

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE
13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)
(Amendment No. ____)

i-STAT Corporation

(Name of Issuer)

Common Stock, par value \$0.15 per share

(Title of Class of Securities)

450312103

(CUSIP Number)

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

with a copy to:
James T. Lidbury
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603
(312) 782-0600

(Name, Address and Telephone Number of Persons
Authorized to Receive Notices and Communications)

August 3, 1998
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G
to report the acquisition which is the subject of this Schedule 13D, and is
filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the
following box []

(Continued on following pages)
(Page 1 of 16 Pages)

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
Abbott Laboratories (# 36-0698440)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) ()
(b) ()

3 SEC USE ONLY

4 SOURCE OF FUNDS
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) or 2(e) ()

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Illinois

7 SOLE VOTING POWER
2,000,000 shares of common stock

8 SHARED VOTING POWER
0

9 SOLE DISPOSITIVE POWER
2,000,000 shares of common stock

10 SHARED DISPOSITIVE POWER
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
PERSON
2,000,000 shares of Common Stock

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES ()

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
11.5%

14 TYPE OF REPORTING PERSON
CO

SECURITY AND ISSUER

This statement relates to the common stock, par value \$0.15 per share (the "Common Stock") of i-STAT Corporation, a Delaware corporation (the "Issuer"). The Issuer's principal executive offices are located at 303A College Road East, Princeton, New Jersey 08540.

ITEM 2.

IDENTITY AND BACKGROUND

(a)-(c) This statement is being filed by Abbott Laboratories, an Illinois corporation ("Abbott"). Abbott's principal offices are located at 100 Abbott Park Road, Abbott Park, Illinois 60064. Abbott's principal business is the discovery, development, manufacture and sale of a broad and diversified line of health care products and services. The names, business addresses and principal occupation or employment (and the name, principal business and address of any corporation or other organization in which such employment is conducted) of each of the persons specified by Instruction C of the Schedule 13D is set forth on Schedule 1 hereto.

(d)-(e) To the knowledge of Abbott, neither Abbott nor any of the persons specified in Schedule 1 has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.

(f) See (a) - (c) above.

ITEM 3.

SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

The aggregate purchase price for the 2,000,000 shares of Common Stock (the "Shares") subject to the Common Stock Purchase Agreement dated as of August 3, 1998 between the Issuer and Abbott (the "Stock Purchase Agreement") will be \$22,700,000. The anticipated source of the funds required to purchase the Shares is the working capital of Abbott.

ITEM 4.

PURPOSE OF THE TRANSACTION

On August 3, 1998, the Issuer and Abbott executed the Stock Purchase Agreement, a Standstill Agreement (the "Standstill Agreement"), a Funded Research & Development and License Agreement (the "Research Agreement") and a Marketing and Distribution Agreement (the "Distribution Agreement"). At the closing under the Stock Purchase Agreement, the Issuer and Abbott will also enter into a Registration Rights Agreement (the "Registration Rights

Agreement" and together with the Stock Purchase Agreement, the Standstill Agreement, the Research Agreement and the Distribution Agreement, the "Alliance Agreements").

The closing under each of the Alliance Agreements is conditioned upon the closing under each of the other Alliance Agreements (which closings are collectively referred to as the "Closing") and is expected to occur on or before the fifth business day after the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and satisfaction or waiver of applicable closing conditions, including, without limitation, the receipt by each party of all authorizations, waivers, consents, approvals, licenses, franchises, and permits by or of all persons necessary or advisable for the execution, delivery, and performance of the Alliance Agreements.

The purpose of the Alliance Agreements is to establish a long-term sales, marketing, and research alliance between the Issuer and Abbott.

Pursuant to the terms of the Research Agreement, the Issuer will conduct research and will develop products primarily to be commercialized by Abbott. Such research and development will be funded by Abbott and Abbott will have exclusive worldwide commercialization rights to the products developed under the Research Agreement. The parties have identified two initial projects to pursue under the Research Agreement, including the research and development of tests useful in the diagnosis and treatment of myocardial infarction and coronary artery disease.

Issuer and Abbott will jointly own the intellectual property which is developed during the course of work performed under the Research Agreement. In addition, Abbott will license certain of its intellectual property to the Issuer which is necessary to develop and manufacture the products contemplated by the Research Agreement.

The Research Agreement terminates upon expiration or termination of the Distribution Agreement, unless earlier terminated as provided therein. Upon expiration or early termination of the Research Agreement, both the Issuer and Abbott will be permitted to distribute the products developed under the Research Agreement in the territory covered by the Distribution Agreement.

Under the Distribution Agreement, Abbott will become, subject to the existing rights of the Issuer's other international distributors, the exclusive worldwide distributor of the Issuer's handheld blood analyzer products (including cartridges) and any new products the Issuer may develop for use in the professionally attended human healthcare delivery market. Upon expiration of such other distributors' rights, Abbott's rights will become exclusive worldwide. Abbott will also have a right of first negotiation in the event that the Issuer determines to grant to a third party the right to distribute any of the Issuer's products in the consumer self-testing market.

The Distribution Agreement provides that Abbott will not market, distribute or sell competitive products during the term of the Distribution Agreement.

Under the Distribution Agreement, Abbott will assume the Issuer's product sales to U.S. customers (the "Base Business") at no profit to Abbott, and the Issuer and Abbott will share in the incremental profits derived from the product sales beyond the Base Business. Abbott will make prepayments to the Issuer during the first three years of the Distribution Agreement as guaranteed future gross margin to the Issuer on such incremental sales. Such prepayments of future gross margin will be repaid by the Issuer to Abbott as a credit against actual purchases by Abbott of incremental units above the Base Business. The parties expect that distribution under the Distribution Agreement will commence in the United States on January 1, 1999.

The Distribution Agreement expires on December 31, 2003, subject to automatic extensions for additional one-year periods, unless either party provides the other with at least 12 months prior written notice, except that the Issuer may terminate the Distribution Agreement on or after December 31, 2001 if Abbott fails to achieve the three-year milestone minimum growth rate in sales of the Issuer's products covered by the Distribution Agreement. If the Distribution Agreement is terminated, other than (i) by the Issuer for cause or for Abbott's failure to achieve the three-year milestone minimum growth rate; or (ii) by Abbott if Abbott delivers the requisite notice terminating the Distribution Agreement after the initial term, then, the Issuer will be obligated to pay to Abbott a one-time termination fee calculated to compensate Abbott for a portion of its costs in undertaking the distribution relationship, and residual payments for five years following termination based on a percentage of Abbott's net sales of the Issuer's products during the final twelve months of the Distribution Agreement. In the event that such termination occurs within the first three years of the Distribution Agreement, the Issuer also must refund Abbott for any gross margin prepayments made and not yet credited to Abbott at the time of such termination.

Abbott intends to monitor its interests in the Issuer on an ongoing basis and to take such measures as it deems appropriate from time to time in furtherance of such interests. Subject to the limitations set forth in the Stock Purchase Agreement and the Standstill Agreement, Abbott may from time to time acquire additional shares of Common Stock, dispose of some or all of the shares of Common Stock then beneficially owned by it, discuss the Issuer's business, operations, or other affairs with the Issuer's management, board of directors, shareholders or others or take such other actions as Abbott may deem appropriate. Notwithstanding the foregoing, except as described in this Item 4 or in Item 6 below, Abbott has no present plan or proposal which relate to or would result in any of the matters referred to in Items (a) through (j) of Item 4 of Schedule 13D.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) Abbott may be deemed to be the beneficial owner of the 2,000,000 Shares which are subject to the Stock Purchase Agreement. Upon issuance, the Shares will represent 11.5% of the total outstanding shares of Common Stock.

(b) After the Closing, Abbott will have the sole power to vote and to dispose of all 2,000,000 of the Shares.

(c) Other than the execution of the Stock Purchase Agreement on August 3, 1998, Abbott has not effected any transactions in the Common Stock in the past 60 days.

(d)-(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SECURITIES OF THE ISSUER

Reference is made to Item 4 above.

The following summaries of the principal terms of the Stock Purchase Agreement, the Standstill Agreement and the Registration Rights Agreement do not purport to be complete and reference is made to the full text of such agreements which are filed as exhibits to this statement and are incorporated herein by this reference.

A. Stock Purchase Agreement

The Stock Purchase Agreement obligates Abbott to buy and the Issuer to sell, at Closing, 2,000,000 shares of Common Stock (the "Shares"), at a price of \$11.35 per Share, for an aggregate purchase price of \$22,700,000. The Shares will represent, after issuance, approximately 11.5% of the outstanding voting securities of the Issuer.

The Stock Purchase Agreement provides that, as long as Abbott owns at least 10% of the outstanding voting securities of the Issuer, Abbott will be entitled to designate one of its employees, who is approved by the Issuer, to have visitation rights to all proceedings of the Issuer's Board of Directors (the "Board"), other than executive sessions and meetings of any committees of the Board. The Stock Purchase Agreement contains certain limitations on the manner in which Abbott may vote the Shares or any other voting securities of the Issuer held by it.

Under the Stock Purchase Agreement, the Issuer has approved Abbott's acquisition of up to 25% of the Issuer's outstanding voting securities under the Issuer's Stockholder Protection Agreement (the "Rights Agreement") and under Delaware General Corporation Law Section 203 (with respect to transactions with "interested stockholders," i.e., holders of

15% or more of the Issuer's voting securities). This right, however, is subject to the Standstill Agreement, discussed below. In addition, if the Issuer allows any person (other than an institutional investor) to acquire more than 25% of the Issuer's voting securities and the Issuer takes action to cause its Rights Agreement not to apply to such person, the Issuer must also allow Abbott to acquire the same percentage ownership amount and must take action to cause the Rights Agreement not to apply to that extent.

Under the Stock Purchase Agreement, in certain circumstances, if the issuance of voting stock by the Issuer to a third party causes Abbott's ownership percentage of the Issuer's then outstanding voting securities to be reduced, Abbott will have the right to purchase additional voting securities from the Issuer on the same terms offered to such third party in order to restore Abbott's ownership percentage to the level of ownership immediately prior to such issuance. This right is subject to the Standstill Agreement and does not apply to awards or grants of Issuer voting securities under its compensatory benefit plans.

The Stock Purchase Agreement provides the Issuer with a right of first refusal to purchase the Shares, and the Issuer may assign such right to a third party.

Pursuant to the Stock Purchase Agreement, Abbott may not sell more than 200,000 of the Shares in any 3-month period (except in a registered offering) and, in connection with any sale, has agreed to use its best efforts to effect as wide a distribution as reasonably practicable, including, but not limited to, avoiding selling to any buyer that would own more than 5% of the Issuer's voting securities after the sale.

The Stock Purchase Agreement requires the Issuer to give Abbott written notice of the occurrence or announcement of certain change in control and other events, including the acquisition by a third party of 5% or more of the Issuer's voting securities, the announcement of friendly tender offers and the commencement of proxy election contests. In addition, the Issuer must notify Abbott if, under the Issuer's existing agreements with Hewlett-Packard Company ("HP"), the Issuer notifies HP of its intent to effectuate a merger, business combination or sale of all or substantially all of the Issuer's assets which would trigger a 30-day exclusive negotiating period with HP.

The Stock Purchase Agreement terminates when Abbott holds less than 1,000,000 shares of Common Stock (adjusted for stock splits, combinations and other recapitalizations). In addition, either party may terminate the Stock Purchase Agreement if the other party has materially violated or failed to perform any of its respective covenants or agreements under the Stock Purchase Agreement or if the Closing does not occur within 130 days of the date of the Stock Purchase Agreement.

B. Standstill Agreement

The Standstill Agreement provides that until one year after the end of the initial term of the Distribution Agreement, unless earlier terminated as discussed below, Abbott will not, without the prior consent of the Issuer (i) acquire or propose to acquire more than 25% of the voting securities of the Issuer, other than in certain enumerated circumstances; (ii) propose to enter into any merger or business combination involving the Issuer or to purchase a material portion of the assets of the Issuer; (iii) request that the Issuer take any action which might require the Issuer to make a public announcement regarding the possibility of a business combination or merger involving the Issuer or sale of a material portion of the assets of the Issuer; or (iv) make any "solicitation" of "proxies", or vote or become a "participant" in any "election contest" (as such terms are defined in Regulation 14A of the Securities Exchange Act of 1934, as amended). In addition, Abbott may not, as part of or together with any other group, acquire or propose to acquire any voting securities of the Issuer, if immediately after such acquisition, such persons, in the aggregate, would beneficially own more than 45% of the Issuer's voting securities.

The Standstill Agreement will terminate if (i) the Issuer materially breaches any of the Alliance Agreements; (ii) a third party (other than an institutional investor or HP) acquires or has the right to acquire 15% or more of the voting securities of the Issuer; (iii) HP acquires voting securities which results in HP beneficially owning over 25% of the Issuer's voting securities and the Issuer takes action to cause its Rights Agreement not to apply thereto; (iv) the Issuer executes a definitive agreement with respect to a transaction which would result in its then current stockholders owning less than a majority of the Issuer's voting securities or involving a sale of all or substantially all of the Issuer's assets; (v) a third party makes a tender or exchange offer to purchase the Issuer's voting securities and the Issuer takes action to cause the Rights Agreement not to apply, responds favorably or responds neutrally; (vi) at least a majority of the Issuer's directors is sought to be removed as a result of a proxy contest; or (vii) the Stock Purchase Agreement has been terminated in accordance with its terms without the Closing having occurred.

C. Registration Rights Agreement

Under the Registration Rights Agreement, and subject to the conditions and limitations set forth therein, the Issuer will agree to register with the Securities and Exchange Commission for public sale, the Shares upon request by Abbott (the "Demand Rights"). The Issuer is not obligated to file a registration statement for the Shares (i) if for less than 1,000,000 shares or for shares with an aggregate value of less than \$15,000,000 (unless such shares represent all of the Shares then held by Abbott); (ii) within 12 months after closing of any other registration of the Issuer's Common Stock; or (iii) within 180 days after HP has requested registration. In addition, Abbott is not entitled to Demand Rights within 180 days of the Issuer's determination to register its shares in an underwritten public offering or in connection with a strategic transaction.

The securities entitled to be registered exclude any securities that may be freely sold under Rule 144. Abbott shall also have the right to include all or a portion of its voting securities of the Issuer in a registration for the account of the Issuer or the account of other security holders exercising their respective registration rights (the "Piggyback Rights"). Both the Demand Rights and the Piggyback Rights are subject to certain rights previously granted to HP.

The Demand Rights and Piggyback Rights may be transferred or assigned in connection with any transfer or assignment of registrable securities by Abbott, other than in a sale under Rule 144 or a registration effected pursuant to a demand registration or piggyback registration of Abbott, provided that the transferee or assignee agrees to be bound by the provisions of the Registration Rights Agreement.

The Demand Rights and Piggyback Rights terminate at such time as Abbott can sell all of its remaining registrable securities within a single three month period pursuant to Rule 144 under the Securities Act of 1933, as amended.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit No.	Description
99(a)(1)	Stock Purchase Agreement dated as of August 3, 1998.
99(a)(2)	Standstill Agreement dated as of August 3, 1998.
99(a)(3)	Form of Registration Rights Agreement

SCHEDULE 1

Information Concerning Executive Officers and
Directors of Abbott Laboratories

The current corporate officers and directors of Abbott Laboratories are listed below. The address of Abbott Laboratories is: Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois 60064-3500. Abbott Laboratories does not consider all of its corporate officers TO be executive officers as defined by the Securities Exchange Act of 1934 or Releases thereunder. Unless otherwise indicated, all positions set forth below opposite an individual's name refer to positions within Abbott Laboratories, and the business address listed for each individual not principally employed by Abbott Laboratories is also the address of the corporation or other organization which principally employs that individual.

NAME	POSITION/PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND BUSINESS ADDRESS	CITIZENSHIP
CORPORATE OFFICERS		

Duane L. Burnham(1)	Chairman of the Board and Chief Executive Officer	U.S.A.
Thomas R. Hodgson(1)	President and Chief Operating Officer	U.S.A.
Paul N. Clark(1)	Executive Vice President	U.S.A.
Robert L. Parkinson, Jr.(1)	Executive Vice President	U.S.A.
Miles D. White(1)	Executive Vice President	U.S.A.
Joy A. Amundson(1)	Senior Vice President, Ross Products	U.S.A.
Thomas D. Brown(1)	Senior Vice President, Diagnostic Operations	U.S.A.
Gary P. Coughlan(1)	Senior Vice President, Finance and Chief Financial Officer	U.S.A.
Jose M. de Lasa(1)	Senior Vice President, Secretary and General Counsel	U.S.A.
William G. Dempsey(1)	Senior Vice President, Chemical and Agricultural Products	U.S.A.

CORPORATE OFFICERS
Continued

Richard A. Gonzalez(1)	Senior Vice President, Hospital Products	U.S.A.
Arthur J. Higgins(1)	Senior Vice President, Pharmaceutical Operations	United Kingdom
Ellen M. Walvoord(1)	Senior Vice President, Human Resources	U.S.A.
Josef Wendler(1)	Senior Vice President, International Operations	Germany
Catherine V. Babington(1)	Vice President, Investor Relations and Public Affairs	U.S.A.
Patrick J. Balthrop	Vice President, Diagnostic Commercial Operations	U.S.A.
Mark E. Barmak	Vice President, Litigation and Government Affairs	U.S.A.
Christopher B. Begley	Vice President, MediSense Operations	U.S.A.
Douglas C. Bryant	Vice President, Diagnostic Operations, Asia and Pacific	U.S.A.
Gary R. Byers(1)	Vice President, Internal Audit	U.S.A.
Thomas F. Chen	Vice President, Pacific, Asia, and Africa Operations	U.S.A.
Kenneth W. Farmer(1)	Vice President, Management Information Services and Administration	U.S.A.
Edward J. Fiorentino	Vice President, Pharmaceutical Products, Marketing and Sales	U.S.A.
Thomas C. Freyman(1)	Vice President and Treasurer	U.S.A.
David B. Goffredo	Vice President, European Operations	U.S.A.

CORPORATE OFFICERS
Continued

Guillermo A. Herrera	Vice President, Latin America and Canada Operations	Colombia
Jay B. Johnston	Vice President, Diagnostic Assays and Systems	U.S.A.
James J. Koziarz	Vice President, Diagnostic Products Research and Development	U.S.A.
John F. Lussen(1)	Vice President, Taxes	U.S.A.
Edward L. Michael	Vice President, Diagnostic Operations, Europe, Africa, and Middle East	U.S.A.
Theodore A. Olson(1)	Vice President and Controller	U.S.A.
Andre G. Pernet	Vice President, Pharmaceutical Products Research and Development	U.S.A.
William H. Stadlander	Vice President, Ross Medical Nutritional Products	U.S.A.
Marcia A. Thomas(1)	Vice President, Corporate Quality Assurance and Regulatory Affairs	U.S.A.
H. Thomas Watkins(1)	Vice President, Abbott HealthSystems	U.S.A.
Steven J. Weger, Jr.(1)	Vice President, Corporate Planning and Development	U.S.A.
Susan M. Widner	Vice President, Diagnostic Operations, U.S. and Canada	U.S.A.
Lance B. Wyatt(1)	Vice President, Corporate Engineering	U.S.A.

NAME	POSITION/PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND BUSINESS ADDRESS	CITIZENSHIP
DIRECTORS - - - - -		
K. Frank Austen, M.D.	Professor of Medicine, Harvard Medical School Smith Building, Room 638 One Jimmy Fund Way Boston, Massachusetts 02115	U.S.A.
Duane L. Burnham	Officer of Abbott	U.S.A.
Paul N. Clark	Officer of Abbott	U.S.A.
H. Laurance Fuller	Chairman and Chief Executive Officer Amoco Corporation 200 East Randolph Drive Mail Code 3000 Chicago, Illinois 60601 (integrated petroleum and chemicals company)	U.S.A.
Thomas R. Hodgson	Officer of Abbott	U.S.A.
David A. Jones	Chairman of the Board Humana Inc. 500 W. Main Street Humana Building Louisville, Kentucky 40202 (Health Plan Business)	U.S.A.
The Rt. Hon- the Lord Owen CH	British Member of Parliament 25 Queen Anne's Gate Westminster, London SW 1 H 9BU, England	United Kingdom
Robert L. Parkinson, Jr.	Officer of Abbott	U.S.A.

DIRECTORS - Continued

Boone Powell, Jr.	President and Chief Executive Officer Baylor Health Care System and Baylor University Medical Center 3500 Gaston Avenue Dallas, Texas 75246	U.S.A.
Addison Barry Rand	Executive Vice President Xerox Corporation 800 Long Ridge Road Stamford, Connecticut 06904-1600 (document processing, insurance and financial services company)	U.S.A.
Dr. W. Ann Reynolds	President Office of the President The University of Alabama at Birmingham Suite 1070 Administration Building 701 S. 29th Street Birmingham, Alabama 35294-0110	U.S.A.
Roy S. Roberts	Vice President General Motors Corporation, and General Manager, Pontiac-GMC Division 100 Renaissance Center Mail Code 482-A30-D IO Detroit, Michigan 48243 (manufacturer of motor vehicles)	U.S.A.
William D. Smithburg	Retired Chairman, President and Chief Executive Officer The Quaker Oats Company 676 N. Michigan Avenue Suite 3860 Chicago, Illinois 60611 (worldwide food manufacturer and marketer of beverages and grain-based products)	U.S.A.

DIRECTORS - Continued

John R. Walter	Former President and Chief Operating Officer, AT&T Corporation 100 South Wacker Drive Suite 2100 Chicago, Illinois 60606	U.S.A.
William L. Weiss	Chairman Emeritus, Ameritech Corporation One First National Plaza Suite 2530C Chicago, Illinois 60603-2006 (telecommunications company)	U.S.A.
Miles D. White	Officer of Abbott	U.S.A.

(1) Pursuant to Item 401(b) of Regulation S-K Abbott has identified these persons as "executive officers" within the meaning of Item 401(b).

SIGNATURE

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

Dated: August 12, 1998

ABBOTT LABORATORIES

By: /s/ Miles D. White

Name: Miles D. White

Title: Executive Vice President

EXECUTION COPY

COMMON STOCK PURCHASE AGREEMENT

between

i-STAT CORPORATION

and

ABBOTT LABORATORIES

dated as of

August 3, 1998

COMMON STOCK PURCHASE AGREEMENT

THIS COMMON STOCK PURCHASE AGREEMENT (the "Agreement") is made as of August 3, 1998, between i-STAT Corporation, a Delaware corporation (the "Company"), and Abbott Laboratories, an Illinois corporation ("Purchaser").

ARTICLE I
SALE OF COMMON STOCK

1.1 Sale and Issuance of Common Stock. Subject to the terms and conditions in this Agreement, the Company will issue and sell to Purchaser, and Purchaser will purchase from the Company, at the Closing (as defined in Section 1.2), 2,000,000 shares (the "Shares") of Common Stock, \$0.15 par value, of the Company (the "Common Stock") at a purchase price (the "Purchase Price") of \$11.35 per share, for a total Purchase Price of \$22,700,000. The number of Shares and the Purchase Price per Share are subject to appropriate adjustment in the event of any stock split, reverse stock split, stock dividend, recapitalization or other similar event which may occur prior to the Closing (as defined below).

1.2 Closing Dates. The closing of the purchase and sale of the Shares (the "Closing") shall be held at the offices of Paul, Hastings, Janofsky & Walker LLP, 399 Park Avenue, New York, New York at 10:00 a.m., as soon as practicable, but in any event no later than the fifth Business Day (as defined in Section 10.1) following expiration or early termination of all waiting periods imposed under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act") and satisfaction (or waiver, if permissible) of all other closing conditions set forth in Articles IV and V of this Agreement, or at such other time and place upon which the Company and Purchaser shall mutually agree (the date of the Closing is hereinafter referred to as the "Closing Date").

1.3 Delivery of Shares; Payment of Purchase Price. At the Closing, the Company will deliver to Purchaser a certificate or certificates representing the Shares purchased by Purchaser against payment of the Purchase Price therefor by wire transfer at the Closing of immediately available funds to the account or accounts specified by the Company in writing at least two Business Days prior to the Closing Date.

1.4 Legend. The certificate or certificates evidencing the Shares shall be subject to a legend restricting transfer under the Securities Act of 1933, as amended (the "Securities Act"), and referring to restrictions on transfer and rights of first refusal herein, such legend to be substantially as follows:

- (a) "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, or any state securities law. Such shares may not be sold or transferred in the absence of such registration or an opinion of counsel reasonably satisfactory to the Company as to the availability of an exemption from registration."

- (b) "The shares represented by this certificate are subject to restrictions on transfer, including any sale, pledge or other hypothecation, and rights of first refusal set forth in a Stock Purchase Agreement dated August 3, 1998 between the Company and Purchaser, a copy of which is on file at the Company's principal executive offices."

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Purchaser as follows:

2.1 Organization, Standing and Power.

(a) Each of the Company and the Company Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted and as proposed to be conducted. Each of the Company and the Company Subsidiary is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which the ownership of its property or the nature of its business requires such qualification, except for such failures, if any, to be so qualified and in good standing, which either individually or in the aggregate would not have a "Material Adverse Effect" (as hereinafter defined) on the Company. Material Adverse Effect when used in connection with any entity means any change or effect that is materially adverse to the business, financial condition, results of operations, properties, assets or liabilities of such entity taken as a whole. Except as set forth on Schedule 2.1(a), the Company has no direct or indirect equity interest in or loans to any partnership, corporation, joint venture, business association or other entity. The Company has delivered to Purchaser complete and correct copies of the Certificate of Incorporation and Bylaws, or similar charter documents, of the Company and the Company Subsidiary, in each case as amended to the date hereof and will furnish to Purchaser true and correct copies of any amendments thereto through the term of this Agreement.

(b) Except for the Company Subsidiary, which is wholly-owned by the Company, the Company has no Subsidiaries or affiliated companies and does not otherwise own or control, directly or indirectly, any equity interest in any corporation, association or business entity.

2.2 Capital Structure. The authorized capital stock of the Company consists of 25,000,000 shares of Common Stock and 7,000,000 shares of Preferred Stock, \$.10 par value per share. Of the 7,000,000 shares of Preferred Stock authorized, 1,500,000 shares have been designated Series A Junior Participating Preferred Stock (the "Series A Stock") and 2,138,702 shares have been designated as Series B Preferred Stock (the "Series B Stock"). At July 31, 1998, there were 13,244,415 shares of Common Stock issued and outstanding, no shares of Series A Stock issued and outstanding, and 2,138,702 shares of Series B Stock issued and outstanding. All such issued and outstanding shares have been duly authorized and validly

issued and are fully paid and non-assessable and no issued and outstanding shares are subject to preemptive rights created by statute, the Certificate of Incorporation or Bylaws or any agreement to which the Company is a party or by which the Company may be bound. All outstanding shares of the Company's capital stock have been issued in compliance with applicable federal and state securities laws. The Company has reserved for issuance shares of Common Stock in connection with the following options and convertible securities: (i) 3,000,000 shares of Common Stock, reserved for issuance pursuant to the Company's 1985 Stock Option Plan, of which, at July 31, 1998, options to purchase 2,240,650 shares were outstanding and 234,036 shares remain available for issuance pursuant to options that may be granted under such Plan; (ii) 60,000 shares of Common Stock, reserved for issuance pursuant to the Company's 1994 Stock Award Plan, of which, at July 31, 1998, 2,600 shares remained available for future awards; (iii) 2,300,000 shares of Common Stock, reserved for issuance pursuant to the Company's 1998 Stock Option Plan, of which, at July 31, 1998, options to purchase 27,000 shares were outstanding and 2,273,000 shares remain available for issuance pursuant to options that may be granted under such Plan. 1,500,000 shares of the Series A Stock have been reserved for issuance pursuant to the Rights Agreement. Except as set forth on Schedule 2.2, there are no other options, warrants, conversion privileges or other contractual rights presently outstanding or in existence to purchase or otherwise acquire any authorized but unissued shares of the Company's capital stock or other securities or the capital stock or other securities of the Company Subsidiary.

2.3 Authority.

(a) The Company has all requisite corporate power and authority to enter into this Agreement and each of the other Alliance Agreements, and to consummate the transactions contemplated hereby and thereby. All corporate action on the part of the Company, its directors and stockholders necessary for the authorization, execution, delivery and performance of this Agreement and the other Alliance Agreements, and the authorization, sale, issuance and delivery of the Shares contemplated hereby, has been taken. This Agreement and each of the other Alliance Agreements when duly executed and delivered by the Company shall each constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, except that the availability of equitable remedies is subject to the discretion of the court before which any proceeding therefor may be brought. The issuance and sale of the Shares contemplated hereby will not give rise to any preemptive rights or rights of first refusal in existence as of the date hereof on behalf of any person pursuant to any provision of any agreement between the Company and any such person or the Company's Certificate of Incorporation or Bylaws.

(b) The Shares have been duly authorized and, upon the issuance and delivery of the Shares and the payment of the Purchase Price therefor pursuant to this Agreement, the Shares will be duly and validly issued and outstanding, fully paid and non-assessable, and Purchaser shall have good and marketable title to the Shares free of any liens or restrictions (unless created by the Purchaser or any of its Affiliates), other than restrictions expressly set forth in the Alliance

Agreements (as defined in Section 10.1) or restrictions on transferability under applicable securities laws.

2.4 No Conflict. Except as set forth on Schedule 2.4, and subject to compliance with the HSR Act and such filings as may be required pursuant to federal and state securities laws, the execution and delivery of each of the Alliance Agreements does not, and the consummation of the transactions contemplated hereby and thereby will not, result in any violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any obligation pursuant to, or a loss of benefits under, any provision of the Certificate of Incorporation or Bylaws of the Company, or any mortgage, indenture, lease or other agreement or instrument, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Company, its properties or assets, (including, without limitation, any agreement with HP (as defined in Section 10.1) or FUSO Pharmaceutical Industries, Ltd.) the effect of which would have a Material Adverse Effect on the Company or restrict its power to perform its obligations as contemplated hereby.

2.5 SEC Reports. All reports required to be filed by the Company since January 1, 1997 to the date of this Agreement under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), copies of which have been furnished to Purchaser (the "SEC Reports"), have been duly filed, were substantially in compliance with the requirements of their respective forms as of the dates at which the information was furnished, were complete and correct in all material respects as of their respective dates, and contained (as of such respective dates) no untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The audited consolidated financial statements and unaudited consolidated interim financial statements of the Company included in the SEC Reports fairly present in all material respects, in conformity with United States generally accepted accounting principles applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Company as of the dates thereof and the Company's consolidated results of operations and cash flows for the periods then ended. Except as reflected or reserved against in the consolidated balance sheet of the Company at March 31, 1998, the Company has no liabilities of any nature (whether accrued, absolute, contingent or otherwise), except for liabilities incurred in the ordinary course of business since March 31, 1998 and liabilities which would not, individually or in the aggregate, have a Material Adverse Effect on the Company.

2.6 Absence of Changes. Except as and to the extent specifically disclosed in the SEC Reports filed prior to the date of this Agreement or as set forth on Schedule 2.6 hereof, since March 31, 1998: (a) there has not been one or more events, occurrences or developments or state of circumstances or facts, particular to the Company, which individually or collectively has had or reasonably would be expected to result in a Material Adverse Effect on the Company; and (b) there has not been one or more breaches or defaults or events that have resulted, or which, with notice or lapse of time or both, would result in any breach or default under any material contract of the Company or the Company Subsidiary, except for any such breaches or defaults that individually or collectively would not reasonably be expected to have a Material Adverse Effect on the Company.

2.7 Governmental Consent, etc. No consent, approval or authorization of, or designation, declaration or filing with, any governmental authority on the part of the Company is required in connection with the execution and delivery of this Agreement, or the offer, sale or issuance of the Shares, or the consummation of any other transaction contemplated hereby, except the filing of such forms with the United States Department of Justice and the Federal Trade Commission as shall be required by the HSR Act, and the expiration or termination of any waiting periods thereunder and such filings as may be required to be made with the Securities and Exchange Commission (the "SEC"), the National Association of Securities Dealers (the "NASD"), and any state securities commission.

2.8 Rights Agreement. The execution of this Agreement, the consummation of the transactions contemplated hereby and any future acquisitions or proposed acquisitions of shares of Common Stock by Purchaser or its Affiliates pursuant to and in conformance with the terms of this Agreement and the Standstill Agreement (as defined in Section 10.1) will not cause any adverse consequence to Purchaser or its Affiliates or the Company as a consequence of the Rights Agreement, including, without limitation, the occurrence of the Separation Time (as defined in the Rights Agreement) or any adjustment to the Exercise Price (as defined in the Rights Agreement). Without limiting the generality of the foregoing, the Company's Board of Directors has taken all necessary and appropriate action prior to the date of this agreement such that (a) Purchaser and its Affiliates collectively constitute a "Minority Investor" (as such term is defined in the Rights Agreement) and (b) the "Minority Percentage" (as such term is defined in the Rights Agreement) applicable to Purchaser and its Affiliates is twenty-five (25) percent.

2.9 DGCL Section 203. Any transaction or series of transactions in which Purchaser or any of its Affiliates may become "interested stockholders" (as defined in Section 203 of the Delaware General Corporation Law) which transaction or series of transactions do not violate the terms of this Agreement or the Standstill Agreement are authorized and approved effective at the Closing by the Board of Directors of the Company for the purposes of Section 203 of the Delaware General Corporation Law.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to the Company as follows:

3.1 Investment. Purchaser will acquire the Shares pursuant to this Agreement for investment for its own account, not as a nominee or agent, and not with a view or any present intention to, or for resale in connection with, any distribution thereof. Purchaser understands that the Shares and any other shares purchased by Purchaser from the Company pursuant to this Agreement have not been, and will not be, registered under the Securities Act or any state securities laws for sale to Purchaser by reason of a specific exemption from the registration provisions of the Securities Act and such state securities laws, which depends upon, among other things, the bona fide nature of Purchaser's investment intent and the accuracy of Purchaser's

representations as expressed herein. Should Purchaser in the future decide to offer to dispose of any Shares, or any interest therein, it agrees to do so only in compliance with the Securities Act and such state securities laws, and this Agreement.

3.2 Organization. Purchaser is a corporation duly organized and validly existing in good standing under the laws of the State of Illinois, with all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted and as proposed to be conducted.

3.3 Authority. Purchaser has all requisite corporate right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by all necessary corporate action on behalf of Purchaser. This Agreement, when duly executed and delivered by Purchaser, shall constitute the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, except that the availability of equitable remedies is subject to the discretion of the court before which any proceeding therefor may be brought.

3.4 No Conflict. Subject to compliance with the HSR Act and such filings as may be required pursuant to federal and state securities laws, the execution and delivery of each of the Alliance Agreements does not, and the consummation of the transactions contemplated hereby will not, result in any violation of, or default under (with or without notice or lapse of time, or both), or give rise to a right of termination, cancellation or acceleration of any obligation pursuant to, or a loss of benefits under, any provision of the Certificate of Incorporation or Bylaws of Purchaser, or any mortgage, indenture, lease or other agreement or instrument, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Purchaser, its properties or assets, the effect of which would have a Material Adverse Effect on Purchaser or restrict its power to perform its obligations as contemplated hereby.

3.5 Governmental Consents, etc. No consent, approval or authorization of, or designation, declaration or filing with any governmental authority on the part of Purchaser is required in connection with the valid execution and delivery of this Agreement, or the purchase of the Shares, or the consummation of any other transaction contemplated hereby, except the filing of such forms with the United States Department of Justice and the Federal Trade Commission as shall be required by the HSR Act, and the expiration or termination of any waiting periods thereunder and such filings, as may be required to be made with the SEC, the NASD and any state securities commission.

3.6 Investigation. The Company or its representatives have made available to Purchaser all documents and information that Purchaser has requested relating to its acquisition of the Shares. Purchaser has had a reasonable opportunity to discuss the Company's business, management and financial affairs with the Company's management and Purchaser has received satisfactory responses from management of the Company to Purchaser's inquiries.

3.7 Purchaser. Purchaser has such knowledge and experience in business and financial matters that it is capable of evaluating the merits and risks of its investment in the Shares. Purchaser is able to bear the economic risk of ownership of the Shares for an indefinite period of time.

ARTICLE IV
CONDITIONS TO OBLIGATIONS OF PURCHASER

Purchaser's obligation to purchase the Shares at the Closing is subject to the fulfillment on or prior to the Closing Date of each of the following conditions, unless waived in writing by Purchaser:

4.1 Representations and Warranties Correct. The representations and warranties made by the Company in Article II hereof and in Section 14.5 of the Distribution Agreement shall be true and correct in all material respects when made and on the Closing Date with the same force and effect as if they had been made on and as of said date.

4.2 Covenants. All covenants and agreements contained in this Agreement to be performed or complied with by the Company on or prior to the Closing Date shall have been performed or complied with in all material respects.

4.3 Opinion of Counsel to the Company. Purchaser shall have received from Paul, Hastings, Janofsky & Walker LLP, counsel to the Company, an opinion addressed to it, dated the Closing Date, in substantially the form of Exhibit A.

4.4 No Order Pending. There shall not then be in effect any order enjoining or restraining the transactions contemplated by this Agreement.

4.5 HSR Act. Both Purchaser and the Company shall have filed such forms with the United States Department of Justice and the Federal Trade Commission as shall be required by the HSR Act. The applicable waiting periods under the HSR Act shall have expired or earlier been terminated without notice from such governmental agencies that additional inquiries are being made.

4.6 No Law Prohibiting or Restricting Such Sale. There shall not be in effect any law, rule or regulation prohibiting or restricting the purchase and sale of the Shares or requiring any consent or approval of any person which shall not have been obtained to issue the Shares.

4.7 Compliance Certificate. The Company shall have delivered to the Purchaser a certificate, in substantially the form of Exhibit B, executed on behalf of the Company by the President of the Company, dated the Closing Date, and certifying to the fulfillment of the conditions specified in Sections 4.1 and 4.2.

4.8 Alliance Agreements. (a) The Company shall have executed and delivered to Purchaser each of the Alliance Agreements; and

(b) The "Closing" referred to in Section 1.22 of the Distribution Agreement shall have occurred or shall be occurring simultaneously.

4.9 Authorizing Resolutions. Purchaser shall have received a Secretary's Certificate certifying as to the resolutions adopted by the Company's Board of Directors approving this Agreement and the transactions contemplated hereby, including resolutions relating to Sections 2.8 and 2.9 hereof, in form and substance reasonably acceptable to Purchaser.

The non-fulfillment of any of the foregoing conditions (whether or not the Closing occurs) shall not result in any liability to any party hereto unless such non-fulfillment is a result of a breach of this Agreement or any of the other Alliance Agreements by such party.

ARTICLE V
CONDITIONS TO OBLIGATIONS OF THE COMPANY

The Company's obligation to sell and issue the Shares at the Closing is subject to the fulfillment on or prior to the Closing Date of each of the following conditions, unless waived in writing by the Company:

5.1 Representations and Warranties Correct. The representations and warranties made by Purchaser in Article III hereof shall be true and correct in all material respects when made and on the Closing Date with the same force and effect as if they had been made on and as of said date.

5.2 Covenants. All covenants, agreements and conditions contained in this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date shall have been performed or complied with in all material respects.

5.3 Opinion of Counsel to Purchaser. The Company shall have received from David S. Fishman, counsel to the Purchaser, an opinion addressed to it, dated the Closing Date, in substantially the form of Exhibit G.

5.4 No Order Pending. There shall not then be in effect any order enjoining or restraining the transactions contemplated by this Agreement.

5.5 HSR Act. Both Purchaser and the Company shall have filed such forms with the United States Department of Justice and the Federal Trade Commission as shall be required by the HSR Act. The applicable waiting periods under the HSR Act shall have expired or earlier been terminated without notice from such governmental agencies that additional inquiries are being made.

5.6 No Law Prohibiting or Restricting Such Sale. There shall not be in effect any law rule or regulation prohibiting or restricting the purchase and sale of the Shares or requiring any consent or approval of any person which shall not have been obtained to issue the Shares.

5.7 Compliance Certificate. Purchaser shall have delivered to the Company a certificate in substantially the form of Exhibit H, executed on behalf of Purchaser by an officer of Purchaser, dated the Closing Date, and certifying to the fulfillment of the conditions specified in Sections 5.1 and 5.2.

5.8 Alliance Agreements. (a) Purchaser shall have executed and delivered to the Company the Standstill Agreement, the Registration Rights Agreement, the Research Agreement and the Distribution Agreement (each as defined in Section 10.1); and

(b) The "Closing" referred to in Section 1.22 of the Distribution Agreement shall have occurred or shall be occurring simultaneously.

The non-fulfillment of any of the foregoing conditions (whether or not the Closing occurs) shall not result in any liability to any party hereto unless such non-fulfillment is a result of a breach of this Agreement or any of the Alliance Agreements by such party.

ARTICLE VI COVENANTS OF THE COMPANY

6.1 Attendance at Meetings of the Board of Directors.

(a) Nothing herein shall be deemed to confer upon Purchaser any contractual right to designate a member of the Company's Board of Directors. For so long as Purchaser holds shares of Voting Stock (as defined in Section 10.1) representing at least 10% of the then outstanding Total Voting Power of the Company (as defined in Section 10.1), the Company shall permit Purchaser to designate an employee of Purchaser, who shall be approved by the Company, such approval not to be unreasonably withheld or delayed, to have visitation rights to all proceedings and activities of the Company's Board of Directors (the "Attendance Right"). The Attendance Right shall not include the right to attend either (1) executive sessions (as defined in paragraph (c) below) of the Company's Board of Directors or (2) meetings of committees of the Company's Board of Directors.

(b) A reduction in Purchaser's percentage ownership of Voting Stock below 10% shall not cause the loss of Purchaser's Attendance Right under paragraph (a) above if the event causing the reduction is the sale or issuance by the Company of additional shares of Voting Stock resulting in dilution of Purchaser's percentage ownership level, and not a disposition by Purchaser of its Voting Stock; except, however, where such reduction is a result of Purchaser's failure to exercise its maintenance rights as provided in Article VIII.

(c) For purposes of this Section 6.1, an "executive session" shall mean those portions of Board of Directors meetings at which only members of the Board of Directors are permitted to be present, together with their invited counsel, advisors and executive officers of the Company. Purchaser shall cause its designee under paragraph (a) above to execute a confidential

disclosure agreement with the Company mutually agreeable to the Company and Purchaser prior to attendance at any proceeding of the Company's Board of Directors. Except as provided in paragraph (d) below, the Company shall provide to Purchaser's representative all notices and materials at the same time as it provides the same to the members of the Board of Directors.

(d) Any designee of Purchaser shall be entitled, and the Company may require such designee, to excuse himself or herself from all discussions and deliberations of the Board of Directors of the Company (or any committee constituted by the Board) concerning competitors of Purchaser or relationships between the Company and Purchaser. Upon notice to Purchaser's designee, the Company may refrain from sending or providing to Purchaser, or Purchaser may refuse to receive, any information otherwise disseminated to the directors of the Company concerning competitors of Purchaser or relationships between the Company and Purchaser.

6.2 Notice of Certain Transactions. From and after the Closing Date, in addition to any other notices required or permitted by this Agreement, the Company shall give Purchaser written notice within two (2) Business Days if any person or group of persons makes, announces an intention to make, or the Company otherwise receives, an Acquisition Proposal (as defined in Section 10.1). In addition, from and after the Closing Date, the Company shall give Purchaser written notice within two (2) Business Days of receipt by the Company of filing of (i) any notice under the HSR Act relating to an acquisition of assets or Voting Securities of the Company, (ii) any statement on Schedule 13D or Schedule 14D-1 (or any successor schedule to such schedules) under the Exchange Act relating to any Voting Stock, and (iii) any amendments to any of the foregoing, other than those filed by an Institutional Investor (as defined in Section 10.1). In its written notice to Purchaser, the Company shall disclose the material terms of such event, except that the Company need not disclose the name of the person making such Acquisition Proposal or filing. From and after the Closing Date, the Company shall also give Purchaser written notice of its engagement in negotiations with HP pursuant to Section 6.6(b) of the HP Purchase Agreement (as defined in Section 10.1) (which notice shall specify the date on which such negotiations commenced and the date on which the exclusive negotiation period under such Section 6.6(b) will expire) and, subject to any confidentiality restrictions to which the Company may be subject, shall notify Purchaser in writing of the occurrence of any material events with respect to any such negotiations during the 30-day exclusive negotiating period under such section.

6.3 Rights Agreement. From and after the Closing Date:

(a) the Company will not amend, interpret or enforce the Rights Agreement, or adopt any new shareholder rights agreement or other similar arrangement, plan or measure, if such amendment, interpretation, enforcement or adoption would prohibit the ability of Purchaser to hold or acquire Beneficial Ownership of shares of Voting Stock which do not exceed 25% of the outstanding shares of Voting Stock; and

(b) if the Company amends or interprets the Rights Agreement (or any new shareholder rights agreement or other similar arrangement, plan or measure) to permit any person or persons (including HP) other than an Institutional Investor (as defined in the Rights Agreement) to acquire Beneficial Ownership of 25% or more of the outstanding shares of Voting

Stock without becoming an Acquiring Person (as defined in the Rights Agreement), then the Company shall also amend or interpret, as the case may be, the Rights Agreement to provide that Purchaser shall also be able to acquire Beneficial Ownership of the number of shares of Voting Stock necessary to reach the same percentage ownership position in the Company that such person or persons are permitted to reach without becoming an Acquiring Person.

6.4 No Objection. Except as required by law, the Company shall not interpose any objection or take any legal action as a plaintiff in connection with the acquisition by Purchaser of such number of shares of Voting Stock as is permitted to be owned by Purchaser pursuant to and in conformance with this Agreement and the Standstill Agreement.

6.5 Sale of Shares. The Company shall take such action as is reasonably necessary, subject to compliance with applicable law, to issue and sell to Purchaser the Shares and any additional shares of capital stock which Purchaser shall be entitled to purchase from the Company pursuant to and in conformance with this Agreement and the Standstill Agreement.

6.6 HSR Act. The Company shall file such forms with the United States Department of Justice and the Federal Trade Commission as shall be required by the HSR Act as promptly as practicable upon execution of this Agreement, shall promptly respond to any requests for additional information and shall cooperate fully with Purchaser with respect to compliance with the HSR Act.

ARTICLE VII COVENANTS OF PURCHASER

7.1 Voting. From and after the Closing Date, Purchaser shall take such action as may be required so that all shares of Common Stock owned by Purchaser are voted in favor of nominees to the Board of Directors of the Company in accordance with the recommendation of the Board of Directors, provided that Purchaser shall not be so obligated if Purchaser, in its sole discretion, determines that doing so would be adverse to Purchaser's interest in the Company. Unless the Company otherwise consents in writing, Purchaser shall take such action as may be required so that all shares of Common Stock owned by Purchaser are voted in accordance with the recommendations of the Board of Directors on all other matters, other than Significant Events (as defined in Section 10.1 below), to be voted on by holders of Voting Stock; provided, however, that if Purchaser disagrees with the Board's recommendation as to any matter, the Voting Stock Beneficially Owned by Purchaser may be voted with respect to such matter in not less than the same proportion as the votes cast by all holders of Voting Stock (excluding Purchaser) with respect to such matter. With respect to Significant Events, (i) Purchaser may vote all shares of Voting Stock Beneficially Owned by Purchaser up to and including that number of shares representing 15% of the Total Voting Power of the Company (the "15% Threshold") as Purchaser determines in its sole discretion on any Significant Event presented to be voted on by the holders of Voting Stock, and (ii) Purchaser shall vote any shares of Voting Stock Beneficially Owned by Purchaser representing more than the 15% Threshold, at its election, either in accordance with the recommendations of the Board of Directors or in the same

proportion as the votes cast by all holders of Voting Stock with respect to such matter.

7.2 Acquisition of Stock. Subject to the rights and obligations of Purchaser set forth in the Standstill Agreement, Purchaser shall advise management of the Company as to Purchaser's general plans to increase by 1% or more its percentage interest in the Total Voting Power of the Company reasonably in advance of any such acquisitions. Purchaser shall advise management of the Company as promptly as practicable, but in no event later than seven (7) Business Days, following any acquisition by Purchaser of additional shares of Voting Stock representing increments of 1% or more of the Total Voting Power of the Company.

7.3 Transfers of the Shares. (a) For so long as the Standstill Agreement is in effect, and subject to the provisions of the Standstill Agreement and Article IX hereof, except pursuant to an effective registration statement, Purchaser may not sell more than 200,000 Shares in any three (3) month period (a sale by Purchaser of a portion of the Shares which is permitted by this Section 7.3 but is not made pursuant to an effective registration statement shall be a "Permitted Sale"). In connection with any Permitted Sale, other than a Permitted Sale in connection with an acquisition of the Company or a tender or exchange offer for all of the Voting Stock, Purchaser agrees to use its best efforts to effect as wide a distribution as reasonably practicable, including, but not limited to, preventing any buyer from owning more than 5% (calculated from publicly available filings as of the time not more than five (5) Business Days before the date of signing any definitive agreement relating to a Permitted Sale and, in the absence of any such filing, determined on the basis of the Purchaser's actual knowledge after due inquiry) of the Voting Stock.

(b) Purchaser agrees to take and hold the Shares subject to the provisions of federal and state securities laws. Purchaser agrees that prior to any Permitted Sale, it will obtain (i) a written opinion of Purchaser's legal counsel (who shall be reasonably acceptable to the Company) addressed to the Company and which shall be reasonably satisfactory in form and substance to the Company's counsel, to the effect that the proposed Permitted Sale may be effected without registration under the Securities Act, (ii) a "no action" letter from the SEC to the effect that the proposed Permitted Sale of such securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto, or (iii) such other showing that may be reasonably satisfactory to legal counsel to the Company. Each certificate representing shares of the Common Stock transferred as above provided shall bear a restrictive legend substantially as set forth in Section 1.4 above.

(c) Purchaser will cause any proposed transferee of Common Stock in a Permitted Sale, prior to such transfer, to agree, in a writing reasonably satisfactory to the Company, to take and hold such securities subject to the foregoing conditions.

7.4 HSR Act. Purchaser shall file such forms with the United States Department of Justice and the Federal Trade Commission as shall be required by the HSR Act as promptly as practicable upon execution of this Agreement, shall promptly respond to any requests for additional information and shall cooperate fully with the Company with respect to compliance with the HSR Act.

ARTICLE VIII
RIGHT TO MAINTAIN

For purposes of this Article VIII, the term "Maintenance Percentage" shall mean the percentage interest in Total Voting Power of the Company Beneficially Owned by Purchaser immediately prior to an issuance by the Company of any Voting Stock.

8.1 Stock Plan Issuances. Notwithstanding the provisions of Section 8.2 below, Purchaser shall have no rights to purchase additional shares of Voting Stock from the Company to maintain the Maintenance Percentage if the percentage interest of Purchaser in the Total Voting Power of the Company is reduced as a result of an issuance after the date hereof by the Company of any Voting Stock (including any issuance resulting from the conversion or exercise of any security or other right to acquire Voting Stock) pursuant to the Company's present or future stock option, stock purchase or other stock plans or otherwise for compensatory purposes for the benefit of employees, directors, consultants or others.

8.2 Other Issuances. From and after the Closing Date, in the event that the Company issues additional shares of Voting Stock (other than an issuance to which Section 8.1 applies) including, without limitation, in a public offering registered under the Securities Act, a private sale to a third party or in connection with a merger (other than any merger in which the holders of Voting Stock of the Company immediately prior to such merger will cease to Beneficially Own 50% or more of the outstanding voting stock of the surviving parent entity) or acquisition by the Company, including any issuance following conversion of any security convertible into or exchangeable for Voting Stock or upon exercise of any option, warrant or other right to acquire any Voting Stock, as a result of which issuance the percentage interest of Purchaser in the Total Voting Power of the Company is reduced below the Maintenance Percentage, then, subject to the rights and obligations of Purchaser set forth in the Standstill Agreement, Purchaser shall be entitled to purchase additional whole shares of Voting Stock from the Company as provided in this Section 8.2.

(a) Negotiated Purchases.

(i) In the event that a person or group (the "Buyer") wishes to acquire any Voting Stock pursuant to a Negotiated Purchase (as defined in Section 10.1) (the "Negotiated Purchase Shares"), the Company shall notify Purchaser in writing (the "Company Notice") before entering into an agreement to sell Negotiated Purchase Shares. Purchaser shall notify the Company by written notice ("Purchaser's Notice") within thirty (30) calendar days after receipt of the Company's Notice (the "Reply Period") as to whether Purchaser desires to acquire additional shares of Voting Stock from the Company to maintain its percentage ownership at the Maintenance Percentage.

(ii) If Purchaser notifies the Company within the Reply Period that Purchaser desires to purchase additional shares directly from the Company, then Purchaser shall have the option to purchase from the Company such number of shares of

Voting Stock as will cause Purchaser's percentage interest in the Total Voting Power of the Company to be maintained at the Maintenance Percentage. If Purchaser does not elect to participate in the Negotiated Purchase within the Reply Period, then Purchaser shall no longer have the right to acquire additional shares from the Company in connection with the Negotiated Purchase to which the notice referred.

(b) Public Offering. In the event of a proposed issuance of Voting Stock pursuant to a public offering registered under the Securities Act (a "Registered Offering"), the Company shall, not later than thirty (30) calendar days prior to the effective date of the registration statement for such Registered Offering, give written notice to Purchaser, which notice shall include the number of shares of Voting Stock which the Company believes Purchaser is entitled to acquire as a result of the Registered Offering (the "Public Issuance Notice"). Upon receipt of the Public Issuance Notice, Purchaser shall have fifteen (15) Business Days to notify the Company in writing (the "Registered Offering Reply Period") of its decision to acquire additional Voting Stock. If Purchaser elects to acquire additional Voting Stock within the Registered Offering Reply Period, then the Company shall be obligated to sell and Purchaser shall be obligated to purchase such Voting Stock concurrently with the Registered Offering that would result in Purchaser's retaining or achieving the Maintenance Percentage.

8.3 Price. Purchaser must exercise its option as to all shares described in any notice that it gives to the Company under this Article VIII (provided that Purchaser is permitted to do so pursuant to the terms of this Agreement and the Standstill Agreement and that such exercise would not result in any adverse effects to Purchaser under the Rights Plan) or such option may not be exercised at all. If Purchaser exercises its option to purchase such shares from the Company pursuant to this Article VIII, the shares shall be sold to Purchaser at the price per share determined as follows:

(a) If the event giving rise to Purchaser's right is an issuance of Voting Stock upon conversion of any security convertible into or exchangeable for Voting Stock, or upon exercise of any option, warrant or right to acquire any Voting Stock, and is not treated under Section 8.3(b) or (c), the price shall be the lower of (i) the conversion price per share of Voting Stock set forth in the convertible security, option, warrant or right, and (ii) the Average Market Price per share of Common Stock determined as of the date of such conversion or exercise.

(b) If the event giving rise to Purchaser's rights is a sale or issuance of Voting Stock other than a Registered Offering for cash or property, including, without limitation, for securities or assets by way of a merger with or acquisition of another company, then such shares shall be purchased on the same terms as such shares were purchased from the Company by the Buyer. If the purchase price paid by the Buyer for Voting Stock sold by the Company includes any property or other form of consideration other than cash, the value of such property or other consideration included in such purchase price shall be jointly determined by the Company and Purchaser in good faith. If the Company and Purchaser cannot agree on the purchase price paid by the Buyer, then the parties hereby agree that the purchase price shall be deemed to be equal to the Average Market Price as of the date that the transactions contemplated by the Negotiated Purchase are publicly announced.

(c) If the event giving rise to Purchaser's rights is a Registered Offering, the price shall be the price per share at which the Common Stock is sold by the Company in the Registered Offering.

(d) In all other cases, the price shall be the Average Market Price per share of Common Stock determined as of the date of the issuance and sale of such Common Stock.

8.4 Closing. The purchase and sale of any shares of Common Stock to be issued by the Company to Purchaser pursuant to this Article VIII shall take place at 10:00 a.m. not later than the fifth Business Day following the issuance of shares by the Company which gives rise to Purchaser's rights under this Article VIII and the expiration or early termination of all waiting periods imposed on such sale by the HSR Act and the receipt of all other applicable regulatory approvals or, if no waiting period is imposed on such sale by the HSR Act, not later than the third Business Day following the issuance of shares by the Company which gives rise to Purchaser's rights under this Article VIII in compliance with applicable laws, rules and regulations, at the principal offices of the Company, or at such other time and place as the Company and Purchaser may agree. The purchase price shall be payable in cash by wire transfer of immediately available funds. The Company and Purchaser will use their reasonable efforts to comply with all federal and state laws, rules and regulations and requirements of the NASD and of any stock exchange applicable to any purchase and sale of shares of Voting Stock under this Article VIII. The issuance of such shares shall be subject to compliance with applicable laws, rules and regulations and requirements of any applicable stock exchange and the absence of any order in effect enjoining or restraining such exercise or issuance.

8.5 Notice. Every three (3) months, the Company will provide, if requested by Purchaser, a statement from the Company of the number of shares of Voting Stock outstanding and the nature of any transaction resulting in any increase in the number of shares of Voting Stock outstanding from the number outstanding at the time of the immediately preceding statement and the number of shares of Common Stock which the Company believes Purchaser is entitled to acquire under this Article VIII at such time.

ARTICLE IX THE COMPANY'S RIGHT OF FIRST REFUSAL

For so long as Purchaser or any of its Affiliates owns any Shares:

9.1 Right of First Refusal. Prior to making any sale or transfer of the Shares (other than to any Affiliate of Purchaser), Purchaser shall give the Company the opportunity to purchase such Common Stock in the following manner:

(a) Purchaser shall give notice (the "Transfer Notice") to the Company in writing of such intention specifying the portion of the Shares proposed to be sold or transferred. If Purchaser (i) has received an offer from a third party with a proposed price per share, then Purchaser shall include in the Transfer Notice such price therefor and the other material terms

upon which such disposition is proposed to be made, or (ii) if Purchaser has not received an offer from a third party with a proposed price per share and the other material terms upon which such disposition may be made, then Purchaser shall include in the Transfer Notice the price and other material terms in which it wishes to dispose of such Shares. The Company shall have the right exercisable by written notice (the "Company Notice") to Purchaser within twenty (20) Business Days after receipt of the Transfer Notice, to elect to purchase all, but not less than all, of the Common Stock that Purchaser proposes to transfer at the price (the "Transfer Price") and on the other terms set forth in the Transfer Notice. For purposes of this Section 9.1, the "Transfer Price" may refer to a predetermined formula for calculating a price at the time of the closing of the disposition, which formula is based on the market price of the Common Stock over a given period ending on or prior to the closing date of the disposition.

(b) If the Company exercises its right of first refusal under Section 9.1(a), the closing of the purchase of the Common Stock with respect to which such right has been exercised shall take place within thirty (30) calendar days after the date Purchaser receives the Company Notice, and the Company and Purchaser shall be legally obligated to consummate the purchase contemplated thereby and shall use their reasonable efforts to secure any approvals required in connection therewith.

(c) If the Company does not exercise its right of first refusal hereunder within the time specified for such exercise or does not purchase the Common Stock within the time specified for such purchase, then Purchaser shall be free, during the period of ninety (90) calendar days following the expiration of such time for exercise or purchase, to sell the Common Stock specified in such Transfer Notice, at a price equal to or greater than the applicable Transfer Price and with other terms no less favorable to Purchaser than the terms set forth in the Transfer Notice. Such transferee of Purchaser shall acquire such Common Stock free from any of the provisions of this Agreement (other than Section 1.4, if applicable); provided, however, such Common Stock shall be subject to the provisions of the Registration Rights Agreement and any restrictions imposed under applicable securities laws.

(d) The Company's rights under this Section 9.1 shall terminate upon the termination of this Agreement by Purchaser or the Company in accordance with Section 11.1(a).

9.2 Assignment of Rights. In the event that the Company elects to exercise a right of first refusal under this Article IX, the Company may specify, prior to closing such purchase, and upon not less than three (3) Business Days' prior notice to the Purchaser, one or more persons as its designee to purchase any portion of the Common Stock to which such notice relates. If the Company shall designate another person or persons as the purchaser(s) pursuant to this Section 9.2, the giving of notice of acceptance of the right of first refusal by the Company shall constitute a legally binding obligation of the Company to complete such purchase if any such designee shall fail to do so.

9.3 Transfer of Shares to Affiliates. If Purchaser sells or transfers any of the Shares to any Affiliate of Purchaser, such Affiliate of Purchaser shall be subject to this Article IX with respect to such Shares to the same extent as Purchaser and Purchaser shall cause any such

Affiliate to comply with this Article IX.

ARTICLE X
DEFINITIONS

10.1 Certain Definitions. As used in this Agreement:

(a) The term "Acquisition Proposal" shall mean one or more of the following: (i) a third party (other than an Institutional Investor or HP) publicly discloses that it has acquired, or has the right to acquire Voting Stock of the Company and such acquisition will result in such third party Beneficially Owning 15% or more of the Total Voting Power of the Company; (ii) the Company executes a definitive agreement in principle with a third party which, if consummated, would result in the then current stockholders of the Company owning less than a majority of the Total Voting Power of the Company or its successor, or involving a sale of all or substantially all of the assets of the Company; (iii) a third party makes a tender offer or exchange offer to purchase the Company's Voting Stock to which the Company's response is to redeem the Rights Agreement, respond neutrally or respond favorably; or (iv) a third party solicits proxies with respect to the Company's Voting Stock in connection with, or participates in an "election contest" as such term is used in Rule 14a-11 of Regulation 14A of the Exchange Act, relating to the election of directors.

(b) The term "Affiliate", when used to indicate a relationship with a specified person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person.

(c) The term "Alliance Agreements" means this Agreement, the Standstill Agreement, the Registration Rights Agreement, the Research Agreement and the Distribution Agreement.

(d) The term "Average Market Price" of any security at any date shall be the average of the closing prices for a share or other single unit of such security on the thirty (30) consecutive trading days ending on the trading date last preceding the date of determination of such price on the principal national securities exchange on which such security is listed, or, if such security is not listed on any national securities exchange, the average of the closing sales prices for a share of such security on the National Association of Securities Dealers Automated Quotation Systems ("NASDAQ") or, if such closing sales prices shall not be reported on NASDAQ, the average of the mean between the closing bid and asked prices of a share of such security in such case as reported by The Wall Street Journal, or, if such prices shall not be so reported, as the same shall be reported by the National Quotation Bureau Incorporated, or, in all other cases, the fair market value of such securities at such date as determined by a single nationally recognized investment banking firm jointly selected by the Company and Purchaser. For this purpose, the parties shall use all commercially reasonable efforts to cause any determination of such fair market value to be made within ten (10) Business Days after the date on which the value is to be measured. The determination of such fair market value by the investment banking firm selected in the manner set forth above shall be conclusive.

(e) The term "Beneficial Ownership" shall have the meaning contemplated by Rule 13d-3 promulgated under the Exchange Act.

(f) The term "Business Day" shall mean any day other than a day which is a Saturday or Sunday or other day on which commercial banks in New York, New York are authorized or required to remain closed.

(g) "Company Subsidiary" shall mean i-STAT Canada Limited, a corporation organized under the laws of Canada.

(h) The term "Distribution Agreement" means the Marketing and Distribution Agreement in the form of Exhibit F to this Agreement.

(i) The term "group" shall have the meaning contemplated by Section 13-3(d)(3) of the Exchange Act, and the rules and regulations promulgated thereunder.

(j) The term "HP" shall mean Hewlett-Packard Company, a Delaware corporation (as successor by merger to Hewlett-Packard Company, a California corporation).

(k) The term "HP Purchase Agreement" shall mean that certain Series B Preferred Stock Purchase Agreement dated as of June 23, 1995, between the Company and HP.

(l) The term "Negotiated Purchase" means a transaction between the Company and any person or group pursuant to which such person or group acquires from the Company (or has the right to acquire from the Company) Voting Stock or any securities convertible into or exchangeable for voting stock or any other right to acquire voting stock. Notwithstanding the foregoing, the term "Negotiated Purchase" shall not include (i) any agreement between the Company and any underwriter(s) in connection with a public offering, or (ii) issuances of Voting Stock pursuant to any present or future compensatory stock, stock purchase or option plan or other compensatory issuances to employees, directors, officers, consultants, or others.

(m) The term "person" shall mean any person, individual, corporation, partnership, trust or other nongovernmental entity or any governmental agency, court, authority or other body (whether foreign, federal, state, local or otherwise).

(n) The term "Registration Rights Agreement" means the Registration Rights Agreement in the form of Exhibit C to this Agreement.

(o) The term "Research Agreement" means the Funded Research & Development and License Agreement in the form of Exhibit E to this Agreement.

(p) The term "Rights Agreement" means the Stockholder Protection Agreement dated as of June 26, 1995 between the Company and First Fidelity Bank, National

Association, as rights agent.

(q) The term "Significant Event" means any (i) proposed amendment to the Certificate of Incorporation or Bylaws of the Company that would be materially detrimental to the interest of Purchaser in the Company, (ii) Acquisition Proposal, (iii) sale of the Company (by way of merger, disposition of all or substantially all assets or otherwise), (iv) recapitalization of the Company, (v) liquidation or dissolution of the Company, (vi) transaction the effect of which is to cause the Voting Stock of the Company to be neither listed on any national securities exchange nor authorized to be quoted on any national inter-dealer quotation system or (vii) action which Purchaser, in its sole discretion, determines would be adverse to Purchaser's interest in the Company.

(r) The term "Standstill Agreement" means the Standstill Agreement in the form of Exhibit D to this Agreement.

(s) The term "Subsidiary" of a person means any corporation more than fifty percent (50%) of whose outstanding voting securities are, or any partnership, joint venture or other entity more than fifty percent (50%) of whose total equity interest is, directly or indirectly, owned by such person.

(t) The term "Total Voting Power of the Company" means the total number of votes which may be cast in the election of directors of the Company at any meeting of stockholders of the Company if all securities entitled to vote in the election of directors of the Company were present and voted at such meeting (other than votes that may be cast only upon the happening of a contingency).

(u) The term "Voting Stock" means the Common Stock, Preferred Stock and any other securities issued by the Company having the ordinary power to vote in the election of directors of the Company (other than securities having such power only upon the happening of a contingency).

ARTICLE XI
MISCELLANEOUS

11.1 Termination of Agreement.

(a) The Company may terminate its obligation to perform or observe any of its covenants and agreements hereunder if Purchaser materially violates or fails to perform materially any of the covenants or agreements of Purchaser under this Agreement, and Purchaser may terminate its obligations to perform or observe any of its covenants and agreements hereunder if the Company materially violates or fails to perform materially any of the covenants or agreements of the Company under this Agreement; provided, however, the Company or Purchaser, as the case may be, may not terminate any of its obligations under this Agreement pursuant to this sentence unless it shall have delivered written notice of such default to the other party and such default shall not have been cured within thirty (30) calendar days after the

delivery of such notice.

(b) This Agreement may be terminated, and the transactions contemplated abandoned, by either the Company or Purchaser by written notice to the other if the Closing does not occur on or before the date which is one hundred and thirty (130) days from the execution of this Agreement.

(c) This Agreement may be terminated by Purchaser or the Company at any time after the date that a permanent injunction or order by any governmental authority, including under the HSR Act, preventing consummation of the transactions contemplated by this Agreement has become final and non-appealable.

(d) This Agreement shall terminate if at any time after the date hereof, Purchaser beneficially owns less than one (1) million shares of Common Stock (as adjusted to give effect to any stock splits, reverse stock splits, stock dividends, recapitalizations or any similar transactions or events).

(e) Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 11.4 (to the extent such Section 11.4 has not been earlier terminated pursuant to its terms) shall survive the termination of this Agreement and the transactions contemplated herein for a period to last indefinitely.

11.2 Reasonable Efforts. As long as the other party hereto is not in default of any material obligation under this Agreement, each of the Company and Purchaser shall use its reasonable efforts to take all actions required under the HSR Act and under any law, rule or regulation adopted subsequent to the date hereto in order that the respective agreements and covenants of the parties hereto may be carried out on a timely basis in the manner contemplated by this Agreement.

11.3 Governing Law; Alternative Dispute Resolution. This Agreement and the legal relations between the parties arising hereunder shall be governed by and interpreted in accordance with the laws of the State of New York without regard to its conflict of laws principles. The parties hereto agree that any disputes which may arise during the term of this Agreement which relate to either party's rights and/or obligations hereunder shall be resolved in accordance with the ADR provisions attached hereto as Exhibit I.

11.4 Indemnification and Survival of Representations and Warranties.

(a) Subsequent to the Closing Date, the Company shall indemnify and hold harmless Purchaser from and against any liability, loss or damage, together with all reasonable costs or expenses related thereto, including reasonable attorney's fees and expenses but excluding consequential, indirect or similar types of damage not the direct result of the harm suffered or incurred (collectively, "Losses"), actually suffered or incurred by Purchaser to the extent such Losses arise out of or result from the untruth and inaccuracy of any of the representations and warranties of the Company contained in Section 2.3, Section 2.4 or Section

(b) Subsequent to the Closing Date, Purchaser shall indemnify and hold harmless the Company from and against any Loss actually suffered or incurred by the Company and arising out of or resulting from the untruth and inaccuracy of any of the representations and warranties of Purchaser contained in Sections 3.1, 3.3, 3.6 or 3.7 hereof.

(c) No person shall be liable for any claim for indemnification under this Section 11.4 unless written notice of a claim for indemnification is delivered by the person seeking indemnification (the "Indemnitee") to the person from whom indemnification is sought (the "Indemnitor") with respect to breaches of the representation and warranties before the expiration of the applicable survival period and within 30 days after the Indemnitee has received notice or knowledge of the matter giving rise to such claim for indemnification. All notices given pursuant to this subsection (c) shall set forth with reasonable specificity the basis for the claim for indemnification and the amount of Losses with respect to such claim. Failure of the Indemnitee to give notice within said 30-day period shall not be deemed a waiver of its rights under this Section 11.4 except to the extent such failure shall have actually prejudiced the Indemnitor or caused it to incur additional costs, expenses or liabilities.

(d) Promptly, and in any event within 30 days, after the assertion by any third party of any claim, demand or notice (a "Third Party Claim") against an Indemnitee that results or may result in the incurrence by such Indemnitee of any Loss for which such Indemnitee would be entitled to indemnification hereunder, such Indemnitee shall notify the Indemnitor of such Third Party Claim in writing. By written notice (the "Defense Notice") to the Indemnitee within 30 days after receipt by the Indemnitor of notice of the Third Party Claim (or sooner if such claim so requires), the Indemnitor shall notify the Indemnitee that the Indemnitor will conduct, at its own expense, the defense against the Third Party Claim in its own name or, if necessary, in the name of the Indemnitee. The Indemnitee, at its own expense, shall have the right to employ separate counsel in any such Third Party Claim and/or to participate in the defense thereof; provided, however, that if (i) the Indemnitee shall have received an opinion of counsel reasonably acceptable to the Indemnitor to the effect that the interests of the Indemnitee and the Indemnitor with respect to the Third Party Claim are sufficiently adverse to prohibit the representation by the same counsel of both parties or (ii) the employment of such separate counsel has been specifically authorized in writing by the Indemnitor, the reasonable fees and expenses of such separate counsel shall be borne by the Indemnitor. If the Indemnitor shall fail to give the Defense Notice within such 30-day period (or such shorter period if such claim so requires), the Indemnitor shall be deemed to have elected not to conduct the defense of the subject claim. The party conducting the defense of any Third Party Claim shall use reasonable efforts to keep the other party apprised of all significant developments with respect thereto. No Third Party Claim may be settled by the Indemnitor without the written consent of the Indemnitee, which consent shall not be unreasonably withheld; provided, however, that if such settlement involves the payment of money only and the Indemnitee is completely indemnified therefor the Indemnitee shall not be entitled to withhold its consent. The Indemnitee shall not settle any Third Party Claim that is being defended in good faith by the Indemnitor. Failure of the Indemnitee to give timely, complete or accurate notice as provided in this subsection (d) will

not affect the rights or obligations of any party hereunder except and only to the extent that, as a result of such failure, any party entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise damaged or prejudiced as a result of such failure to give timely notice.

(e) The amount of any Loss subject to indemnification under this Section 11.4 shall be calculated net of any amounts which have been previously recovered by the Indemnitee under insurance policies or other collateral sources (such as contractual indemnities of any person which are contained outside this Agreement). In the event any such amounts that may be recoverable under such insurance policies or other collateral sources are not received before any claim for indemnification is paid pursuant to this Section 11.4, then the Indemnitee shall, at its election, either pursue such insurance policies or collateral sources with reasonable diligence or assign all such rights to the Indemnitor. In the event any such recovery is received after any claim for indemnification is paid by the Indemnitor, the amount of such recovery shall be applied as follows: first, to reimburse the Indemnitee or the Indemnitor, as the case may be, for its out-of-pocket expenses (including reasonable attorneys' fees and expenses) expended in pursuing such recovery; second, to refund any payments made by the Indemnitor which would not have been so paid had such recovery been obtained prior to such payment; and third, any excess to the Indemnitee. If the Indemnitee either fails to pursue any such insurance policies or collateral sources with reasonable diligence or to assign all such rights to the Indemnitor, then the Indemnitor shall have the right of subrogation to pursue such insurance policies or collateral sources and may take any reasonable actions necessary to pursue such rights of subrogation in its name or the name of the party from whom subrogation is obtained. The Indemnitee shall cooperate with the Indemnitor in pursuing any such subrogation claim.

(f) The rights of the parties for indemnification relating to this Agreement and the transactions contemplated hereby shall be strictly limited to those contained in this Section 11.4, and such indemnification rights shall be the exclusive remedy available to the parties subsequent to the Closing Date with respect to any matter in any way relating to this Agreement or any of the other documents contemplated by this Agreement or arising in connection herewith or therewith. To the maximum extent permitted by law, Purchaser and the Company hereby waive, and shall cause their Affiliates to waive, all other rights and remedies with respect to any such matter.

(g) The representations and warranties contained in Articles II and III of this Agreement (other than those contained in Sections 2.3 and 2.8 and Sections 3.1, 3.3, 3.6 and 3.7 which shall survive indefinitely) shall not survive the Closing Date.

11.5 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns. This Agreement may not be transferred or assigned by operation of law or otherwise without the prior written consent of the other party; except that Purchaser may assign this Agreement to any direct or indirect Subsidiary; provided, however, that no such assignment shall relieve or limit Purchaser's obligations hereunder; and provided, further, that Purchaser shall promptly notify the Company of any such assignment and provide the Company with copies of any instrument

evidencing such assignment.

11.6 Entire Agreement; Amendment. This Agreement, the other Alliance Agreements and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral, between the parties relating to the subject matter hereof and thereof. Neither party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein. Neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

11.7 Notices and Dates. Any notice or other communication given under this Agreement shall be sufficient if in writing and delivered by hand, by messenger or by courier, or transmitted by facsimile, to a party at its address set forth below (or at such other address as shall be designated for such purpose by such party in a written notice to the other party hereto):

(a) if to the Company, to it at:

i-STAT Corporation
303A College Road East
Princeton, NJ 08540
Chief Financial Officer
Fax: (609) 243-0507

with a copy addressed as set forth above but to the attention of:

Paul, Hastings, Janofsky & Walker LLP
1055 Washington Boulevard
Stamford, CT 06901
Attention: Esteban A. Ferrer, Esq.
Fax: (203) 359-3031

(b) if to Purchaser, to it at:

Abbott Laboratories
100 Abbott Park Road
Dept. 9RK; Bldg. AP6C
Abbott Park, IL 60064
Attention: Director, Technology Acquisitions,
Diagnostics Division
Fax: (847) 937-6951

with a copy addressed as set forth above but to the attention of:

Dept. 322; Bldg. AP6D

Attention: Divisional Vice President,
Domestic Legal Operations
Fax: (847) 938-1206

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, by messenger or by courier, or upon confirmation of receipt if sent by facsimile.

11.8 Further Assurances. The parties hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments or documents as any other party may reasonably request from time to time in order to carry out the intent and purposes of this Agreement and the consummation of the transactions contemplated thereby. Neither the Company nor Purchaser shall voluntarily undertake any course of action inconsistent with satisfaction of the requirements applicable to them set forth in this Agreement, and each shall promptly do all such acts and take all such measures as may be appropriate to enable them to perform as early as practicable the obligations herein and therein required to be performed by them.

11.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

11.10 Severability. If any provision of this Agreement is determined to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, to achieve the intent of the parties. In any event, all of the other provisions shall be deemed valid and enforceable to the greatest possible extent.

11.11 Interpretation. When a reference is made in this Agreement to Sections or Exhibits, such references shall be to a Section or Exhibit to this Agreement unless otherwise indicated. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The table of contents and headings contained in this Agreement have been inserted for convenience of reference only and shall not be relied upon in construing this Agreement. Use of any gender herein to refer to any person shall be deemed to comprehend masculine, feminine, and neuter unless the context clearly requires otherwise.

11.12 Public Statements. Each of Purchaser and the Company shall not, without the prior approval of the other party, make or cause to be made any press release or other public statement concerning the transactions contemplated by this Agreement or disclose any of the terms and conditions hereof, except as and only to the extent that any party hereto is advised by legal counsel to be so obligated by law or the regulations of any stock exchange or the NASD. The parties hereby acknowledge the Company's obligation, subject to Section 19.3 of the Distribution Agreement, to disclose the Alliance Agreements pursuant to the rules and regulations under the Exchange Act.

11.13 Brokers.

(a) To the extent that the Company has engaged, consented to or authorized any broker, finder or intermediary to act on its behalf, directly or indirectly, as a broker, finder or intermediary in connection with the transactions contemplated by this Agreement, all fees, commissions, and other payments owing to such person as a result of its or its employees participation, negotiations, or other actions taken in connection with this Agreement are the sole responsibility and obligation of the Company. The Company hereby agrees to indemnify and hold harmless Purchaser from and against all fees, commissions or other payments owing to any such person acting or claiming to act on behalf of the Company hereunder.

(b) Purchaser has not engaged, consented to or authorized any broker, finder or intermediary, to act on its behalf, directly or indirectly, as a broker, finder or intermediary in connection with the transactions contemplated by this Agreement. Purchaser hereby agrees to indemnify and hold harmless the Company from and against all fees, commissions or other payments owing to any such person or firm acting or claiming to act on behalf of Purchaser hereunder.

11.14 Costs and Expenses. Each party hereto shall pay its own costs and expenses incurred in connection herewith, including the fees of its counsel, auditors and other representatives, whether or not the transactions contemplated herein are consummated.

11.15 No Third Party Rights. Nothing in this Agreement shall create or be deemed to create any rights in any person or entity not a party to this Agreement.

11.16 Specific Performance. Each party's obligations under this Agreement is unique. Because the breach by any party of the provisions of this Agreement would cause irreparable harm and significant injury that would be difficult to ascertain and would not be compensable by damages alone, the parties agree that each party will have the right to seek enforcement hereof by injunction, specific performance or other equitable relief without prejudice to any other rights and remedies the party seeking enforcement may have.

11.17 Mutual Drafting. This Agreement is the joint product of Purchaser and the Company, and each provision hereof has been subject to the mutual consultation, negotiation and agreement of Purchaser and the Company and their respective legal counsel and advisers and any rule of construction that a document shall be interpreted or construed against the drafting party shall not be applicable.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, Purchaser and the Company have caused this Agreement to be signed by their respective representatives as of the date first above written.

I-STAT CORPORATION

By: _____
Name:
Title:

ABBOTT LABORATORIES

By: _____
Name:
Title:

EXECUTION COPY

STANDSTILL AGREEMENT

between

i-STAT CORPORATION

and

ABBOTT LABORATORIES

dated as of

August 3, 1998

THIS STANDSTILL AGREEMENT (the "Agreement") is made as of August 3, 1998, between i-STAT Corporation, a Delaware corporation (the "Company"), and Abbott Laboratories, an Illinois corporation ("Purchaser").

WHEREAS, concurrent with this Agreement, the Company and Purchaser are entering into a Common Stock Purchase Agreement (the "Stock Purchase Agreement"), pursuant to which, among other things, Purchaser shall acquire certain shares of the Company's Common Stock, par value \$.15 per share; and

WHEREAS, in connection with the transactions contemplated by this Agreement and the Stock Purchase Agreement, the Company and Purchaser have also entered into (i) a Funded Research & Development and License Agreement pursuant to which Purchaser shall reimburse the Company for the development and manufacture of certain new products and own such resulting intellectual property jointly with the Company, and (ii) a Marketing and Distribution Agreement (the "Distribution Agreement") pursuant to which the Company shall sell its products to Purchaser for distribution in the territory defined in such Distribution Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants and subject to the terms and conditions set forth herein below, the Company and Purchaser agree as follows:

1. DEFINITIONS

For purposes of this Agreement, each of the following terms shall have the following meaning:

(i) "beneficially own" and "beneficial owner" have the meanings contemplated by Rule 13d-3 promulgated by the Securities and Exchange Commission under the Exchange Act.

(ii) "HP" means Hewlett-Packard Company, a Delaware corporation (as successor by merger to Hewlett-Packard Company, a California corporation).

(iii) "HP Agreement" means the Series B Preferred Stock Purchase Agreement dated as of June 23, 1995 between the Company and HP.

(iv) "HP Stock" means the Voting Stock of the Company beneficially owned by HP.

(v) "Purchaser Group" means Purchaser, its Subsidiaries and Affiliates, their respective officers and directors, and any person acting on behalf of Purchaser, any of such Subsidiaries or Affiliates or their respective officers and directors.

(vi) "Rights Agreement" means that certain Stockholder Protection

Agreement dated as of June 26, 1995 between the Company and First Fidelity Bank, National Association, as rights agent.

(vii) "Voting Stock" means the Common Stock and any other securities of the Company generally entitled to vote for the election of directors of the Company.

Capitalized terms used herein but not defined herein shall have the meanings given them in the Stock Purchase Agreement.

2. PURCHASER'S STANDSTILL COVENANT

(a) Purchaser covenants and agrees that during the period beginning on the date hereof and ending on the date which is one (1) year after the termination of the initial term of the Distribution Agreement (unless earlier terminated pursuant to the provisions of Section 3 of this Agreement) (the "Standstill Period"), neither Purchaser nor any other member of the Purchaser Group will, without the prior written consent of the Company, except as otherwise expressly permitted in and pursuant to this Agreement and the Stock Purchase Agreement:

(i) in any manner acquire, agree to acquire, make any proposal to acquire or announce or disclose any intention to make a proposal to acquire, directly or indirectly, any Voting Stock, if, immediately after such acquisition, Purchaser would beneficially own more than the greater of (A) 25% of the then outstanding Voting Stock and (B) such higher percentage of the outstanding Voting Stock which HP may be permitted to beneficially own at any time hereafter without violation of Section 7.4 of the HP Agreement and without adverse effect pursuant to the Rights Agreement (or any successor plan or agreement thereto);

(ii) propose to enter into, or announce or disclose any intention to propose to enter into, directly or indirectly, any merger or business combination involving the Company or any of its Subsidiaries or to purchase, directly or indirectly, all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole;

(iii) request the Company (or its directors, officers, employees or agents), directly or indirectly, to take any action which would require the Company to make a public announcement regarding the possibility of (A) a business combination or merger involving the Company or any of its Subsidiaries, on the one hand, or Purchaser or any member of the Purchaser Group, on the other hand, or (B) the sale to Purchaser or any member of the Purchaser Group of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole; or

(iv) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) or otherwise act in concert with any person for the purpose of circumventing the provisions of this Agreement, including, but not limited to, any agreement with respect to the HP Stock;

(v) make, or in any way participate in, directly or indirectly, any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), to vote, or seek to advise or influence any person with respect to the voting of, any Voting Stock, or become a "participant" in any "election contest" (as such terms are used or defined in Regulation 14A of the Exchange Act).

(b) Purchaser covenants and agrees that during the Standstill Period no member of the Purchaser Group, as part of or together with any other "group" (within the meaning of Section 13(d) of the Exchange Act) which any member of the Purchaser Group may be deemed to have joined or become a member or participant in respecting any Voting Stock, without the prior written consent of the Company, shall in any manner acquire, agree to acquire, make any proposal to acquire or announce or disclose any intention to make a proposal to acquire, directly or indirectly, any Voting Stock, if immediately after such acquisition, such persons, in the aggregate, would beneficially own more than 45% of the then outstanding Voting Stock.

3. TERMINATION

(a) The restrictions on the Purchaser and the Purchaser Group included in Section 2 of this Agreement shall immediately terminate if:

(i) the Company is in material breach of this Agreement, the Stock Purchase Agreement, or any of the other Alliance Agreements and the applicable cure period, if any, for such breach has expired;

(ii) a third party (other than HP or an Institutional Investor, as such latter term is defined in the Rights Agreement) publicly discloses that it has acquired, or has the right to acquire Voting Stock and such acquisition will result in such third party beneficially owning 15% or more of the Voting Stock;

(iii) HP acquires Voting Stock and such acquisition results in HP beneficially owning more than 25% of the Voting Stock without violation of Section 7.4 of the HP Agreement and without adverse effect pursuant to the Rights Agreement (or any successor plan or agreement thereto);

(iv) the Company executes a definitive agreement with a third party with respect to any transaction which, if consummated, would result in the then current stockholders of the Company owning less than a majority of the Voting Stock of the Company or its successor, or involving a sale of all or substantially all of the assets of the Company;

(v) a third party makes a tender or exchange offer to purchase any class of Voting Stock to which the Company's response is to take any action to cause the Rights Agreement to be inapplicable to such tender or exchange offer, to respond neutrally or to respond favorably;

(vi) a third party solicits proxies with respect to any class of Voting Stock in connection with, or participates in an "election contest", as such term is used in Rule 14a-11 of Regulation 14A of the Exchange Act, relating to, the election of at least a majority of the directors of the Company; or

(vii) if the Stock Purchase Agreement shall have been terminated in accordance with its terms without the Closing (as defined therein) having occurred.

(b) The Company shall notify Purchaser in writing within two Business Days of the occurrence of any of the events or circumstances set forth in Section 3(a) which notice shall include an explanation in reasonable detail of the facts and circumstances surrounding such occurrence.

4. MISCELLANEOUS

(a) Governing Law. This Agreement and the legal relations between the parties arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to its conflict of laws principles. The parties hereto agree to submit to the jurisdiction of the federal and state courts of the State of Delaware situated in Wilmington with respect to the breach or interpretation or the enforcement of any and all rights, duties, liabilities, obligations, powers, and other relations between the parties arising under this Agreement. Each party acknowledges that a breach of any of the provisions of this Agreement would cause irreparable and immediate harm and significant injury to the non-breaching party, and that monetary damages would not adequately compensate the non-breaching party and would be difficult to ascertain. Accordingly, the parties hereby agree (i) that each party shall be entitled, in addition to any other remedy to which such party may be entitled at law or in equity, to compel specific performance of this Agreement in any federal court or state court of the State of Delaware situated in Wilmington, Delaware and (ii) to waive, in any such action for specific performance, any defense of adequacy of a remedy at law.

(b) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may not be transferred or assigned by operation of law or otherwise without the prior written consent of the other party except that Purchaser may assign its rights under this Agreement to any direct or indirect Subsidiary of Purchaser. No such assignment shall relieve any member of the Purchaser Group from its obligations hereunder.

(c) Entire Agreement; Amendment. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, between the parties relating to the subject matter hereof. Neither this Agreement nor any term hereof may be amended, waived or discharged other than by a written instrument signed by each party.

(d) Notices and Dates. Any notice or other communication given under this Agreement shall be sufficient if in writing and delivered by hand, by messenger or by courier, or transmitted by facsimile, to a party at its address set forth below (or at such other address as shall be designated for such purpose by such party in a written notice to the other party hereto):

i. if to the Company, to it at:

i-STAT Corporation
303A College Road East
Princeton, NJ 08540
Attention: Chief Financial Officer
Fax: (609) 243-0507

with a copy addressed as set forth above but to the attention of:

Paul, Hastings, Janofsky & Walker LLP
1055 Washington Boulevard
Stamford, CT 06901
Attention: Esteban A. Ferrer, Esq.
Fax: (203) 359-3031

ii. if to Purchaser, to it at:

Abbott Laboratories
100 Abbott Park Road
Dept. 9RK, Bldg. AP6C
Abbott Park, IL 60064
Attention: Director, Technology Acquisitions,
Diagnostics Division
Fax: (847) 937-6951

with a copy addressed as set forth above but to the attention of:

Dept. 322; Bldg. AP6D
Attention: Divisional Vice President,
Domestic Legal Operations

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, by messenger or by courier, or upon confirmation of receipt if sent by facsimile.

(e) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument.

(f) Severability. If any provision of this Agreement is determined to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, to achieve the intent of the parties. In any event, all other provisions shall be deemed valid and enforceable to the greatest possible extent.

(g) Interpretation. When a reference is made in this Agreement to Sections, such references shall be to a Section to this Agreement unless otherwise indicated. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." Use of any gender herein to refer to any person shall be deemed to comprehend masculine, feminine, and neuter unless the context clearly requires otherwise.

(h) Mutual Drafting. This Agreement is the joint product of Purchaser and the Company, and each provision hereof has been subject to the mutual consultation, negotiation and agreement of Purchaser and the Company and their respective legal counsel and advisers and any rule of construction that a document shall be interpreted or construed against the drafting party shall not be applicable.

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IN WITNESS WHEREOF, the Company and Purchaser have caused this Agreement to be signed by their respective representatives as of the date first above written.

ABBOTT LABORATORIES

By: _____
Name:
Title:

I-STAT CORPORATION

By: _____
Name:
Title:

REGISTRATION RIGHTS AGREEMENT

BETWEEN

I-STAT CORPORATION

AND

ABBOTT LABORATORIES

DATED AS OF

_____, 1998

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made as of _____, 1998 by and between i-STAT Corporation, a Delaware corporation (the "Company"), and Abbott Laboratories, an Illinois corporation ("Purchaser").

RECITALS

WHEREAS, the Company and Purchaser are parties to a certain Stock Purchase Agreement dated as of August 3, 1998 (the "Purchase Agreement"), pursuant to which, among other things, Purchaser is acquiring as of the date hereof and may acquire in the future certain shares (the "Shares") of the Company's Common Stock, par value \$.15 per share; and

WHEREAS, the Company is granting to Purchaser certain demand and piggyback registration rights in connection with Purchaser's purchase of the Shares pursuant to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, the parties hereto agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliate" shall mean, with respect to any person, each of such person's officers, directors, employees and agents, and each other person controlling such person within the meaning of the Securities Act.

"Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"HP Registrable Securities" shall mean "Registrable Securities" as such term is defined in the HP Registration Agreement.

"HP Registration Agreement" shall mean that certain Registration Rights Agreement, dated as of June 23, 1995, between Hewlett-Packard Company and the Company.

"Register", "registered" and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

"Registrable Securities" shall mean the Shares and any shares of Common Stock of the

Company issued or issuable in respect of the Shares upon any stock split, stock dividend, recapitalization, or similar event and held by Purchaser until such time as (i) a registration statement covering such securities has been declared effective by the Commission and such securities have been disposed of pursuant to such effective registration statement, or (ii) such securities may be sold pursuant to Rule 144 (or any successor or similar rule) under the Securities Act, or (iii) such securities have been transferred and may be sold by the transferee without registration under the Securities Act, after which such securities shall no longer be Registrable Securities.

"Registration Expenses" shall mean all expenses incurred by the Company in complying with Sections 2 and 3 hereof, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company, blue sky fees and expenses and the expense of any special audits incident to or required by any such compliance (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

"Securities Act" shall mean the Securities Act of 1933, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Selling Expenses" shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to the Registrable Securities registered by Purchaser and all fees and disbursements of counsel for Purchaser.

2. Requested Registration.

a. Request for Registration. In case the Company shall receive from Purchaser a written request that the Company effect any registration with respect to any of the Registrable Securities, the Company shall, as soon as practicable, use all commercially reasonable efforts to effect such registration (including, without limitation, appropriate qualification under applicable blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act and any other governmental requirements or regulations) on Form S-3 or, if Form S-3 is not available, then on Form S-1 (or any successor forms of registration statements to such Forms S-3 or S-1 or other available registration statements) and as would permit or facilitate the sale and distribution of the Registrable Securities for which registration is requested. The registration statement filed pursuant to the request of Purchaser under this Section 2(a) may include securities of the Company held by officers or directors of the Company or others who, by virtue of agreements with the Company, are entitled to include their securities in any such registration, but the Company shall have no absolute right to include securities for its own account in any such registration.

b. Notwithstanding the foregoing, the Company shall not be obligated to file a registration statement to effect any such registration pursuant to this Section 2:

i. unless the amount of Registrable Securities for which registration is

requested is at least 1,000,000 shares (as adjusted for any stock split, stock dividend, recapitalization or similar event) and the fair market value of such securities (which shall be equal to the Average Market Price, as such term is defined in the Purchase Agreement, multiplied by the number of such securities) is at least \$15,000,000; provided, however, that if the total number of Registrable Securities held by Purchaser (but not a transferee of Purchaser) is less than 1,000,000 shares (as adjusted to give effect to any stock split, reverse stock split, stock dividend, recapitalization or any similar event or transaction) or the fair market value of such shares is less than \$15,000,000, then Purchaser (but not a transferee of Purchaser) may request registration under this Section 2 as to all but not less than all of such Registrable Securities as may then be held by Purchaser; or

ii. during the twelve (12) month period beginning on the closing date of any registration of the Company's Common Stock, provided that the securities offered under such registration have been sold; or

iii. if the holders of the HP Registrable Securities have requested pursuant to Section 2 of the HP Registration Agreement that the Company file a registration statement for an underwritten public offering of the Company's securities at any time within 180 days prior to the request from Purchaser under Section 2(a) hereof.

c. Underwriting. If the offering of securities made under this Section 2 is underwritten, the Company (together with Purchaser) shall enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by the Company. Notwithstanding any other provision of this Section 2, if the underwriter determines that marketing factors require a limitation of the number of shares to be underwritten, the managing underwriter may limit the number of Registrable Securities to be included in such registration to the extent required by such limitation. Purchaser acknowledges and agrees that, if any holder of the HP Registrable Securities has requested, pursuant to Section 3 of the HP Registration Agreement, that securities of the Company held by such holder be included in such registration, the securities sought to be registered by all such holders of the HP Registrable Securities may not be reduced to less than 30% of the total value of the securities to be distributed through such registration. If the managing underwriter has not limited the number of Registrable Securities to be included in such registration, the Company may include securities for its own account or for the account of others in such registration if the number of Registrable Securities to be included in such registration will not thereby be limited.

3. Company Registration.

a. Notice of Registration. If at any time the Company shall determine to register any of its securities, either for its own account or the account of a security holder or holders exercising their respective registration rights, other than (i) a registration relating solely to employee benefit plans on Form S-8 (or similar successor form), or (ii) a registration on Form S-4 (or similar successor form) relating solely to a Commission Rule 145 transaction, the Company will:

i. promptly give Purchaser written notice thereof; and

ii. use all commercially reasonable efforts to include in such registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all Registrable Securities specified in a written request to the Company made within 15 Business Days (as such term is defined in the Purchase Agreement) after receipt of such written notice by Purchaser.

b. Underwriting. If the registration of securities pursuant to this Section 3 is underwritten, the Company shall so advise Purchaser as a part of the written notice given under Section 3(a). In such event, Purchaser's right to registration pursuant to this Section 3 shall be conditioned upon Purchaser's participation in such underwriting and the inclusion of Registrable Securities in the underwriting shall be subject to the limitations provided herein. The Company (together with Purchaser) shall enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by the Company. Notwithstanding any other provision of this Section 3, if the underwriter determines that marketing factors require a limitation of the number of shares to be underwritten, the Company shall so advise the holders of securities who have requested to include their securities in such registration, and the number of shares to be included in such registration shall be reduced by such minimum number of shares as is necessary to comply with such limitation, as follows:

i. if the registration was initiated for the account of any holder of HP Registrable Securities pursuant to Section 2 of the HP Registration Agreement, the number of shares reduced shall be (A) first, any shares sought to be registered by the Company for its own account, (B) second, if further reductions are required, any shares sought to be registered by other holders (including Purchaser) who have requested to include their securities in such registration, pro rata among such holders based on the number of shares requested to be included in such registration, and (C) third, if still further reductions are required, any HP Registrable Securities;

ii. if the registration was initiated for the account of any security holder or holders other than Purchaser or any holder of HP Registrable Securities (the "Initiating Holders"), the number of shares reduced shall be (A) first, any shares sought to be registered by the Company for its own account, (B) second, if further reductions are required, any shares sought to be registered by holders of securities other than the Initiating Holders who have requested to include their securities in such registration, pro rata based on the number of shares requested to be included in such registration (provided that if any holder of HP Registrable Securities has requested, pursuant to Section 3 of the HP Registration Agreement, that HP Registrable Securities be included in such registration, the HP Registrable Securities sought to be so included may not be reduced to less than 30% of the total value of the securities to be distributed through such registration), and (C) third, if still further reductions are required, any securities sought to be registered by the Initiating Holders.

iii. if the registration was initiated by the Company for its own account, the

number of shares reduced shall be (A) first, any shares sought to be registered by holders of securities who have requested to include their securities in such registration, pro rata based on the number of shares requested to be included in such registration (provided that if any holder of the HP Registrable Securities has requested, pursuant to Section 3 of the HP Registration Agreement, that HP Registrable Securities be included in such registration, the HP Registrable Securities sought to be so included may not be reduced to less than 30% of the total value of the securities to be distributed through such registration) and (B) second, if further reductions are required, shares sought to be registered by the Company for its own account.

4. Black Out. In the event the Company determines to register securities pursuant to an underwritten public offering or in connection with a strategic transaction, (i) the Company, if advised by its underwriters, shall notify Purchaser and request that Purchaser refrain from selling any Registrable Securities, and Purchaser shall refrain from selling any Registrable Securities, and (ii) the Company shall not be obligated to file a registration statement or effect any registration, qualification or compliance of Registrable Securities under Section 2 for a period of 180 days from the date of such notice (the "Black Out Period"). During any such Black Out Period, Purchaser shall still be entitled to register shares pursuant to Section 3 of this Agreement. Notwithstanding the foregoing, (i) the Company shall not be entitled to declare a Black Out Period prior to twelve months from the end of a previous Black Out Period, and (ii) the Black Out Period shall end immediately upon the consummation of the underwritten public offering or strategic transaction or the Company's decision no longer to pursue such offering or transaction.

5. Expenses of Registration. All Registration Expenses incurred in connection with a registration pursuant to Sections 2 and 3 shall be borne by the Company. All Selling Expenses relating to the Registrable Securities which are registered shall be borne by Purchaser. Notwithstanding the foregoing, after the Company has effected two registrations pursuant to Section 2, and such registrations have been declared or ordered effective and the securities offered have been sold, Purchaser shall bear all Registration Expenses and Selling Expenses incurred in connection with any subsequent registration pursuant to Section 2.

6. Registration Procedures. In the case of each registration effected by the Company pursuant to this Agreement, the Company will keep Purchaser advised in writing, if Purchaser is participating in such registration, as to the initiation of each registration and as to the completion thereof. At its expense, the Company will:

a. prepare and file with the Commission a registration statement with respect to such securities and use all commercially reasonable efforts to cause such registration statement to become and remain effective for at least 60 days or until the distribution described in the registration statement has been completed, whichever first occurs;

b. furnish to Purchaser, if Purchaser is participating in such registration, such reasonable number of copies of the registration statement, preliminary prospectus, final prospectus and such other documents as Purchaser may reasonably request, including correspondence with the Commission and any exchanges on which Registrable Securities are

listed; and

c. notify Purchaser, if Purchaser is participating in such registration, of any updates or amendments to the prospectus and furnish to Purchaser any such updated and/or amended prospectuses.

7. Indemnification.

a. The Company will indemnify Purchaser and each of its Affiliates with respect to any registration, qualification or compliance which has been effected pursuant to this Agreement, and each underwriter, if any, and each person who controls any underwriter within the meaning of the Securities Act (the "Underwriters"), against all expenses, claims, losses, damages or liabilities (or actions in respect thereof), including any of the foregoing incurred in settlement of any litigation commenced or threatened arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, offering circular or other document, or any amendment or supplement thereto, incident to any such registration, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, or any violation by the Company of the Securities Act or any state securities law, or any rule or regulation promulgated thereunder, applicable to the Company in connection with any such registration, and the Company will reimburse Purchaser, such Affiliates and the Underwriters for any legal and any other expenses reasonably incurred in connection with investigating, preparing or defending any such claim, loss, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such expense, claim, loss, damage or liability arises out of or is based on any untrue statement or omission, or alleged untrue statement or omission, made in reliance upon and in conformity with written information furnished to the Company by Purchaser specifically for use therein.

b. Purchaser will, if Registrable Securities are included in a registration being effected, indemnify the Company and each of its Affiliates and the Underwriters, if any, of the Company's securities covered by such a registration against all expenses, claims, losses, damages and liabilities (or actions in respect thereof), including any of the foregoing incurred in settlement of any litigation commenced or threatened arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, offering circular or other document, or any amendment or supplement thereto, incident to any such registration, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, or any violation by Purchaser of the Securities Act or any state securities law, or any rule or regulation promulgated thereunder, applicable in connection with any such registration, and Purchaser will reimburse the Company, such Affiliates and the Underwriters for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent that such untrue statement or omission, or alleged untrue statement or omission, is made in such registration statement, prospectus, offering circular or other document

incident to any such registration in reliance upon and in conformity with written information furnished to the Company by Purchaser specifically for use therein. Notwithstanding the foregoing, the liability of Purchaser under this subsection (b) shall be limited in an amount equal to the public offering price of the Shares sold by Purchaser, unless such liability arises out of or is based on willful misconduct by Purchaser.

c. Each party entitled to indemnification under this Section 7 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and the Indemnifying Party shall have the option to assume the defense of any such claim or any litigation resulting therefrom; provided, however, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld); and provided, further, that the Indemnified Party may participate in such defense at such party's own expense. The failure of an Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement unless the failure to give such notice is materially prejudicial to an Indemnifying Party's ability to defend such action. The Indemnifying Party shall not assume such defense for matters as to which there is a conflict of interest or separate and different defenses. In the event of a conflict of interest or separate or different defenses, as determined in the reasonable opinion of counsel to the Indemnified Party, the Indemnifying Party will pay the reasonable legal fees and expenses of one counsel to the Indemnified Party. No claim may be settled without the consent of the Indemnifying Party (which consent shall not be unreasonably withheld). No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

8. Information from Purchaser. Purchaser shall furnish to the Company such information regarding Registrable Securities being included in any registration and the distribution proposed by Purchaser as the Company may request in writing and as shall be required in connection with any registration referred to in this Agreement.

9. Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission which may at any time permit the sale of Registrable Securities to the public without registration, the Company agrees to use its best efforts to:

a. make and keep public information available, as those terms are understood and defined in Rule 144 (or any successor or similar rule) promulgated by the Securities and Exchange Commission under the Securities Act;

b. file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

c. so long as Purchaser owns any Registrable Securities, promptly furnish to

Purchaser upon request (i) a statement by the Company as to its compliance with the reporting requirements of Rule 144 (or any successor or similar rule), the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of the Company, and such other publicly filed reports and documents of the Company, and (iii) such other information in the possession of the Company as Purchaser may reasonably request in availing itself of any rule or regulation of the Commission allowing Purchaser to sell any Shares without registration.

10. Transfer of Registration Rights. The rights to cause the Company to register securities granted to Purchaser under Sections 2 and 3 (and any other associated rights or benefits described herein in connection with the right to register securities) may be transferred or assigned in connection with any transfer or assignment of Registrable Securities by Purchaser, other than in a sale under Rule 144 (or any successor or similar rule) or a registration effected pursuant to Sections 2 or 3 of this Agreement, provided that the transferee or assignee agrees, in a writing reasonably satisfactory to the Company, to be bound by the provisions hereof.

11. Amendment. Any provision of this Agreement may be amended or the observance thereof may be waived (either generally or in particular instance and either retroactively or prospectively) only with the written consent of both parties.

12. Termination of Registration Rights. The rights granted to Purchaser pursuant to this Agreement shall terminate at such time as Purchaser can sell all of its remaining Registrable Securities within a single three-month period pursuant to Rule 144 under the Securities Act (or any successor or similar rule).

13. Governing Law. This Agreement and the legal relations between the parties arising hereunder shall be governed by and interpreted in accordance with the laws of the State of New York without regard to its conflict of laws principles. The parties hereto agree that any disputes which may arise during the term of this Agreement which relate to either party's rights and/or obligations hereunder shall be resolved in accordance with the ADR provisions contained in Exhibit I to the Stock Purchase Agreement.

14. Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties regarding rights to registration. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon the successors, assigns, heirs, executors and administrators of the parties hereto.

15. Notices and Dates. Any notice and other communication given under this Agreement shall be in writing and delivered by hand, by messenger or by courier, or transmitted by facsimile, to a party at its address set forth below (or at such other address as shall be designated for such purpose by such party in a written notice to the other in accordance with the provisions hereof):

if to the Company, to:

i-STAT Corporation

303A College Road East
Princeton, NJ 08540
Attention: Chief Financial Officer
Facsimile: (609) 243-0507

with a copy to:

Paul, Hastings, Janofsky & Walker LLP
1055 Washington Boulevard
Stamford, CT 06901
Attention: Esteban A. Ferrer, Esq.
Facsimile: (203) 359-3031

if to Purchaser, to:

Abbott Laboratories
100 Abbott Park Road
Dept. 9RK; Bldg. AP6C
Abbott Park, IL 60064
Attention: Director, Technology Acquisitions,
Diagnostics Division
Facsimile: (847) 937-6951

with a copy to:

Abbott Laboratories
100 Abbott Park Road
Dept. 322; Bldg. AP6D
Abbott Park, IL 60064
Attention: Divisional Vice President,
Domestic Legal Operations
Facsimile: (847) 938-1206

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered, if delivered personally, by messenger or by courier, or upon confirmation of receipt if sent by facsimile.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

17. Further Assurances. The parties hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments or documents as any other party may reasonably request

from time to time in order to carry out the intent and purposes of this Agreement and the consummation of the transactions contemplated thereby. Neither the Company nor Purchaser shall voluntarily undertake any course of action inconsistent with satisfaction of the requirements applicable to them set forth in this Agreement, and each shall promptly do all such acts and take all such measures as may be appropriate to enable them to perform as early as practicable the obligations herein and therein required to be performed by them.

18. Severability. If any provision of this Agreement is determined to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, to achieve the intent of the parties. In any event, all other provisions shall be deemed valid and enforceable to the greatest possible extent.

18. Interpretation. When a reference is made in this Agreement to Sections, such references shall be to a Section to this Agreement unless otherwise indicated. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." Use of any gender herein to refer to any person shall be deemed to comprehend masculine, feminine, and neuter unless the context clearly requires otherwise.

19. Mutual Drafting. This Agreement is the joint product of Purchaser and the Company, and each provision hereof has been subject to the mutual consultation, negotiation and agreement of Purchaser and the Company and their respective legal counsel and advisers and any rule of construction that a document shall be interpreted or construed against the drafting party shall not be applicable.

IN WITNESS WHEREOF, the undersigned have executed this Registration Rights Agreement as of the date set forth above.

i-STAT CORPORATION

By: _____
Name:
Title:

ABBOTT LABORATORIES

By: _____
Name:
Title: