CONTRARY TO THE

PROVISIONS HEREOF, AND THE LEVY OF ANY ATTACHMENT OR SIMILAR PROCESS UPON THIS OPTION, SHALL BE NULL AND VOID AND WITHOUT EFFECT.

4. THIS OPTION MAY BE EXERCISED ONLY BY DELIVERING TO THE SECRETARY OR OTHER DESIGNATED EMPLOYEE OF THE COMPANY A WRITTEN NOTICE OF EXERCISE, SPECIFYING THE NUMBER OF COMMON SHARES WITH RESPECT TO WHICH THE OPTION IS THEN BEING EXERCISED, AND ACCOMPANIED BY PAYMENT OF THE FULL PURCHASE PRICE OF THE SHARES BEING PURCHASED IN CASH, OR BY THE SURRENDER OF OTHER COMMON SHARES OF THE COMPANY HAVING A THEN FAIR MARKET VALUE EQUAL TO THE PURCHASE PRICE, OR, BY THE DELIVERY OF A PROPERLY EXECUTED EXERCISE NOTICE TOGETHER WITH A COPY OF IRREVOCABLE INSTRUCTIONS TO A BROKER TO DELIVER PROMPTLY TO THE COMPANY THE AMOUNT OF SALE OR LOAN PROCEEDS TO PAY THE PURCHASE PRICE, OR A COMBINATION THEREOF, PLUS PAYMENT IN CASH OR, BY WITHHOLDING OR DELIVERY OF COMMON SHARES OF THE COMPANY, OF THE FULL AMOUNT OF ANY TAXES WHICH ARE TO BE WITHHELD AND PAID WITH RESPECT TO SUCH EXERCISE, AND IN THE EVENT THE OPTION IS BEING EXERCISED BY A PERSON OR PERSONS OTHER THAN THE DIRECTOR, SUCH APPROPRIATE TAX CLEARANCES, PROOF OF THE RIGHT OF SUCH PERSON OR PERSONS TO EXERCISE THE OPTION, AND OTHER PERTINENT DATA AS THE COMPANY MAY DEEM NECESSARY.
5. THE COMPANY SHALL NOT BE REQUIRED TO ISSUE OR DELIVER ANY CERTIFICATE FOR SHARES PURCHASED UPON ANY EXERCISE PENDING COMPLIANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES AND OTHER LAWS (INCLUDING ANY REGISTRATION REQUIREMENTS) AND COMPLIANCE WITH THE RULES AND PRACTICES OF ANY STOCK EXCHANGE UPON WHICH THE COMPANY'S COMMON SHARES ARE LISTED.
6. IN THE EVENT THE PURCHASE PRICE OF THE SHARES COVERED BY THIS OPTION OR ANY TAXES DUE ON ITS EXERCISE ARE PAID BY THE SURRENDER OF OTHER COMMON SHARES OF THE COMPANY OR, FOR PAYMENT OF WITHHOLDING TAXES, BY WITHHOLDING OF SHARES, THE HOLDER OF THE OPTION WILL BE GRANTED AN OPTION (A "REPLACEMENT OPTION") TO PURCHASE A NUMBER OF COMMON SHARES EQUAL TO THE NUMBER OF SHARES SURRENDERED AND/OR WITHHELD, PROVIDED THE THEN FAIR MARKET VALUE OF THE SHARES COVERED BY THIS OPTION IS AT LEAST TWENTY-FIVE PERCENT (25%) HIGHER THAN SUCH PURCHASE PRICE. THE PURCHASE PRICE UNDER THE REPLACEMENT OPTION WILL BE THE FAIR MARKET VALUE OF THE SHARES COVERED BY THE REPLACEMENT OPTION AS OF THE GRANT DATE OF THE REPLACEMENT OPTION. THE REPLACEMENT OPTION WILL BE A NON-QUALIFIED STOCK OPTION, FIRST EXERCISABLE SIX (6) MONTHS FROM THE REPLACEMENT OPTION GRANT DATE, WITH A TERM EQUAL TO THE REMAINDER OF THE TERM OF THE ORIGINAL OPTION.

7. AN ADDITIONAL REPLACEMENT OPTION WILL NOT BE GRANTED UPON THE EXERCISE OF A PREVIOUSLY ISSUED REPLACEMENT OPTION IF THAT PREVIOUSLY GRANTED REPLACEMENT OPTION IS EXERCISED IN THE SAME CALENDAR YEAR THAT IT WAS GRANTED.
8. IN THE EVENT THERE IS A CHANGE IN THE NUMBER OF ISSUED COMMON SHARES OF THE COMPANY WITHOUT NEW CONSIDERATION TO THE COMPANY (SUCH AS BY STOCK DIVIDENDS OR STOCK SPLIT-UPS), THEN (I) THE NUMBER OF SHARES AT THE TIME UNEXERCISED UNDER THIS OPTION SHALL BE CHANGED IN PROPORTION TO SUCH CHANGE IN ISSUED SHARES; AND (II) THE OPTION PRICE FOR THE UNEXERCISED PORTION OF THE OPTION SHALL BE ADJUSTED SO THAT THE AGGREGATE CONSIDERATION PAYABLE TO THE COMPANY UPON THE PURCHASE OF ALL SHARES NOT THERETOFORE PURCHASED SHALL NOT BE CHANGED.

IF THE OUTSTANDING COMMON SHARES OF THE COMPANY SHALL BE COMBINED, OR BE CHANGED INTO ANOTHER KIND OF STOCK OF THE COMPANY OR INTO SECURITIES OF ANOTHER CORPORATION, WHETHER THROUGH RECAPITALIZATION, REORGANIZATION, SALE, MERGER, CONSOLIDATION, ETC., THE COMPANY SHALL CAUSE ADEQUATE PROVISION TO BE MADE WHEREBY THE PERSON OR PERSONS ENTITLED TO EXERCISE THIS OPTION SHALL THEREAFTER BE ENTITLED TO RECEIVE, UPON DUE EXERCISE OF ANY PORTION OF THE OPTION, THE SECURITIES WHICH THAT PERSON WOULD HAVE BEEN ENTITLED TO RECEIVE FOR COMMON SHARES ACQUIRED THROUGH EXERCISE OF THE SAME PORTION OF SUCH OPTION IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF SUCH RECAPITALIZATION, REORGANIZATION, SALE, MERGER, CONSOLIDATION, SPIN-OFF, ETC. IF APPROPRIATE, DUE ADJUSTMENT SHALL BE MADE IN THE PER SHARE OR PER UNIT PRICE OF THE SECURITIES PURCHASED ON EXERCISE OF THIS OPTION FOLLOWING SAID RECAPITALIZATION, REORGANIZATION, SALE, MERGER, CONSOLIDATION, SPIN-OFF, ETC.

IN WITNESS WHEREOF, THE COMPANY HAS CAUSED THIS OPTION TO BE EXECUTED BY ITS DULY AUTHORIZED OFFICER AS OF THE GRANTING DATE ABOVE SET FORTH.

ABBOTT LABORATORIES

/s/ D. L. BURNHAM

CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANT

As independent public accountants, we hereby consent to the incorporation by reference in this amended registration statement of our reports dated January 15, 1998, (except with respect to the matter discussed in Note 12 as to which the date is February 13, 1998) included and incorporated by reference in Abbott Laboratories' Form 10-K for the year ended December 31, 1997, and to all references to our Firm included in this registration statement.

Arthur Andersen LLP

Chicago, Illinois
December 17, 1998