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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A
Amendment No. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

March 2, 2001
Date of Report (Date of earliest event reported)

ABBOTT LABORATORIES

(Exact name of registrant as specified in its charter)

Illinois (State or other Jurisdiction of Incorporation)	**1-2189** (Commission File Number)	**36-0698440** (I.R.S. Employer Identification No.)

100 Abbott Park Road
Abbott Park, Illinois 60064-6400
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: **(847) 937-6100**

Abbott Laboratories ("Abbott") hereby files Amendment No. 1 to its Current Report on Form 8-K dated March 2, 2001, solely to file Exhibits 99.1 and 99.2.

Item 7. Financial Statements and Exhibits.

(a) The required financial statements in connection with Abbott's acquisition of BASF's pharmaceutical business are attached as Exhibit 99.1 and incorporated herein by this reference.

(b) The required pro forma financial information in connection with Abbott's acquisition of BASF's pharmaceutical business is attached as Exhibit 99.2 and incorporated herein by this reference.

(c) Exhibits.

Exhibit No.	Exhibit
2.1(1)	Amendment to Purchase Agreement between BASF Aktiengesellschaft and Abbott Laboratories recorded on March 2, 2001, filed as Exhibit 2.1 to the Form 8-K dated March 2, 2001 and incorporated herein by this reference.
2.2(1)	Purchase Agreement between BASF Aktiengesellschaft and Abbott Laboratories recorded on December 14, 2000, filed as Exhibit 2.1 to the 2000 Abbott Laboratories Annual Report on Form 10-K and incorporated herein by this reference.
2.3	Press Release, dated March 2, 2001, filed as Exhibit 2.3 to the Form 8-K dated March 2, 2001 and incorporated herein by this reference.
23.1	Consent of Deloitte & Touche GmbH
23.2	Consent of Ernst & Young
23.3	Consent of Asahi & Co.
99.1	Consolidated financial statements for BASF Pharmaceutical Business for the years ended December 31, 2000 and 1999.
99.2	Pro forma financial information—Abbott Laboratories and subsidiaries and the BASF Pharmaceutical Business.

(1) Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment separately filed with the Securities and Exchange Commission.

SIGNATURE

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

ABBOTT LABORATORIES

By: /s/ THOMAS C. FREYMAN

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

Date: 5/14/01

EXHIBIT INDEX

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SIGNATURE
EXHIBIT INDEX

Exhibit 23.1

[LETTERHEAD]

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the incorporation by reference into Abbott Laboratories' previously filed Form S-8 (Nos. 33-4368 for the Abbott Laboratories 1986 Incentive Stock Program, 33-39798 for the Abbott Laboratories 1991 Incentive Stock Program, 333-09071, 333-43381, 333-69547, 333-93253 and 333-52768 for the Abbott Laboratories 1996 Incentive Stock Program, 333-13091 for the Abbott Laboratories Ashland Union 401(k) Plan and Trust, and 33-26685, 33-51585, 33-56897, 33-65127, 333-19511, 333-43383, 333-69579, and 333-93257 for the Abbott Laboratories Stock Retirement Plan and Trust), into Abbott Laboratories' previously filed post-effective Amendment No. 1 to Registration Statement on Form S-8 333-85867 for the Perclose, Inc. 1992 Stock Plan, Perclose, Inc. 1995 Director Option Plan, Perclose, Inc. 1997 Stock Plan and Perclose, Inc. 1995 Employee Stock Purchase Plan; and into Abbott Laboratories' previously filed Registration Statements on Form S-3 (33-50253, 333-06155, 333-63481, 333-65601, 333-83647 and 333-55446) of our report dated April 20, 2001 (relating to the financial statements of the BASF Pharmaceuticals Business) appearing in this Form 8-K of Abbott Laboratories.

DELOITTE & TOUCHE GmbH
Wirtschaftsprufungsgesellschaft

Frankfurt, Germany
May 11, 2001

Exhibit 23.2

CONSENT OF INDEPENDENT AUDITORS

We consent to the use of our reports dated January 26, 2001 and January 28, 2000, with respect to the financial statements of Knoll AG, Ludwigshafen, included in the Amendment No. 1 to the current Report on Form 8-K of Abbott Laboratories ("Abbott") related to the acquisition of the BASF Pharmaceutical business.

We also consent to the incorporation by reference of our reports dated January 26, 2001 and January 28, 2000 into Abbott's previously filed Form S-8 Registration Statements 33-4368 for the Abbott Laboratories 1986 Incentive Stock Program, 33-39798 for the Abbott Laboratories 1991 Incentive Stock Program, 333-09071, 333-43381, 333-69547, 333-93253 and 333-52768 for the Abbott Laboratories 1996 Incentive Stock Program, 333-13091 for the Abbott Laboratories Ashland Union 401(k) Plan and Trust, and 33-26685, 33-51585, 33-56897, 33-65127, 333-19511, 333-43383, 333-69579, and 333-93257 for the Abbott Laboratories Stock Retirement Plan and Trust; Abbott's previously filed post-effective Amendment No. 1 to Registration Statement on Form S-8 333-85867 for the Perclose, Inc. 1992 Stock Plan, Perclose, Inc. 1995 Director Option Plan, Perclose, Inc. 1997 Stock Plan and Perclose, Inc. 1995 Employee Stock Purchase Plan; and into Abbott's previously filed S-3 Registration Statements 33-50253, 333-06155, 333-63481, 333-65601, 333-83647 and 333-55446.

Mannheim, May 11, 2001

Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprufungsgesellschaft

A. Muller	Ketterle
Wirtschaftsprufer	Wirtschaftsprufer
	Certified Public Accountant

Exhibit 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of the following into Abbott's previously filed Form S-8 Registration Statements 33-4368 for the Abbott Laboratories 1986 Incentive Stock Program, 33-39798 for the Abbott Laboratories 1991 Incentive Stock Program, 333-09071, 333-43381, 333-69547, 333-93253 and 333-52768 for the Abbott Laboratories 1996 Incentive Stock Program, 333-13091 for the Abbott Laboratories Ashland Union 401(k) Plan and Trust, and 33-26685, 33-51585, 33-56897, 33-65127, 333-19511, 333-43383, 333-69579, and 333-93257 for the Abbott Laboratories Stock Retirement Plan and Trust; Abbott's previously filed post-effective Amendment No. 1 to Registration Statement on Form S-8 333-85867 for the Perclose, Inc. 1992 Stock Plan, Perclose, Inc. 1995 Director Option Plan, Perclose, Inc. 1997 Stock Plan and Perclose, Inc. 1995 Employee Stock Purchase Plan; and into Abbott's previously filed S-3 Registration Statements 33-50253, 333-06155, 333-63481, 333-65601, 333-83647 and 333-55446:

1. Our reports dated January 26, 2001 and January 28, 2000, included in this Form 8-K on the financial statements of Hokuriku Seiyaku Co., Ltd. for the years ended December 31, 1999 and 2000 (such financial statements are not included herein.).

Asahi & Co

Tokyo, Japan
May 11, 2001

BASF PHARMACEUTICAL BUSINESS
CONSOLIDATED STATEMENTS OF INCOME
(EUROS IN MILLIONS)

	NOTE	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 1999
Sales		Euro 2,532.4	Euro 2,401.6
Cost of sales		623.5	719.7
GROSS PROFIT ON SALES		1,908.9	1,681.9
Selling expenses		1,014.6	945.5
General and administrative expenses		86.5	92.0
Research and development expenses		394.1	342.7
Other operating income	5	184.3	91.4
Other operating expenses	6	338.6	325.4
INCOME FROM OPERATIONS		259.4	67.7
Expense/income from financial assets		42.3	3.0
Write-downs of, and losses from, retirement of financial assets as well as securities held as current assets		2.3	1.1
Interest result		24.9	8.1
FINANCIAL RESULT	7	64.9	10.0
INCOME BEFORE TAXES AND MINORITY INTERESTS		324.3	77.7
Income taxes	8	118.1	76.1
INCOME BEFORE MINORITY INTERESTS		206.2	1.6
Minority interests	9	13.4	9.3
NET INCOME		192.8	-7.7

The accompanying notes are an integral part of these Consolidated Financial Statements.

BASF PHARMACEUTICAL BUSINESS
CONSOLIDATED BALANCE SHEETS
(EUROS IN MILLIONS)

AT DECEMBER 31,

	NOTE	2000	1999
ASSETS			
Intangible assets	11	Euro 400.0	Euro 510.8
Property, plant and equipment	12	502.4	603.9
Financial assets	13	136.8	112.2
FIXED ASSETS		1,039.2	1,226.9
Inventories	14	243.0	286.0
Accounts receivable, trade		571.2	432.6
Receivables from affiliated companies		1,022.0	473.4
Miscellaneous receivables and other assets		70.8	78.0
Receivables and other assets	15	1,664.0	984.0
Marketable securities		32.3	34.7
Cash and cash equivalents		102.9	117.7
Liquid funds		135.2	152.4
CURRENT ASSETS		2,042.2	1,422.4
DEFERRED TAXES	8	236.4	229.3
PREPAID EXPENSES	17	92.4	10.8
TOTAL ASSETS		3,410.2	2,889.4
STOCKHOLDERS' EQUITY AND LIABILITIES			
Subscribed capital	18	22.0	511.3
Capital surplus	18	1,202.1	346.8
Retained earnings	19	351.8	187.3
Currency translation adjustment		222.3	208.5
Minority interests	20	147.0	172.7
STOCKHOLDERS' EQUITY		1,945.2	1,426.6
Provisions for pensions and similar obligations	21	330.3	363.5
Provisions for taxes		71.2	60.6
Other provisions	22	434.5	407.0
PROVISIONS		836.0	831.1
Bonds and other liabilities to capital market	23	4.7	4.0
Liabilities to credit institutions	23	63.0	40.7
Accounts payable, trade		157.0	140.1
Liabilities to affiliated companies		245.5	343.5
Miscellaneous liabilities	23	114.6	95.0
LIABILITIES		584.8	623.3
DEFERRED INCOME		44.2	8.4
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		3,410.2	2,889.4

The accompanying notes are an integral part of these Consolidated Financial Statements.

BASF PHARMACEUTICAL BUSINESS
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EUROS IN THOUSANDS)

	YEAR ENDED DECEMBER 31,	
	2000	1999
Net income	Euro 192,784	Euro (7,674)
Depreciation of fixed assets	249,593	256,217
Changes in long-term provisions	(2,074)	(22,411)
Other non-cash items	7,385	(64,531)
(Gains)/ losses from disposal of fixed assets and securities	(62,858)	(2,399)
Changes in inventories	42,936	(20,002)
Changes in receivables	(210,651)	(76,663)
Changes in other operating liabilities	15,183	318,562
CASH PROVIDED BY OPERATING ACTIVITIES	232,298	381,099
Additions to tangible and intangible fixed assets	(124,872)	(159,320)
Additions to financial assets and securities	(348,607)	(355,845)
Payments related to acquisitions		
Proceeds from divestitures	60,844	
Proceeds from the disposal of fixed assets and securities	134,365	45,942
CASH USED IN INVESTING ACTIVITIES	(278,270)	(469,223)
Proceeds from capital increases / Payments from capital decreases	(11,528)	(1,917)
Proceeds from the addition of financial indebtedness	22,015	
Repayment of financial indebtedness	(33,170)	(105,797)
Transfer of losses	72,889	198,323
Dividends paid to minority shareholders	(19,030)	(3,805)
CASH USED IN FINANCING ACTIVITIES	31,176	86,804
NET CHANGE IN CASH AND CASH EQUIVALENTS	(14,796)	(1,320)
Cash and cash equivalents as of beginning of year	117,695	119,015
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	102,899	117,695
Marketable securities	32,360	34,761
LIQUID FUNDS AS SHOWN ON THE BALANCE SHEET	Euro 135,259	Euro 152,456

The accompanying notes are an integral part of these Consolidated Financial Statements.

BASF PHARMACEUTICAL BUSINESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

These Consolidated Financial Statements of the BASF Pharmaceutical Business have been prepared in accordance with section 10.9 of the Purchase Agreement dated December 14, 2000 between BASF Aktiengesellschaft and Abbott Laboratories. The format of these consolidated financial statements is that required by item 17 of Form 20-F under the United States securities laws.

The Consolidated Financial Statements of the BASF Pharmaceutical Business are based on the accounting and valuation principles of the German Commercial Code (Handelsgesetzbuch) and the German Stock Corporation Act (Aktiengesetz). The accounting principles conform to generally accepted accounting principles in the United States (U.S. GAAP) to the extent permissible under the German Commercial Code. The reconciliation of remaining significant deviations to U.S. GAAP is described in Note 2 to these Consolidated Financial Statements.

On January 1, 1999, the euro was introduced as the common legal currency of 11 member states of the European Economic and Monetary Union, including Germany. BASF has adopted the euro as its reporting currency in its Consolidated Financial Statements and translated all German mark (DM) amounts at the fixed exchange rate for German marks to euro applicable since January 1, 1999 (Euro 1 = DM 1.95583) for all periods presented. All monetary amounts shown in the Consolidated Financial Statements are expressed in millions of euros.

(b) SCOPE OF CONSOLIDATION

The following companies are included in the consolidated financial statements for the BASF Pharmaceutical Business. Subsidiaries whose impact on the net worth, financial position and results of the Pharmaceutical Business are immaterial, individually and in the aggregate, are excluded from the scope of consolidation.

COMPANY	COUNTRY
BASF Pharma Holding GmbH, Ludwigshafen (parent company, since January 1, 2000)	Germany
Transpharm GmbH, Ludwigshafen (since January 1, 2000)	Germany
Lupharma GmbH, Ludwigshafen	Germany
Knoll AG, Ludwigshafen	Germany
Knoll Deutschland GmbH, Ludwigshafen	Germany
Ravizza Farmaceutici Spa., Muggio	Italy
EBEWE Arzneimittel Ges.m.b.H., Unterach	Austria
Knoll-BioResearch S.A., San Antonino	Switzerland
Knoll AG, Liestal	Switzerland
Knoll B.V., Amsterdam	Netherlands
Knoll Ltd., Nottingham	United Kingdom
BASFIN UK, Nottingham (Branch of BASFIN Corp./USA, until December 31, 1999)	United Kingdom
Knoll Farmaceutici Spa., Milano	Italy
Laboratorios Knoll S.A., Madrid	Spain
Laboratoires Knoll France S.A., Levallois-Perret	France
Knoll Belgium N.V./S.A., Brussels	Belgium
BASF Pharmaceuticals, Puerto Rico (Branch of Knoll B.V., Amsterdam)	Puerto Rico
BASF Pharmaceutical Group	USA/Canada
Quimica Knoll de Mexico S.A. de C.V., Mexico City	Mexico
Knoll Argentina S.A., Buenos Aires	Argentina
Knoll Produtos Quimicos e Farmaceuticos Ltda., Rio de Janeiro	Brazil
Knoll Colombiana S.A., Bogota	Colombia
Knoll Alman Ilac ve Ecza Tic. Ltd. Sti., Istanbul	Turkey
Knoll International Private Ltd., Bombay	India
Knoll Pharmaceuticals Ltd., Bombay	India
Knoll Pharmaceuticals Ltd., Karachi	Pakistan
Knoll Australia Pty. Ltd., Lane	Australia
Hokuriku Seiyaku Co. Ltd., Katsuyama	Japan

BASF Pharmaceutical Group, USA/Canada, includes

o	BASF Pharmaceutical Corporation, Mount Olive/N.J. (parent company)	USA
o	Knoll Pharmaceutical Company, Mount Olive/N.J.	USA
o	BASF Bioresearch Corporation, Mount Olive/N.J.	USA
o	Knoll Pharma Manufacturing Inc., Mount Olive/N.J. (until December 31, 1999)	USA
o	Knoll Pharma Inc., Markham, Ontario	Canada

The following shows the Company structures as of the balance sheet dates and the reorganisation of the company structure:

1999:
The financial statements of Knoll AG (a 100 percent subsidiary of BASF Aktiengesellschaft), Knoll Pharmaceutical Company and BASF Bioresearch Corporation (both 100 percent subsidiaries of BASF Corporation), consolidated with their subsidiaries, were combined.

2000:
On July 31, 2000, a series of transactions transferred ownership of Knoll Pharmaceutical Company, Knoll Pharma Inc. and BASF Bioresearch Corporation from BASF Corporation to BASF Pharmaceutical Corporation. BASF Pharmaceutical Corporation and its subsidiaries were then transferred via BASFIN Corp. to BASF Aktiengesellschaft.

The following transactions took place on November 27, 2000. Most of the consolidated subsidiaries of Knoll Aktiengesellschaft were contributed to Transpharm GmbH and Lupharma GmbH, which were subsequently sold to BASF Aktiengesellschaft, which contributed both companies and 96 percent of its shares in Knoll Aktiengesellschaft to BASF Pharma Holding GmbH, a 100 percent subsidiary of BASF Aktiengesellschaft. BASF AG then transferred all of the outstanding shares of BASF Pharmaceutical Corporation via BASF Pharma Holding GmbH to Lupharma GmbH.

The assets and liabilities transferred in the above transactions have been accounted for at historical cost in a manner similar to that in pooling of interests accounting.

The financial statements as of December 31, 2000 include BASF Pharma Holding GmbH, which holds 94 percent of Knoll Aktiengesellschaft and - -via its subsidiaries Lupharma GmbH and Transpharm GmbH- most of the other consolidated companies. The 6 percent share of BASF Aktiengesellschaft in Knoll AG was not shown as a minority interest, but as an additional capital surplus.

These transactions affected the paid-in-capital of the BASF Pharmaceutical Business, as described under Note 13.

LIST OF SHAREHOLDINGS: A list of companies included in the Consolidated Financial Statements as well as a list of all companies in which BASF Pharma has a participation is provided separately.

(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BALANCE SHEET DATE: The Consolidated Financial Statements are generally prepared using the individual financial statements of the companies forming part of the group (hereinafter referred to as "consolidated companies"). Such financial statements are generally prepared as of the balance sheet date of the Consolidated Financial Statements. In certain cases, interim financial statements as of the balance sheet date of the Consolidated Financial Statements are prepared and used.

UNIFORM VALUATION: Assets and liabilities of consolidated companies are accounted for and valued uniformly in accordance with the principles described herein. Where the accounting and valuation methods applied in the financial statements of the consolidated companies differ from these principles, appropriate adjustments are made to the relevant items.

ELIMINATIONS: Balances and transactions between consolidated companies are eliminated in full. Intercompany profits resulting from sales between consolidated companies are eliminated.

CAPITAL CONSOLIDATION: Capital consolidation is based on a method equivalent to the purchase method required under U.S. GAAP. At the time of acquisition, the acquisition cost of participations is offset against the proportionate share of equity acquired. Differences arising are allocated to the assets or liabilities of the acquired company up to their fair values or capitalized as intangible fixed assets. Differences not allocated to individual assets are capitalized as goodwill and amortized within the expected useful life, within a period of five years.

REVENUE RECOGNITION: Revenues from product sales and the performance of services are recognized upon shipment to customers or performance of services. Provisions for discounts, sales returns, rebates to customers, estimated future warranty obligations and other claims are provided for in the same period the related sales are recorded.

RESEARCH AND DEVELOPMENT: Internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved.

INTANGIBLE ASSETS: Intangible assets are valued at acquisition cost less scheduled straight-line amortization.

	ESTIMATED LIVES
Goodwill	5
Product rights and licenses	3-15
Marketing, supply and similar rights	4-20
Know-how and patents	5-15
Software	3-5
Other rights and values	5-25

The Company evaluates goodwill and other intangible assets whenever significant events or changes in circumstances occur which might impair recovery of recorded asset costs.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment are stated at acquisition or production cost less scheduled depreciation over their estimated useful lives. Low-value assets are fully depreciated in the year of acquisition and are shown as retirements. Movable fixed assets are mostly depreciated by the declining balance method, with a change to straight-line depreciation if this results in higher depreciation rates. Immovable fixed assets are depreciated using the straight-line method.

The average periods of depreciation are as follows:

	ESTIMATED LIVES
Building and structural installations	21
Industrial plant and machinery	12
Working and office equipment and other facilities	4

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In performing this review of recoverability, the Company estimates the future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying value of the asset, an impairment loss is recognized. Measurement of an impairment loss for long-lived assets that the Company expects to hold and use is based on the fair value of the asset, which is usually based on the expected future discounted cash flows. Generally, long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

FINANCIAL ASSETS: Shares in affiliated and associated companies and other participations and securities held as fixed assets are shown at acquisition cost or, where an other-than-temporary impairment of value occurs, at the appropriate lower values.

Loans are stated at cost or, in the case of non-interest-bearing loans or loans at below market interest rates, at their present value. Loans are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due. In such circumstances, the Company recognizes an impairment loss based on the estimated fair value of the loan.

INVENTORIES: Inventories are carried at the lower of acquisition or production costs or market values, as appropriate. These lower values are the replacement costs of raw materials and factory supplies and merchandise and, in the case of work in process and finished products, the expected sales proceeds less costs to be incurred prior to sale and an average profit margin or costs of reproduction. Production costs include, in addition to direct costs, an appropriate allocation of production overhead using normal utilization rates of the production plants. Financing costs are not included.

RECEIVABLES AND OTHER ASSETS: Receivables are generally carried at their nominal value. Risks of collectibility and transferability are covered by appropriate valuation allowances.

SECURITIES: Securities held as fixed assets as well as marketable securities are valued individually at cost or at lower quoted or market values.

DEFERRED TAX ASSETS: Deferred tax assets are recorded for taxable temporary differences between the valuation of assets and liabilities in the financial statements of the consolidated companies and the carrying amounts for tax purposes using the tax rates applicable in the individual countries. If the expected future earnings of a company make it seem more likely than not that the tax benefits will not be realized, appropriate valuation allowances are made.

PROVISIONS: Provisions for pensions of German and foreign subsidiaries are based on actuarial computations according to the projected unit credit method. Similar obligations, especially those arising from promises made by North American group companies to pay the health care costs and life insurance premiums of retired staff and their dependents, are included in pension provisions.

Tax provisions are recognized for income taxes and other taxes in the amount necessary to meet the expected payment obligations, less any prepayments which have been made. Provisions for deferred taxes are recognized for a net liability from taxable temporary differences between the valuation of assets and liabilities in the financial statements of the consolidated companies and the carrying amounts for tax purposes, using the tax rates applicable in the individual countries.

Other provisions are recorded for the expected amounts of liabilities and probable losses from pending transactions. Maintenance provisions are established to cover omitted maintenance procedures as of end of the year, expected to be incurred within the first three months of the following year. The amount provided is based on reasonable commercial judgement.

Provisions for sale and purchase risks cover discounts, rebates, contractual customer bonuses, product liability, warranties and compensation claims of commercial agents, and for purchases, sundry accruals for purchases and provisions for losses on committed purchases/other obligations.

Environmental expenditures that relate to an existing condition caused by past operations and prescribed by current legal requirements that do not have future economic benefit are expensed. Liabilities for these expenditures are recorded on an undiscounted basis when environmental assessments or clean-ups are probable and the costs can be reasonably estimated.

Provisions for restructuring measures are recorded when a commitment from management exists and a detailed plan has been established. Such provisions include severance payments and other personnel-related costs as well as specific site restructuring costs such as the costs for demolition and closure.

Provisions for long-service and anniversary bonuses are actuarially calculated using an interest rate predominantly of 5.5%. For short-time working programs for those nearing retirement, the present value of promised top-up payments are set aside in full and the wage and salary payments due during the passive phase of agreements are accrued through installments, discounted at an interest rate of 5.5%.

CONVERSION OF FOREIGN CURRENCY ITEMS: The cost of assets acquired in foreign currencies and revenues from sales in foreign currencies are recorded at current rates on transaction dates. Short-term foreign currency receivables and liabilities are valued at the rate on the balance sheet date. Long-term foreign currency receivables are recorded at the rate prevailing on the acquisition date or at the lower rate on the balance sheet date. Long-term foreign currency liabilities are recorded at the rate prevailing on the acquisition date or at the higher rate on the balance sheet date.

DERIVATIVE FINANCIAL INSTRUMENTS: The Company uses derivative financial instruments to manage foreign currency, interest rate and commodity price risks arising from booked, pending and planned underlying activities. Foreign currency receivables or liabilities that are hedged are recognized at forward rates and option strike prices. Profits from foreign currency derivatives that cannot be allocated to a particular underlying transaction are realized upon maturity. Unrealized losses from forward foreign exchange contracts and currency options, which cannot be allocated to a particular underlying transactions are recognized currently in earnings and included in provisions.

TRANSLATION OF FOREIGN CURRENCY STATEMENT: The translation of foreign currency financial statements is based upon the method required by Statement of Financial Accounting Standard (SFAS) No. 52, "Foreign Currency Translation." The local currency is the functional currency in North America and Japan, the euro is the functional currency in the other countries.

Where the local currency is the functional currency, balance sheet items are translated to euros at year-end rates, expenses and income at quarterly average rates and equity accounts at historical rates. The effects of rate changes are shown as "currency translation adjustment" and reported as a separate component of equity.

Where the euro is the functional currency, non-monetary assets and liabilities carried at historical values are translated using historical rates, monetary assets and liabilities (and any non-monetary assets and liabilities carried at fair value) are translated using the year-end rates and expenses and income are converted at quarterly average rates, except for those items derived from balance sheet items converted at historical rates, which are also translated at historical rates. Foreign exchange gains or losses resulting from the remeasurement process are included in other operating expenses or income.

EARNINGS PER SHARE: Since the parent company BASF Pharma Holding GmbH, does not have publicly traded common stock, earnings per share are not disclosed.

USE OF ESTIMATES IN FINANCIAL STATEMENT PREPARATION: The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. In the preparation of these Consolidated Financial Statements, estimates and assumptions have been made by management concerning the selection of useful lives of property, plant and equipment and intangible assets, the measurement of provisions, the carrying value of investments and other similar evaluations of assets and obligations. Actual results could differ from those estimates.

2. RECONCILIATION TO U.S. GAAP

The Consolidated Financial Statements comply with U.S. GAAP as far as permissible under German GAAP. The remaining differences between German and U.S. GAAP relate to valuation methods that are required under U.S. GAAP but are not permissable under German GAAP.

The following is a summary of the significant adjustments to net income and stockholders' equity that would be required if U.S. GAAP had been fully applied rather than German GAAP.

RECONCILIATION OF NET INCOME TO U.S. GAAP	NOTE	YEAR ENDED DECEMBER 31, 2000	1999
		(EUROS IN MILLIONS)	
Net income as reported in the Consolidated Financial Statements of income under German GAAP		Euro 192.8	Euro -7.7
Adjustments required to conform with U.S. GAAP:			
Capitalization of interest	(a)	-2.8	0.3
Capitalization of software developed for internal use	(b)	5.5	6.0
Valuation of securities	(c)	-	
Other adjustments	(d)	-8.7	1.2
Deferred taxes	(e)	-9.8	-13.0
Minority interests	(f)	-1.6	-
NET INCOME IN ACCORDANCE WITH U.S. GAAP		Euro 175.4	Euro -13.2

RECONCILIATION OF STOCKHOLDER'S EQUITY TO U.S. GAAP	NOTE	YEAR ENDED DECEMBER 31, 2000	1999
		(EUROS IN MILLIONS)	
Stockholders' equity as reported in the consolidated balance sheets under German GAAP		Euro 1,951.6	Euro 1,426.6
Minority interests		-147.0	-172.7
Stockholders' equity excluding minority interests		1,804.6	1,253.9
Adjustments required to conform with U.S. GAAP:			
Capitalization of interest	(a)	4.6	6.5
Capitalization of software developed for internal use	(b)	11.5	6.0
Valuation of securities	(c)	4.3	5.1
Other adjustments	(d)	-8.2	1.9
Deferred taxes	(e)	14.9	24.3
Minority interests	(f)	-2.2	-0.6
STOCKHOLDERS' EQUITY IN ACCORDANCE WITH U.S. GAAP		Euro 1,829.5	Euro 1,297.1

(a) CAPITALIZATION OF INTEREST

For U.S. GAAP purposes, the Company capitalizes interest on borrowings during the active construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the asset. The capitalization of interest relating to capital projects is not permissible under German GAAP.

In calculating capitalized interest, the Company has made assumptions with respect to the capitalization rate and the average amount of accumulated expenditures. The Company's subsidiaries generally use the entity specific weighted average borrowing rate as the capitalization rate.

(b) CAPITALIZATION OF SOFTWARE DEVELOPED FOR INTERNAL USE

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The SOP provides guidance with respect to accounting for the various types of costs incurred for computer software developed or obtained for the Company internal use. The Company adopted SOP 98-1 as of January 1, 1999 resulting in the subsequent capitalization and depreciation of certain costs, which have been expensed under German GAAP.

(c) VALUATION OF SECURITIES

Under U.S. GAAP, available-for-sale securities are recorded at market values on the balance sheet date. The effect of the change in valuation is immediately recognized in a separate component of shareholders' equity. Realized profits and losses are credited or charged to income, as are other than temporary impairments of value. The major part of securities and other investments are considered to be available-for-sale. Under German GAAP, such securities and other investments are valued at the lower of acquisition costs or market value at the balance sheet date.

(d) OTHER ADJUSTMENTS

This caption includes the reversal of maintenance provisions and other items. German GAAP requires companies to accrue for omitted maintenance procedures as of the end of the year, expected to be incurred within the first three months of the following year. Such costs would be expensed as incurred under U.S. GAAP. The amounts included in the reconciliation of net income related to the maintenance provision were Euro (1.6) million in 2000 and Euro 1.6 million in 1999 and in the reconciliation of shareholders' equity were nil in 2000 and Euro 1.6 million in 1999.

US-GAAP, precludes the use of sale leaseback accounting for transactions in which an unsecured guarantee is provided by an affiliated company. The reversal of sale leaseback accounting applied to the February 2000 transaction by BASF Bioresearch Corporation results in a reduction of income of Euro 4.1 million and of shareholder's equity of Euro 3.2 million in 2000.

(e) DEFERRED TAXES

The adjustments for deferred taxes primarily relate to the aforementioned U.S. GAAP reconciling items. Furthermore, German GAAP does not allow companies to recognize deferred tax assets on tax loss carryforwards. Such deferred tax assets of Euro 18.0 million (1999: Euro 31.1 million) have been included in the reconciliation to U.S. GAAP. This amount also includes deferred taxes related to currency translation adjustments.

(f) MINORITY INTERESTS

The share of minority shareholders' in the aforementioned reconciliation items to U.S. GAAP of net income and stockholders' equity are reported separately.

NEW U.S. GAAP ACCOUNTING STANDARDS NOT YET ADOPTED

In June 1999, the Financial Accounting Standards Board (FASB) issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133" which defers the effective date of SFAS No. 133 to all fiscal quarters of all fiscal years beginning after June 15, 2000. SFAS No. 133, "Accounting for Derivative Instruments and Hedging activities," (SFAS No. 133), issued in June 1998, and SFAS No. 138, an amendment of SFAS No. 133, issued in June 2000, require that all derivative financial instruments be reflected on the balance sheet at fair value, with changes in fair value recognized periodically in earnings or as a component of other comprehensive income, depending on the nature of the underlying item being hedged. In the event that an entity does not effectively hedge against an underlying item, changes in the fair value of the derivative will be recognized currently in the statement of operations. The Company has prepared for the adoption of this statement in its Consolidated Financial Statements for the fiscal year 2001.

REPORTING OF COMPREHENSIVE INCOME

Comprehensive income in accordance with SFAS No. 130, "Reporting Comprehensive Income", includes the impact of revenues, gains, expenses and losses that under U.S. GAAP are not included in net income.

COMPREHENSIVE INCOME	YEAR ENDED DECEMBER 31 2000	1999
	(EUROS IN MILLIONS)	
Net income in accordance with U.S. GAAP	Euro 175.4	Euro -13.2
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	13.7	148.9
Unrealized holding gains on securities	-	-0.4
Deferred taxes	-0.3	-3.2
Other comprehensive income (loss), net of tax	13.4	145.3
Comprehensive income, net of tax	Euro 188.8	Euro 132.1

STATEMENT OF STOCKHOLDER'S EQUITY	YEAR ENDED DECEMBER 31 2000	1999
	(EUROS IN MILLIONS)	
Stockholders' equity according to U.S. GAAP before accumulated other comprehensive income	Euro 1,611.5	Euro 1,092.5
Accumulated other comprehensive income:		
Foreign currency translation adjustments	222.2	208.6
Unrealized holding gains on securities	0.3	0.3
Deferred taxes	-4.5	-4.3
Accumulated other comprehensive income	218.0	204.6
Total stockholders' equity according to U.S. GAAP including comprehensive income	Euro 1,829.5	Euro 1,297.1

3. SEGMENT REPORTING

The BASF Pharmaceutical Business conducts its operations as one segment: production and marketing of ethical drugs. The following shows the breakdown by regions for the years ended December 31:

	EUROPE	THEREOF GERMANY	NORTH AMERICA (NAFTA)	SOUTH AMERICA	ASIA PACIFIC AREA, AFRICA	TOTAL
			(EUROS IN MILLIONS)			
2000						
Location of customers						
Sales	Euro 841.2	Euro 179.7	Euro 1,069.2	Euro 171.7	Euro 450.3	Euro 2,532.4
Share (%)	33.2	7.1	42.2	6.8	17.8	100.0
Location of companies						
Sales	951.3	361.2	1,056.0	156.1	369.0	2,532.4
Income from operations	-92.4	-187.4	295.5	24.8	31.5	259.4
Additions to tangible and intangible fixed assets	51.3	27.5	41.1	4.2	8.9	105.5
Assets	1,427.2	775.2	1,308.6	100.6	573.8	3,410.2
1999						
Location of customers						
Sales	Euro 641.5	Euro 238.1	Euro 1,195.3	Euro 168.1	Euro 396.7	Euro 2,401.6
Share (%)	26.7	9.9	49.8	7.0	16.5	100.0
Location of companies						
Sales	1,099.9	480.1	894.5	134.2	273.0	2,401.6
Income from operations	-106.5	-211.5	121.4	25.5	27.3	67.7
Additions to tangible and intangible fixed assets	61.2	37.2	23.3	7.4	15.8	107.7
Assets	1,203.1	642.0	997.8	84.7	603.8	2,889.4

4. OTHER OPERATING INCOME

	2000	1999
	(EUROS IN MILLIONS)	
Release of provisions	Euro 32.9	Euro 9.7
Gains from foreign currency transactions and conversion	36.0	44.9
Gains from disposal of assets	67.4	0.1
Other	48.0	36.7
	Euro 184.3	Euro 91.4

RELEASE OF PROVISIONS

Provision releases relate principally to the sales and purchase provisions, shutdown and restructuring provision and the reserve for income tax audit liabilities. Provision releases arise because present circumstances indicate that they are no longer probable and estimable or that the probable amount has been reduced.

GAINS FROM DISPOSAL OF ASSETS

The gains in 2000 from the disposal of assets include primarily amounts relating to the Colagenase business sold by Knoll AG and Knoll Pharmaceutical Company to Smith and Nephew, the product right Paclitaxel of Knoll AG and the Sion site of Knoll Pharmaceuticals Ltd., India.

OTHER

Includes revenue generating activities out of the ordinary course of business, income from the adjustment of valuation allowances of accounts receivables and various other items.

5. OTHER OPERATING EXPENSES

	2000	1999
	(EUROS IN MILLIONS)	
Reorganizations and shutdowns	Euro 95.3	Euro 57.5
Environmental protection and safety measures, costs of demolition of fixed assets and costs related to the preparation of capital expenditure projects	11.6	12.4
Losses from foreign currency transactions and conversion	68.9	32.8
Goodwill amortization	32.1	50.1
Losses from disposal of assets	5.6	2.3
Other	125.1	170.3
TOTAL	Euro 338.6	Euro 325.4

REORGANIZATIONS AND SHUTDOWNS

In 1999, charges were related to the permanent shut-down of the production site in Beeston, United Kingdom, and restructuring measures at the Ludwigshafen site of Knoll AG.

In 2000, charges resulted from the shutdown of research facilities of Knoll Ltd. in Nottingham, United Kingdom and related severance for 250 employees, as well as the reduction of workforce of several European Pharma Companies, especially Knoll AG and Laboratoires Knoll France.

OTHER

Other is comprised of several items including amortization of intangible assets, valuation allowances on doubtful accounts, liquidation of inventories, expenses for litigation and claims and write-off of fixed assets due to impairment of value.

The decrease of other in 2000 compared with 1999 was related to lower expenses for litigation and claims from lawsuits involving the drug Synthroid(R) in the United States.

Impairment losses of 18.9 million were recorded in 2000 by Hokuriku Seiyaku Ltd., Japan, for non-operating land and buildings due to a major decrease of market values.

6. FINANCIAL RESULT

	YEAR ENDED DECEMBER 31	
	2000	1999
	(EUROS IN MILLIONS)	
Income from participating interests and similar income	Euro 42.4	Euro 2.9
Thereof from affiliated companies	36.1	2.7
Income from profit transfer agreements	-	0.1
Losses from loss transfer agreements	0.1	-
Net income from financial assets	42.3	3.0
Write-down of, and losses from, retirement of financial assets as well as securities held as current assets	2.3	1.1
Income from other securities and financial assets	1.7	1.3
Thereof from affiliated companies	0.4	0.6
Other interest, income from sale of marketable securities and similar income	45.6	22.5
Thereof from affiliated companies	21.7	1.5
Interest and similar expenses	22.4	15.7
Thereof to affiliated companies	13.3	9.3
Interest result	24.9	8.1
Financial result	Euro 64.9	Euro 10.0

In 2000, income from participating interests and similar income primarily includes a dividend of Euro 8.4 million from the non-consolidated BASF Pharmachemikalien GmbH & Co. KG, which belongs to the Pharma Active Ingredients Business and a gain of Euro 26.9 million from the profit and loss transfer agreement with the non-consolidated BASF Generics GmbH, belonging to the Generics business.

According to German GAAP, no interest expense has been capitalized for the construction of fixed assets. The capitalization of interest cost for qualifying assets is part of the reconciliation to U.S. GAAP.

7. INCOME TAXES

	2000	1999
	(EUROS IN MILLIONS)	
Current taxes	Euro 120.6	Euro 100.9
Deferred taxes	-2.5	-24.8
Income taxes	Euro 118.1	Euro 76.1

No German Corporation tax or German trade income tax is included in current taxes, because the German companies had negative taxable income. The effective tax rate and its change are affected by the tax losses of Knoll AG, which are used by BASF Aktiengesellschaft as a consequence of the profit and loss transfer agreement.

Deferred tax assets and liabilities are calculated using the tax rate applicable in the individual foreign countries. Such rate averaged 28 percent in 2000 and (1999: 36.0 percent). For German companies, the provision was based on a tax rate of 38 percent in 2000 (1999: 52 percent).

Foreign income tax rates in 2000 (1999) varied between 4.5 percent (4.5 percent) and 42 percent (42 percent).

8. MINORITY INTERESTS

	2000	1999
	(EUROS IN MILLIONS)	
Minority interests in profits	Euro 13.4	Euro 9.3

See Note 14 for a detailed analysis of consolidated subsidiaries with minority shareholdings.

Minority interest in profit are primarily related to Knoll Pharmaceuticals Ltd., Bombay.

9. OTHER INFORMATION

PERSONNEL COSTS

	2000		1999	
	(EUROS IN MILLIONS)			
Wages and salaries	Euro	553.4	Euro	521.1
Social security contributions and expenses for pensions and assistance		129.7		132.0
Thereof for pensions		51.1		50.5
TOTAL	Euro	683.1	Euro	653.1

AVERAGE NUMBER OF EMPLOYEES

	FULLY CONSOLIDATED COMPANIES	
	2000	1999
Europe	5,827	6,007
Thereof Germany	3,242	3,682
North America (NAFTA)	2,110	2,276
South America	1,000	1,060
Asia, Pacific Area, Africa	2,413	2,460
TOTAL	11,350	11,803
Thereof with trainee contracts	149	189
Thereof with limited-term contracts	452	405

The number of trainee contracts mainly concern vocational trainees. Most of these trainee contracts are within the German operations.

TAXES OTHER THAN ON INCOME

Taxes other than on income totaled Euro 10.5 million in 1999 and Euro 10.9 million in 2000 and resulted primarily from property and real estate taxes. Such taxes are allocated to the functional cost items of the income statement.

10. INVENTORIES

	2000	1999
	(EUROS IN MILLIONS)	
Raw materials and factory supplies	Euro 48.4	Euro 59.9
Work-in-process, finished goods and merchandise	194.5	226.0
Advance payments	0.1	0.1
TOTAL	Euro 243.0	Euro 286.0

"Work-in-process" and "Finished goods and merchandise" are combined into one item due to the production conditions in the pharmaceutical industry.

The acquisition or production cost of raw materials, work in process, finished goods and merchandise is mainly determined by the last-in-first-out (LIFO) method. Factory supplies are carried predominantly at average cost. Inventories of Euro 118.6 million or 49% of total inventories in 2000 and Euro 171.5 million or 60% of total inventories in 1999 are valued according to the LIFO method. The difference between the carrying value determined according to the LIFO method and higher average cost is Euro 15.9 million in 2000 and Euro 18.9 million in 1999.

11. RECEIVABLES AND OTHER ASSETS

	2000		1999	
		THEREOF NON-CURRENT		THEREOF NON-CURRENT
	(EUROS IN MILLIONS)			
Accounts receivable, trade	Euro 571.2	Euro 3.9	Euro 432.6	Euro 2.0
Receivables from affiliated companies	1,022.0	-	473.4	-
Other assets	70.8	6.2	78.0	42.7
TOTAL	Euro 1,664.0	Euro 10.1	Euro 984.0	Euro 44.7

12. PREPAID EXPENSES

	2000	THEREOF CURRENT	1999	THEREOF CURRENT
	(EUROS IN MILLIONS)			
Prepaid lease installments	Euro 79.3	Euro 7.5	Euro 0.7	Euro 0.7
Other	13.1	2.1	10.1	10.1
TOTAL	Euro 92.4	Euro 9.6	Euro 10.8	Euro 10.8

In February 2000, BASF Bioresearch Corporation was party to a sale and leaseback transaction for its Worcester research facility. The fixed assets related to this facility were retired, and the gain from the sale was deferred and will be amortized to income over the leaseback period. The proceeds from the transaction were not retained by BASF Bioresearch Corporation and represents prepaid rent for the operating lease during the leaseback period.

13. SUBSCRIBED CAPITAL, CAPITAL SURPLUS AND RETAINED EARNINGS

	SUB-SCRIBED CAPITAL/ CAPITAL SURPLUS	RESERVES AND RETAINED EARNINGS	CURRENCY TRANSLATION ADJUSTMENT	MINORITY INTEREST	TOTAL STOCKHOLDERS` EQUITY
	(EUROS IN MILLIONS)				
JANUARY 1, 1999	Euro 976,3	Euro 3,1	Euro 59,7	Euro 132,6	Euro 1171,7
Net income		-7,7		9,3	1,6
Loss transfer of Knoll AG		198,3			198,3
Capital Redemption of BASFIN UK Branch	-118,2	-6,4			-124,6
Translation Adjustment			148,8	34,6	183,4
Others				-3,8	-3,8
DECEMBER 31, 1999	Euro 858,1	Euro 187,3	Euro 208,5	Euro 172,7	Euro 1426,6

	SUB-SCRIBED CAPITAL/ CAPITAL SURPLUS	RESERVES AND RETAINED EARNINGS	CURRENCY TRANSLATION ADJUSTMENT	MINORITY INTEREST	TOTAL STOCKHOLDERS` EQUITY
	(EUROS IN MILLIONS)				
JANUARY 1, 2000	Euro 858,1	Euro 187,3	Euro 208,5	Euro 172,7	Euro 1426,6
Net income		192,8		13,4	206,2
Loss transfer of Knoll AG		72,9			72,9
Decrease of subscribed capital of Knoll AG	-461,3				-461,3
Contribution of financial assets to BASF Pharma Holding GmbH	877,3				883,7
First time consolidation of companies formerly combined	-50,0	-101,2			-151,2
Translation Adjustment			13,8	-8,0	5,8
Others				-31,1	-31,1
DECEMBER 31, 2000	Euro 1224,1	Euro 351,8	Euro 222,3	Euro 147,0	Euro 1945,2

LOSS TRANSFER OF KNOLL AG

The loss transfer of Knoll AG is related to the profit and loss transfer agreement between Knoll AG and BASF Aktiengesellschaft. Knoll AG records a receivable to BASF Aktiengesellschaft and an increase of retained earnings at the end of the fiscal year for the net loss after taxes, which has to be compensated by BASF Aktiengesellschaft. In the books of BASF Aktiengesellschaft this leads to an expense in the financial result and enables consolidation of the loss for tax purposes in the same period.

CAPITAL REDEMPTION OF BASFIN UK BRANCH

BASFIN UK Branch was a branch of BASFIN Corporation/USA, the former holding company of BASF's North American subsidiaries. BASFIN UK Branch was a separate reporting entity, which showed a capital surplus and was accounted for by BASFIN Corp. as a financial asset. As of December 31, 1999, the assets and liabilities of the Pharma Active Ingredient business were sold to BASF plc and the Ethical Drugs Business was sold to Knoll Ltd. After these transactions the balance sheet of BASFIN UK only included cash and equity, which was remitted to BASFIN Corporation.

CONTRIBUTION OF FINANCIAL ASSETS TO BASF PHARMA HOLDING GMBH

The increase of subscribed capital and capital surplus reflects the contribution in kind of financial assets to BASF Pharma Holding by BASF Aktiengesellschaft:

- Lupharma GmbH and Transpharm GmbH, which were acquired by BASF Aktiengesellschaft from Knoll AG
- BASF Pharmaceutical Group. US/Canada, transferred from BASFIN Corp. to BASF Aktiengesellschaft
- 96 percent of BASF Aktiengesellschaft's share in Knoll AG

All transactions were recorded at historical cost. The remaining 6 percent share of BASF Aktiengesellschaft in the historical value of Knoll AG's equity was shown as an additional capital surplus.

DECREASE OF SUBSCRIBED CAPITAL OF KNOLL AG

Subscribed capital was Euro 511,3 million as of December 31,1999 and Euro 22,0 million as of December 31,2000. Knoll AG's subscribed capital was reduced by Euro 461.3 million and a liability recorded to BASF Aktiengesellschaft in accordance with a resolution of the annual meeting on September 8, 2000.

FIRST TIME CONSOLIDATION OF COMPANIES FORMERLY COMBINED

In 1999, the financial statements of Knoll AG and BASF Pharmaceutical Group, USA/Canada (formerly BASF Bioresearch Corporation and BASF Pharmaceutical Company) were combined.

After the reorganization in 2000, which led to BASF Pharma Holding GmbH as the parent company, Knoll AG and BASF Pharmaceutical Group were consolidated as of December 31, 2000, which led to a change of subscribed capital and retained earnings.

14. MINORITY INTEREST

Minority interests in stockholders' equity of consolidated subsidiaries is attributable to the following companies:

		MINORITY INTEREST AMOUNT			
COMPANY	PARTNER	%	2000	%	1999
		(EUROS IN MILLIONS)			
Hokuriku Seiyaku Co., Ltd. Tokyo, Japan	Publicly traded shares	33.32	Euro 126.1	35.94	Euro 145.4
Knoll Pharmaceuticals Ltd., Mumbai (Bombay), India	Publicly traded shares	49.00	14.8	49.00	20.9
Knoll Pharmaceuticals Ltd., Karachi, Pakistan	Publicly traded shares	43.54	4.7	43.54	5.2
Knoll Colombiana S.A., Bogota	Gruenenthal Colombiana S.A.	11.75	1.4	11.75	1.2
			Euro 147.0		Euro 172.7

15. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Most employees are entitled to Company pension benefits resulting from defined contribution plans or defined benefit plans. The benefits granted vary according to the legal, fiscal and economic conditions of the countries where subsidiaries and affiliated companies are located. Pension obligations comprise pensions payable after retirement, in case of disability or for surviving dependents. Benefits generally depend on years of service and compensation during the final years of employment.

For German Group subsidiaries, Company pension commitments are financed primarily by pension provisions. In the case of non-German subsidiaries, pension entitlements are covered in some cases by pension provisions, but mainly by external life insurances or pension funds.

Pension plans and their respective costs are predominantly determined using the "projected unit credit method" as defined by SFAS No. 87. The weighted average rates used for calculating the principal retirement plans are as follows.

Similar obligations refer to commitments of the BASF Pharmaceutical Group, USA, to provide for the costs of medical and life insurance benefits for employees and eligible dependents after retirement.

16. LIABILITIES

	2000		1999	
	(EUROS IN MILLIONS)			
Commercial paper	Euro	4.7	Euro	4.0
Liabilities to credit institutions		63.0		40.7
Financial liabilities	Euro	67.7	Euro	44.7

MISCELLANEOUS LIABILITIES AND DEFERRED INCOME

	2000		THEREOF CURRENT		1999		THEREOF CURRENT	
	(EUROS IN MILLIONS)							
Advances received on account of orders	Euro	5.4	Euro	5.4	Euro	0.1	Euro	0.1
Liabilities on bills		1.9		1.9		2.9		2.9
Tax liabilities		29.5		29.3		20.9		20.6
Liabilities relating to social security		16.9		16.9		13.1		13.1
Other miscellaneous liabilities		54.5		51.0		58.0		52.9
Total miscellaneous liabilities		108.2		104.5		95.0		89.6
Deferred income		50.6		12.3		8.4		8.4
Total miscellaneous liabilities and deferred income	Euro	158.8	Euro	116.8	Euro	103.4	Euro	98.0

RESIDUAL TERMS OF LIABILITIES

	2000				1999			
	UP TO ONE YEAR		MORE THAN FIVE YEARS		UP TO ONE YEAR		MORE THAN FIVE YEARS	
	(EUROS IN MILLIONS)							
Bonds and other liabilities to capital market	Euro	0.6	Euro	0.8	Euro	0.6	Euro	-
Liabilities to credit institutions		53.1		2.0		28.0		3.1
Accounts payable, trade		151.0		-		126.9		-
Liabilities to affiliated companies		199.3		-		277.5		-
Advances received on account of orders		-		-		0.1		-
Liabilities on bills		1.9		-		2.9		-
Other liabilities		97.1		1.9		86.7		0.1
	Euro	503.0	Euro	4.7	Euro	522.7	Euro	3.2

SECURED LIABILITIES

	2000		1999	
	(EUROS IN MILLIONS)			
Liabilities to credit institutions	Euro	-	Euro	15.1

Liabilities are collateralized by mortgages, land charges or securities.

17. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities, as listed below, have not been accrued as the risk of loss is not considered probable.

	2000		1999	
	(EUROS IN MILLIONS)			
Bills of exchange	Euro	0.2	Euro	0.2
Thereof to affiliated companies		-		-
Guarantees		1.6		1.2
Warranties		-		-
	Euro	1.8	Euro	1.4

OTHER FINANCIAL OBLIGATIONS

	2000		1999	
	(EUROS IN MILLIONS)			
Remaining cost of construction in progress	Euro	68.9	Euro	15.2
Thereof purchase commitment		16.0		2.7
Commitments from long-term rental and leasing contracts		41.0		37.8
Other commitments		41.5		22.0
TOTAL	Euro	151.4	Euro	75.0

BASF Pharmaceutical Business: Development of fixed assets for the fiscal year 1999

Knoll-Group

(euros in millions)	Gross values: Balance as of January 1, 1999	Change in scope of consolidat.	Additions	Disposals	Transfers, including exchange rates	Balance as of December 31 1999
Patents, licences, trademarks and similar rights	953.8		6.8	3.2	72.5	1,029.9
Goodwill	219.4				10.8	230.2
Advance payments	0.8		6.4		-6.3	0.9
Intangible assets	1,174.0		13.2	3.2	77.0	1,261.0
Land, land rights and buildings including buildings on land owned by others	534.2		6.1	6.4	79.6	613.5
Machinery and technical equipment	477.1		13.1	18.7	23.0	494.5
Miscellaneous equipment and fixtures	300.0		18.9	22.9	14.8	310.8
Advance payments and constructions in progress	48.2		56.4		-51.9	52.7
Fixed assets	1,359.5		94.5	48.0	65.5	1,471.5
Shares in affiliated companies	57.8		8.7	0.4	16.3	82.4
Loans to affiliated companies	2.8			0.2	0.3	2.9
Shares in associated companies	0.7		0.1		-0.4	0.4
Shares in participating interests	0.1					0.1
Loans to associated companies and participating interests						
Securities held as fixed assets	24.7		2.0	5.6	0.5	21.6
Loans and other investments	7.9		1.1	2.4	0.1	6.7
Financial assets	94.0		11.9	8.6	16.8	114.1
Fixed assets	2,627.5		119.6	59.8	159.3	2,846.6

	Depreciations: Balance as of January 1, 1999	Change in scope of consolidat.	Additions	Disposals	Transfers, including exchange rates	Balance as of December 31 1999	Net values: Balance as of December 31 1999
Patents, licences, trademarks and similar rights	442.5		106.3	2.9	17.8	563.7	466.2
Goodwill	128.6		50.1	0.6	8.4	186.5	43.7
Advance payments							0.9
Intangible assets	571.1		156.4	3.5	26.2	750.2	510.8
Land, land rights and buildings including buildings on land owned by others	233.7		21.0	3.9	22.7	273.5	340.0
Machinery and technical equipment	345.1		36.8	16.4	-2.0	363.5	131.0
Miscellaneous equipment and fixtures	210.9		39.6	21.7	1.5	230.3	80.5
Advance payments and constructions in progress	0.6		0.3		-0.6	0.3	52.4
Fixed assets	790.3		97.7	42.0	21.6	867.6	603.9
Shares in affiliated companies	0.4		0.2	0.4		0.2	82.2
Loans to affiliated companies							2.9
Shares in associated companies							0.4
Shares in participating interests							0.1
Loans to associated companies and participating interests							
Securities held as fixed assets	1.9			1.8	0.2	0.3	21.3

Loans and other investments	1.5	0.3	0.4		1.4	5.3
Financial assets	3.8	0.5	2.6	0.2	1.9	112.2
Fixed assets	1,365.2	254.6	48.1	48.0	1,619.7	1,226.9

BASF Pharmaceutical Business: Development of fixed assets for the fiscal year 2000

(euros in millions)	Gross values					
	Balance as of January 1, 2000	Change in scope of consolidat.	Additions	Disposals	Transfers, including exchange rates	Balance as of December 31 2000
Patents, licences, trademarks and similar rights	1,029.9		4.6	13.3	29.3	1,050.5
Goodwill	230.2	-	1.7	-	3.4	235.3
Advance payments	0.9	-	1.1	0.5	- 1.4	0.1
Intangible assets	1,261.0	-	7.4	13.8	31.3	1,285.9
Land, land rights and buildings including buildings on land owned by others	613.5	-	2.1	86.3	- 23.4	505.9
Machinery and technical equipment	494.5	-	11.4	39.0	- 99.7	367.2
Miscellaneous equipment and fixtures	310.8	-	21.7	33.1	8.8	308.2
Advance payments and constructions in progress	52.7	-	62.9	0.8	- 41.4	73.4
Fixed assets	1,471.5	-	98.1	159.2	- 155.7	1,254.7
Shares in affiliated companies	82.4		51.1	26.0	- 0.1	107.4
Loans to affiliated companies	2.9	-	-	0.3	-	2.6
Shares in associated companies	0.4	-	-	-	-	0.4
Shares in participating interests	0.1	-	-	-	-	0.1
Loans to associated companies and participating interests	-	-	-	-	-	-
Securities held as fixed assets	21.6	-	2.3	6.5	6.1	23.5
Loans and other investments	6.7	-	0.7	1.6	- 1.0	4.8
Financial assets	114.1	-	54.1	34.4	5.0	138.8
Fixed assets	2,846.6	-	159.6	207.4	- 119.4	2,679.4

(euros in millions)	Depreciations						Net values	
	Balance as of January 1, 2000	Change in scope of consolidat.	Additions	Disposals	Transfers, including exchange rates	Balance as of December 31 2000	Balance as of December 31 2000	Balance as of December 31 1999
Patents, licences, trademarks and similar rights	563.7	-	93.5	7.0	13.7	663.9	386.6	466.2
Goodwill	186.5	-	32.1		3.4	222.0	13.3	43.7
Advance payments	-	-	-	-	-	-	0.1	0.9
Intangible assets	750.2	-	125.6	7.0	17.1	885.9	400.0	510.8
Land, land rights and buildings including buildings on land owned by others	273.5	-	46.8	39.4	- 24.0	256.9	249.0	340.0
Machinery and technical equipment	363.5	-	32.4	32.5	- 105.5	257.9	109.3	131.0
Miscellaneous equipment and								

fixtures	230.3	-	42.3	30.2	- 5.1	237.3	70.9	80.5
Advance payments and constructions in progress	0.3	-	0.6	0.4	- 0.3	0.2	73.2	52.4
Fixed assets	867.6	-	122.1	102.5	- 134.9	752.3	502.4	603.9
Shares in affiliated companies	0.2	-	0.9	-	-	1.1	106.3	82.2
Loans to affiliated companies	-	-	-	-	-	-	2.6	2.9
Shares in associated companies	-	-	-	-	-	-	0.4	0.4
Shares in participating interests	-	-	-	-	-	-	0.1	0.1
Loans to associated companies and participating interests	-	-	-	-	-	-	-	-
Securities held as fixed assets	0.3	-	0.4	0.8	-	- 0.1	23.6	21.3
Loans and other investments	1.4	-	0.1	0.2	- 0.3	1.0	3.8	5.3
Financial assets	1.9	-	1.4	1.0	- 0.3	2.0	136.8	112.2
Fixed assets	1,619.7	-	249.1	110.5	- 118.1	1,640.2	1,039.2	1,226.9

REPORT OF INDEPENDENT AUDITORS

We have audited the accompanying consolidated balance sheets of the BASF Pharmaceuticals Business as of December 31, 2000 and 1999, and the related consolidated statements of income and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Knoll Aktiengesellschaft and Hokuriku Seiyaku Co., Ltd. (consolidated companies), which statements reflect total assets constituting 41% and 39%, respectively, of consolidated total assets as of December 31, 2000 and 1999, and total revenues constituting 17% and 19%, respectively, of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such companies, is based solely on the reports of such other auditors.

We conducted our audits in accordance with auditing standards generally accepted in Germany and the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of the BASF Pharmaceuticals Business as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in Germany.

Application of accounting principles generally accepted in the United States of America would have affected stockholders' equity as of December 31, 2000 and 1999 and net income for each of the years then ended to the extent summarized in Note 2 to the consolidated financial statements.

Frankfurt am Main, April 20, 2001

Deloitte & Touche GmbH
Wirtschaftsprufungsgeselleschaft

(Prof. Dr. Emmerich)	(Kompenhans)
Wirtschaftsprufer	Wirtschaftsprufer

REPORT OF INDEPENDENT AUDITORS

We have audited the accompanying balance sheet of Knoll AG, Ludwigshafen, as of December 31, 2000 and the related statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Germany, as promulgated by the German Institute of Certified Public Accountants (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Germany. The application of accounting principles generally accepted in the United States of America, where such accounting principles differ from those generally accepted in Germany, would have affected the determination on the net result for the year ended December 31, 2000 and the determination of stockholder's equity at December 31, 2000, as summarized in Note 2.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Knoll AG, Ludwigshafen, as of December 31, 2000 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Germany.

Mannheim, January 26, 2001

Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprufungsgesellschaft

A. Muller	Ketterle
Wirtschaftsprufer	Wirtschaftsprufer
	Certified Public Accountant

REPORT OF INDEPENDENT AUDITORS

We have audited the accompanying balance sheet of Knoll AG, Ludwigshafen, as of December 31, 1999 and the related statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Germany, as promulgated by the German Institute of Certified Public Accountants (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Germany. The application of accounting principles generally accepted in the United States of America, where such accounting principles differ from those generally accepted in Germany, would have affected the determination on the net result for the year ended December 31, 1999 and the determination of stockholder's equity at December 31, 1999, as summarized in Note 2.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Knoll AG, Ludwigshafen, as of December 31, 1999 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Germany.

Mannheim, January 28, 2000

Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprufungsgesellschaft

A. Muller	Ketterle
Wirtschaftsprufer	Wirtschaftsprufer
	Certified Public Accountant

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Management of Hokuriku Seiyaku Co., Ltd.:

We have audited the accompanying balance sheet of Hokuriku Seiyaku Co., Ltd. (a Japanese corporation) as of December 31, 2000, and the related statements of income and cash flows for the year then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in Japan. Such accounting principles differ from accounting principles generally accepted in the United States of America. The application of accounting principles generally accepted in the United States of America would have affected the determination of net income for the year ended December 31, 2000 and the determination of stockholders' equity at December 31, 2000 as summarized in Note 2.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Our audit also comprehended the translation of Japanese yen amounts into Euro amounts for the purpose of consolidation with the financial statements of BASF AG (the "Parent Company"). In our opinion, such translation has been made in conformity with the translation method as described in Note 4.

Asahi & Co

Tokyo, Japan
January 26, 2001

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Management of Hokuriku Seiyaku Co., Ltd.:

We have audited the accompanying balance sheet of Hokuriku Seiyaku Co., Ltd. (a Japanese corporation) as of December 31, 1999, and the related statements of income and cash flows for the year then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in Japan. Such accounting principles differ from accounting principles generally accepted in the United States of America. The application of accounting principles generally accepted in the United States of America would have affected the determination of net income for the year ended December 31, 1999 and the determination of stockholders' equity at December 31, 1999 as summarized in Note 2.

As more fully explained in Note 1 to the financial statements, the Company's closing procedures at December 31, 1998 were less extensive than would be required by generally accepted accounting principles in Japan, and therefore certain adjustments were not recorded at that date.

In our opinion, except for the effect of the adjustments discussed in the preceding paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 1999, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Our audit also comprehended the translation of Japanese yen amounts into Deutsche Mark amounts for the purpose of consolidation with the financial statements of BASF AG (the "Parent Company"). In our opinion, such translation has been made in conformity with the translation method as described in Note 4.

Asahi & Co

Tokyo, Japan
January 28, 2000

PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION - OVERVIEW ABBOTT LABORATORIES AND SUBSIDIARIES AND THE PHARMACEUTICAL BUSINESS OF BASF AG (UNAUDITED)

SEC registrants who acquire a significant business are required to file a Form 8-K describing the business acquired and, depending upon the size of the acquisition, provide certain financial information within 75 days of the date of acquisition. Abbott has previously filed an 8-K describing the acquisition of the pharmaceutical business of BASF. This 8-K provides the financial information required to be filed by Abbott in connection with the acquisition. The rules require that Abbott apply purchase accounting adjustments to the combined business for the full year prior to the year of acquisition, even though the business was not managed by Abbott for the period presented. In addition, under the rules, Abbott is not allowed to include the effect of management actions it would have taken for the periods presented.

ACCORDINGLY, THE INFORMATION PRESENTED IS NOT INDICATIVE OF THE FUTURE PERFORMANCE, AND READERS ARE CAUTIONED AGAINST MAKING ASSUMPTIONS AND CALCULATIONS BASED UPON THE DATA PRESENTED HEREIN. ABBOTT HAS PREVIOUSLY PUBLISHED GUIDANCE ON THE RESULTS EXPECTED FROM THE ACQUISITION OF THE BUSINESS, AND THIS DOCUMENT DOES NOT INCLUDE NEW GUIDANCE OR CHANGE PRIOR GUIDANCE.

The pro forma condensed combined financial information gives effect on a purchase accounting basis to the acquisition of the pharmaceutical business of BASF ("Knoll") by Abbott. The financial statements reflect the acquisition of the assets of Knoll for approximately $6.9 billion in cash. The acquisition was financed primarily with short-term borrowings.

The pro forma condensed combined balance sheet assumes that the acquisition occurred on December 31, 2000, whereas the pro forma condensed combined income statement assumes that the acquisition occurred on January 1, 2000.

Abbott has not completed appraisals, evaluations or other studies of the fair value of Knoll's assets and liabilities. Accordingly, the pro forma adjustments may be subject to substantial revision when the appraisals, evaluations and other studies of the fair value of Knoll's assets and liabilities are completed. Subsequent to the acquisition, Abbott intends to implement plans to realign and reorganize certain Knoll operations. The estimated costs of implementing the plans have not been reflected in the accompanying pro forma financial statements. Revisions to the pro forma adjustments would increase or decrease the amount of goodwill and intangible assets and related amortization in the accompanying pro forma financial statements. In addition, integration of Knoll's operations will result in charges which will be recorded against earnings in the periods in which the integration plans are finalized. The pro forma financial statements do not reflect such estimated potential charges, although, as noted above, they have been included in the guidance furnished by Abbott.

The pro forma combined results of operations do not give effect to any synergies expected to result from the merger of Knoll's operations into those of Abbott. In addition, the pro forma combined results of operations exclude the charge of $1.015 billion for acquired in-process research and development, which was recorded by Abbott at the time of the acquisition. In addition, the pro forma adjustment for interest expense on debt to finance the acquisition was calculated using the prevailing interest rates during 2000. The pro forma condensed combined financial statements are not necessarily indicative of the results that actually would have been achieved if the acquisition had occurred on the assumed dates, nor are they necessarily indicative of future combined financial position or results of operations.

The pro forma condensed combined financial statements should be read in conjunction with the following financial statements:

1. The consolidated financial statements of Abbott Laboratories and Subsidiaries filed with the Securities and Exchange Commission in its Annual Report on Form 10-K for the year ended December 31, 2000.

2. The consolidated financial statements of the BASF Pharmaceutical Business for the years ended December 31, 2000 and 1999 filed as an exhibit to this Form 8-K. These financial statements are presented in Euros and conform with the accounting principles generally accepted in Germany. Abbott has obtained a representation from Deloitte & Touche that the matters referred to in the report of the auditors of Hokuriku were considered in reaching a conclusion on the fairness of presentation of the consolidated financial statements of the BASF pharmaceutical business. Differences between generally accepted accounting principles in Germany and the United States are not significant and are not reflected in the pro forma financial statements. However, certain reclassification adjustments have been made to the pro forma condensed combined income statement to conform the presentation to generally accepted accounting principles in the United States and Abbott's reporting conventions. The pro forma financial statements of the BASF Pharmaceutical Business have been translated into U.S dollars based on the appropriate foreign exchange rates. In addition, the consolidated financial statements of the BASF Pharmaceutical Business include certain operations which were either sold or transferred out of the pharmaceutical business of BASF prior to the acquisition. The pro forma financial statements include adjustments to eliminate these operations from the consolidated financial statements of the BASF Pharmaceutical Business as these operations were not acquired by Abbott.

ABBOTT LABORATORIES AND SUBSIDIARIES AND THE PHARMACEUTICAL BUSINESS OF BASF AG

PRO FORMA CONDENSED COMBINED INCOME STATEMENT

(UNAUDITED)

(U.S. Dollars in 000's EXCEPT PER SHARE DATA)

YEAR ENDED DECEMBER 31, 2000

	HISTORICAL		PRO FORMA	
	ABBOTT	KNOLL	ADJUSTMENTS	COMBINED
Net Sales	$13,745,916	$2,362,729	$(45,223)	$16,063,422
Cost of products sold	6,238,646	581,726	416,857	7,237,229
Research & development	1,351,024	367,695	(49,725)	1,668,994
Selling, general, & administrative	2,894,178	1,027,326	(42,863)	3,878,641
Other operating (income) expense	0	143,962	(143,962)	0
(Gain) on sale of business	(138,507)	0	0	(138,507)
Total Operating Cost & Expenses	10,345,341	2,120,709	180,307	12,646,357
Operating Earnings	3,400,575	242,020	(225,530)	3,417,065
Net interest (income) expense	23,221	(60,552)	484,929	447,598
(Income) from TAP Pharmaceutical Products Inc. joint venture	(481,340)	0	0	(481,340)
Net foreign exchange (gain) loss	7,287	0	30,696	37,983
Other (income) expense, net	35,000	12,502	0	47,502
Earnings Before Taxes	3,816,407	290,070	(741,155)	3,365,322
Taxes on earnings	1,030,430	110,187	(258,321)	882,296
Net Earnings	$2,785,977	$179,883	$(482,834)	$2,483,026
Basic Earnings Per Common Share	$1.80			$1.60
Diluted Earnings Per Common Share	$1.78			$1.59
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,548,015,000			1,548,015,000
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options	1,565,579,000			1,565,579,000

ABBOTT LABORATORIES AND SUBSIDIARIES AND THE PHARMACEUTICAL OPERATIONS OF BASF AG - NOTES TO PRO FORMA CONDENSED COMBINED INCOME STATEMENT

The following is a summary of the estimated adjustments reflected in the pro forma condensed combined income statement:

Net Sales -

The reduction in net sales reflects the elimination of the operations of businesses not acquired by Abbott.

Cost of Products Sold -

The net increase in cost of products sold reflects primarily the change in amortization expense of purchased intangibles, primarily product rights for currently marketed products (average life of approximately 13 years), the change in amortization of goodwill (20 year life), and the change in depreciation expense due to the step up in value of property and equipment, net of the effect of conforming depreciation policies. In addition, adjustments were made to eliminate the operations of businesses not acquired by Abbott, and to reclassify other operating (income) expense to U.S. Generally Accepted Accounting Principles income statement classifications and Abbott's reporting conventions.

Research and Development -

The decrease in research and development reflects the elimination of the operations of businesses not acquired by Abbott, and the change in depreciation expense due to the step up in value of property and equipment, net of the effect of conforming depreciation policies. In addition, acquired in-process research and development of $1.015 billion is excluded from the pro forma condensed combined income statement.

Selling, General and Administrative -

The net decrease in selling, general and administrative reflects the elimination of the operations of businesses not acquired by Abbott, and the change in depreciation expense due to the step up in value of property and equipment, net of the effect of conforming depreciation policies. This decrease was partially offset by adjustments to reclassify other operating (income) expense to U.S. Generally Accepted Accounting Principles income statement classifications and Abbott's reporting conventions.

Other Operating (income) expense / Net Foreign Exchange (Gain) Loss -

Adjustment to reclassify other operating (income) expense to U.S. Generally Accepted Accounting Principles income statement classifications and Abbott's reporting conventions.

Net Interest Expense -

The increase in net interest expense represents primarily estimated interest expense on short-term debt used to finance the acquisition as of January 1, 2000.

Taxes On Earnings -

The adjustment to taxes on earnings reflects the estimated income tax effects on the above mentioned pro forma adjustments using the applicable statutory income tax rates.

Net Income -

The following is a reconciliation of the effect on net income of the pro forma adjustments:

Net change in amortization and depreciation of intangibles and property and equipment	$(194,371)
Interest on short-term debt assumed to finance the acquisition	(452,000)
Other, primarily businesses not acquired by Abbott	(94,784)

Pretax effect of pro forma adjustments	(741,155)
Taxes on earnings	258,321

Net income effect of pro forma adjustments	$(482,834)
	=========

ABBOTT LABORATORIES AND SUBSIDIARIES AND THE PHARMACEUTICAL BUSINESS OF BASF AG

PRO FORMA CONDENSED COMBINED BALANCE SHEET

(U.S. Dollars in 000's)

DECEMBER 31, 2000

	HISTORICAL		PRO FORMA	
	ABBOTT	KNOLL	ADJUSTMENTS	COMBINED
Assets				
Current Assets:				
Cash and cash equivalents	$914,218	$125,479	$(125,479)	$914,218
Investment securities	242,500	0	0	242,500
Trade receivables, less allowances	2,179,451	543,867	0	2,723,318
Affiliate non-trade receivables	0	934,782	(934,782)	0
Inventories	1,741,331	225,528	121,000	2,087,859
Prepaid income taxes	896,083	0	385,700	1,281,783
Other prepaid expenses and receivables	1,402,658	65,709	0	1,468,367
Total Current Assets	7,376,241	1,895,365	(553,561)	8,718,045
Investment Securities	637,979	126,964	0	764,943
Net Property and Equipment	4,816,911	466,277	120,000	5,403,188
Net Intangible Assets	1,555,260	371,240	5,178,760	7,105,260
Deferred Charges, Investments in Joint Ventures and Other Assets	896,863	305,159	(219,403)	982,619
Total Assets	$15,283,254	$3,165,005	4,525,796	$22,974,055
Liabilities and Shareholders' Investment				
Current Liabilities:				
Short-term borrowings and current portion of long-term debt	$479,454	$62,832	$6,837,168	$7,379,454
Trade accounts payable	1,355,985	205,668	0	1,561,653
Affiliate non-trade payables	0	167,893	(167,893)	0
Salaries, wages and commissions	401,366	0	0	401,366
Other accrued liabilities	1,549,245	147,382	220,811	1,917,438
Dividends payable	293,800	0	0	293,800
Income taxes payable	217,690	66,081	(66,081)	217,690
Total Current Liabilities	4,297,540	649,856	6,824,005	11,771,401
Long-Term Debt	1,076,368	0	0	1,076,368
Other Liabilities and Deferrals	1,338,440	709,809	136,431	2,184,680
Shareholders' Investment:				
Common shares	2,218,234	20,418	(20,418)	2,218,234
Common shares held in treasury, at cost	(255,586)	0	0	(255,586)
Unearned compensation -- restricted stock awards	(18,116)	0	0	(18,116)
Earnings employed in the business	7,229,586	1,578,605	(2,207,905)	6,600,286
Accumulated other comprehensive loss	(603,212)	206,317	(206,317)	(603,212)
Total Shareholders' Investment	8,570,906	1,805,340	(2,434,640)	7,941,606
Total Liabilities and Shareholders' Investment	$15,283,254	$3,165,005	$4,525,796	$22,974,055

ABBOTT LABORATORIES AND SUBSIDIARIES AND THE PHARMACEUTICAL OPERATIONS OF BASF AG - NOTES TO PRO FORMA CONDENSED COMBINED BALANCE SHEET

The following is a summary of the estimated adjustments reflected in the pro forma condensed combined balance sheet:

Cash and Cash Equivalents / Affiliate Non-trade Receivables and Payables / Deferred Charges / Income Taxes Payable -

Adjustments for assets and liabilities not acquired by Abbott.

Inventories / Net Property and Equipment / Net Intangible Assets -

Adjustments to record the fair value of the assets acquired, primarily intangible assets of approximately $3.3 billion (net of intangible assets recorded by Knoll) and goodwill of approximately $1.8 billion.

Prepaid Income Taxes -

Adjustment for prepaid income taxes for acquired in-process research and development.

Short-term Debt -

Assumed increase in short-term debt to finance the acquisition of the pharmaceutical business of BASF.

Other Accrued Liabilities -

Primarily adjustment to record estimated acquisition related costs.

Shareholders' Investment -

Adjustment to eliminate all of the equity of the acquired operations and to reflect the adjustment of acquired in-process research and development, net of income taxes.