

ABBOTT LABORATORIES  
Form DEF 14A  
March 15, 2019

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.       )

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

**Abbott Laboratories**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**Abbott Laboratories**  
**100 Abbott Park Road**  
**Abbott Park, Illinois 60064-6400 U.S.A.**

**On the Cover: *Sadie Rutenberg***

*Seattle, Washington*

*As a participant in a clinical trial, Sadie was the first child in the United States to receive Abbott's Masters HP 15mm, the world's smallest rotatable mechanical heart valve. Approved by the U.S Food and Drug Administration in 2018, this dime-sized device can be a life-saving option for critically ill children. Today, Sadie is a happy, active toddler, who loves to tell new friends about the "sparkle" in her heart.*

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# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

## YOUR VOTE IS IMPORTANT

Please sign and promptly return your proxy in the enclosed envelope, or vote your shares by telephone or using the Internet.

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### **Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 26, 2019**

The Annual Meeting of the Shareholders of Abbott Laboratories will be held at Abbott's headquarters, 100 Abbott Park Road, at the intersection of Route 137 and Waukegan Road, Lake County, Illinois, on Friday, April 26, 2019, at 9:00 a.m. for the following purposes:

To elect 13 directors to hold office until the next Annual Meeting or until their successors are elected (Item 1 on the proxy card),

To ratify the appointment of Ernst & Young LLP as auditors of Abbott for 2019 (Item 2 on the proxy card),

To vote on an advisory vote on the approval of executive compensation (Item 3 on the proxy card), and

To transact such other business as may properly come before the meeting, including consideration of a shareholder proposal, if presented at the meeting (Item 4 on the proxy card).

**The Board of Directors recommends that you vote FOR Items 1, 2, and 3.**

**The Board of Directors recommends that you vote AGAINST Item 4.**

The close of business on February 27, 2019, has been fixed as the record date for determining the shareholders entitled to receive notice of and to vote at the Annual Meeting.

**Abbott's 2019 Proxy Statement and 2018 Annual Report to Shareholders are available at [www.abbott.com/proxy](http://www.abbott.com/proxy).**

If you are a registered shareholder, you may access your proxy card by either:

Going to the following website: [www.investorvote.com/abt](http://www.investorvote.com/abt), entering the information requested on your computer screen and then following the simple instructions, or

Calling (in the United States, U.S. territories, and Canada) toll-free 1-800-652-VOTE (8683) on a touch-tone telephone, and following the simple instructions provided by the recorded message.

**Admission to the meeting will be by admission card only. If you plan to attend, please complete and return the reservation form on the back cover, and an admission card will be sent to you. Due to space limitations, reservation forms must be received before April 19, 2019. Each admission card, along with photo identification, admits one person. A shareholder may request two admission cards, but a guest must be accompanied by a shareholder.**

By order of the Board of Directors.

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Hubert L. Allen  
*Secretary*

March 15, 2019

2 Abbott Laboratories

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## PROXY SUMMARY

*This summary contains highlights about Abbott and the upcoming 2019 Annual Meeting of Shareholders. This summary does not contain all of the information that you should consider in advance of the meeting, and we encourage you to read the entire proxy statement carefully before voting.*

The accompanying proxy is solicited on behalf of the Board of Directors for use at the Annual Meeting of Shareholders. The meeting will be held on April 26, 2019, at Abbott's headquarters, 100 Abbott Park Road, at the intersection of Route 137 and Waukegan Road, Lake County, Illinois. This proxy statement and the accompanying proxy card are being mailed to shareholders on or about March 15, 2019.

### 2018 PERFORMANCE

**Abbott achieved outstanding returns for shareholders in 2018 and for the second consecutive year ranked #1 in our peer group.** Abbott's one-year total shareholder return (TSR) was 29.0%, delivering significant shareholder returns despite negative returns of 3.5% and 4.4% for both the Dow Jones Industrial Average (DJIA) and Standard & Poor's 500 Index (S&P 500), respectively.

During a period of strategic shaping including the additions of St. Jude Medical and Alere Inc., which positioned Abbott as a leader in several new areas of cardiovascular care, neuromodulation and rapid diagnostic testing, **Abbott's three- and five-year TSR of 72.0% and 110.4%, respectively, are twice that of the peer group median and the broader S&P 500 market index.** These returns are driven by the strength of our position in many high-growth healthcare markets and our robust organic pipeline of innovative products across all of our businesses.

#### Primary performance metric for long-term incentive program

In addition to delivering significant shareholder returns, Abbott continued to make significant progress in positioning the Company for long-term and sustainable growth.

Repaid \$8.3 billion dollars in debt, well ahead of our commitments following the strategic acquisitions of St. Jude Medical and Alere Inc. in 2017.

Announced a 14.3% increase to our dividend payable in 2019 demonstrating Abbott's financial strength and commitment to delivering continued shareholder returns.

Invested in manufacturing capacity expansion to sustain growth of several important products including FreeStyle Libre®, our affordable and easily accessible revolutionary continuous glucose monitor, and Alinity®, our family of innovative diagnostic instruments.

Achieved several important product approvals in 2018 across our businesses that will be significant contributors to growth in the coming years.



## EXECUTIVE COMPENSATION

### SHAREHOLDER OUTREACH

During 2018, we conducted extensive shareholder outreach to discuss our compensation program. In the spring, we engaged shareholders representing approximately 60% of our outstanding shares in an open dialogue to discuss various topics, including our executive compensation program. Many of these discussions included our Lead Independent Director and the Chair of our Compensation Committee, giving shareholders the opportunity to provide important feedback directly to members of our Board. The feedback we received indicated that overall, shareholders viewed our executive compensation program favorably, and that additional enhancements to our proxy disclosure could further shareholder understanding of how pay decisions are made and how the metrics we use are linked to business strategy and goals.

In the fall, we continued our dialogue with shareholders. Our Lead Independent Director and the Chair of our Compensation Committee again facilitated many of these discussions, where we shared the enhancements we intended to make to our proxy disclosure following the shareholder input we received in the spring. Shareholder responses were overwhelmingly positive, and the enhanced disclosure can be found on pages 34 to 43 of this proxy statement.

### KEY FEATURES OF OUR EXECUTIVE COMPENSATION PROGRAM

The following practices and policies ensure alignment of interests between shareholders and executives, and effective ongoing compensation governance.

|                                   |     |                                                                                                                                                                                                                               |           |
|-----------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Compensation is Market-Based      | Yes | Benchmark peers with investment profiles, operating characteristics, and employment and business markets similar to Abbott. Annual incentive plan goals are set to exceed market growth in relevant markets/business segments | 30        |
| Compensation is Performance-Based | Yes | Short-term and long-term incentive awards are 100% performance based. Annual incentive plan goals are set to exceed market growth in relevant markets/business segments                                                       | 30        |
| Double-Trigger Change in Control  | Yes | Provide change in control benefits under double-trigger circumstances only                                                                                                                                                    | 61-63     |
| Recoupment Policy                 | Yes | Forfeiture for misconduct provision in equity grants and recoup compensation when warranted                                                                                                                                   | 46        |
| Robust Share Ownership Guidelines | Yes | Require significant share ownership for officers and directors, and share retention requirements until guidelines are met                                                                                                     | 25 and 45 |
| Capped Incentive Awards           | Yes | Incentive award payments are capped                                                                                                                                                                                           | 30 and 47 |
| Tax Gross Ups                     | No  | No tax gross ups under our executive officer pay program                                                                                                                                                                      | 44-45, 62 |
| Guaranteed Bonuses                | No  | No guaranteed bonuses                                                                                                                                                                                                         | 30        |
| Employment Contracts              | No  | No employment contracts                                                                                                                                                                                                       | 61        |
| CEO Change in Control Agreement   | No  | No change in control agreement for the Chief Executive Officer                                                                                                                                                                | 61        |

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|                           |    |                                                                          |       |
|---------------------------|----|--------------------------------------------------------------------------|-------|
| Excessive Risk Taking     | No | No highly leveraged incentive plans that encourage excessive risk taking | 47-48 |
| Hedging of Company Shares | No | No hedging of Abbott shares is allowed                                   | 45    |
| Discounted Stock Options  | No | No discounted stock options are allowed or granted                       | 47    |

Details of the compensation decisions made for our named executive officers are outlined on pages 34 to 43.

**DIRECTOR NOMINEES**

The Board of Directors recommends a vote **FOR** the election of each of the following nominees for director. All nominees are currently serving as directors. Additional information about each director's background and experience can be found beginning on page 12.

|                        |                                            |    |      |                          |
|------------------------|--------------------------------------------|----|------|--------------------------|
| Robert J. Alpern, M.D. | Professor and Dean,                        | 68 | 2008 |                          |
|                        | Yale School of Medicine                    |    |      | Nominations & Governance |
|                        |                                            |    |      | Public Policy            |
| Roxanne S. Austin      | President and CEO,                         | 58 | 2000 |                          |
|                        | Austin Investment Advisors                 |    |      | Audit                    |
|                        |                                            |    |      | Compensation (Chair)     |
| Sally E. Blount, Ph.D. | Professor and Former Dean,                 | 57 | 2011 |                          |
|                        | J.L. Kellogg Graduate School of Management |    |      | Nominations & Governance |
|                        |                                            |    |      | Public Policy            |
| Michelle A. Kumbier    | Chief Operating Officer,                   | 51 | 2018 |                          |
|                        | Harley-Davidson Motor Company              |    |      | Audit                    |
| Edward M. Liddy        | Retired Chairman and CEO,                  | 73 | 2010 |                          |
|                        | The Allstate Corporation                   |    |      | Audit (Chair)            |
|                        |                                            |    |      | Compensation             |
| Nancy McKinstry        | CEO and Chairman,                          | 60 | 2011 |                          |
|                        | Wolters Kluwer N.V.                        |    |      | Audit                    |
|                        |                                            |    |      | Nominations & Governance |

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|                             |                                                              |    |      |                                  |
|-----------------------------|--------------------------------------------------------------|----|------|----------------------------------|
| Phebe N. Novakovic          | Chairman and CEO,                                            | 61 | 2010 |                                  |
|                             | General Dynamics Corporation                                 |    |      | Compensation                     |
|                             |                                                              |    |      | Public Policy (Chair)            |
|                             |                                                              |    |      | Executive                        |
| William A. Osborn           | Retired Chairman and CEO,                                    | 71 | 2008 |                                  |
| (Lead Independent Director) | Northern Trust Corporation                                   |    |      | Compensation                     |
|                             |                                                              |    |      | Nominations & Governance (Chair) |
|                             |                                                              |    |      | Executive                        |
| Samuel C. Scott III         | Retired Chairman, President and CEO,                         | 74 | 2007 |                                  |
|                             | Corn Products International, Inc.                            |    |      | Audit                            |
|                             |                                                              |    |      | Compensation                     |
| Daniel J. Starks            | Retired Chairman, President and CEO,                         | 64 | 2017 |                                  |
|                             | St. Jude Medical, Inc.                                       |    |      | Public Policy                    |
| John G. Stratton            | Retired Executive Vice President and                         | 58 | 2017 |                                  |
|                             | President of Global Operations, Verizon Communications, Inc. |    |      | Nominations & Governance         |
|                             |                                                              |    |      | Public Policy                    |
| Glenn F. Tilton             | Retired Chairman, President and CEO,                         | 70 | 2007 |                                  |
|                             | UAL Corporation                                              |    |      | Audit                            |
|                             |                                                              |    |      | Public Policy                    |
| Miles D. White              | Chairman and CEO,                                            | 64 | 1998 |                                  |
|                             | Abbott Laboratories                                          |    |      | Executive (Chair)                |



## CORPORATE GOVERNANCE

Abbott is committed to strong corporate governance that is aligned with shareholder interests. The Board spends significant time with the Company's senior management to understand the dynamics, issues, and opportunities in its environment and to provide both insights and ask probing questions that guide decision-making. This collaborative approach to risk oversight and emphasis on long term sustainability begins with our leaders and is engrained in the culture of our Company. The Board also regularly monitors leading practices in governance and adopts measures that it determines are in the best interest of Abbott and its shareholders.

### Governance Highlights:

**Three new independent directors** appointed since 2017

Lead Independent Director with clearly defined responsibilities

Four of the five Board Committees are fully independent: Audit, Compensation, Public Policy and Nominations & Governance

All directors elected annually by majority vote

Board conducts annual succession planning review for management

**Lead Independent Director with distinct responsibilities**

Consults and engages directly with major shareholders

Elected annually by independent directors

Liaises between chairman and independent directors

Authority to call meetings of independent directors

Reviews matters such as meeting topics and schedules

Presides over executive sessions of independent directors at each regularly scheduled Board meeting

## SUSTAINABILITY

At Abbott, we believe that being a responsible and sustainable business is an essential foundation for helping people live fuller, healthier lives. Abbott works hard to maximize the impact of the business in creating stronger communities around the world focusing on doing the right things, for the long term.

### Ethical Business Practices

Chief Ethics and Compliance Officer reports regularly to the CEO and Board

### Environmental

Active management of our environmental impact across several areas

### Access

Accessibility incorporated into product design and commercialization strategy

### Cybersecurity

Incorporated into product design and foundational data infrastructure; dedicated senior management role with regular updates to the Board

### Supply Chain

Supplier selection, risk evaluation processes; diverse global footprint with redundancies

### R&D / Pipeline

Robust market-insights driven development and prioritization processes with economic valuation metrics

### Talent Management

Award winning development programs, integrated talent management and succession planning processes

### Product Quality

Head of Quality Assurance reports regularly to the CEO and Board

## SELECT RECOGNITION BY THIRD-PARTY ORGANIZATIONS

*Fortune's* Most Admired Companies list in the Medical Products and Equipment sector for the past 6 years.

Dow Jones Sustainability Index Industry Group Leader for 6 consecutive years.

Recognized by Working Mother, DiversityInc, Science and many other publications for workplace leadership and diversity.

Ranked as one of the global 100 Best Corporate Citizens by Corporate Responsibility Magazine for 10 consecutive years.

To learn more about Abbott's sustainability efforts, please visit [www.abbott.com/citizenship](http://www.abbott.com/citizenship).

## VOTING MATTERS AND BOARD RECOMMENDATIONS

**Election of 13 Directors:** The Board recommends a vote **FOR**

Highly qualified Board, with diversity in backgrounds, skills and experiences.

Relevant expertise to provide oversight and guidance for Abbott's diversified operating model. See pages 12 to 18 for more information.

**Ratification of Ernst & Young as Auditors:** The Board recommends a vote **FOR**

Independent firm with significant industry and financial reporting expertise.

See pages 64 to 65 for more information.

**Say on Pay: Advisory Vote on the Approval of Executive Compensation:** The Board recommends a vote **FOR**

Market based structure producing differentiated awards based on both company and individual performance, managed with independent oversight by the Compensation Committee.

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Aligned to drive Abbott's strategic priorities, reflects #1 Relative Total Shareholder Return for 1- and 3-year timeframes. See page 66 for more information.

The Board recommends a vote ***AGAINST***:

Proposal 4: Independent Board Chairman

See pages 67 to 70 for more information.

## INFORMATION ABOUT THE ANNUAL MEETING

### WHO CAN VOTE

Shareholders of record at the close of business on February 27, 2019 will be entitled to notice of and to vote at the Annual Meeting. As of January 31, 2019, Abbott had 1,756,470,269 outstanding common shares, which are Abbott's only outstanding voting securities. All shareholders have cumulative voting rights in the election of directors and one vote per share on all other matters.

### NOTICE AND ACCESS

In accordance with the Securities and Exchange Commission's "Notice and Access" rules, Abbott mailed a Notice of Internet Availability of Proxy Materials (the "Notice") to certain shareholders in mid-March of 2019. The Notice describes the matters to be considered at the Annual Meeting and how the shareholders can access the proxy materials online. It also provides instructions on how those shareholders can vote their shares. If you received the Notice, you will not receive a print version of the proxy materials, unless you request one. If you would like to receive a print version of the proxy materials, free of charge, please follow the instructions on the Notice.

### CUMULATIVE VOTING

Cumulative voting allows a shareholder to multiply the number of shares owned by the number of directors to be elected and to cast the total for one nominee or distribute the votes among the nominees, as the shareholder desires. Shareholders may not cumulate their votes against a nominee. If shares are voted cumulatively and there are more nominees than there are director vacancies, nominees who receive the greatest number of votes will be elected. If you wish to cumulate your votes, you must sign and mail in your proxy card or attend the Annual Meeting.

### VOTING BY PROXY

All of Abbott's shareholders may vote by mail or at the Annual Meeting. Abbott's By-Laws provide that a shareholder may authorize no more than two persons as proxies to attend and vote at the meeting. Most of Abbott's shareholders may also vote their shares by telephone or the Internet. If you vote by telephone or the Internet, you do not need to return your proxy card. The instructions for voting can be found with your proxy card or on the Notice.

### REVOKING A PROXY

You may revoke your proxy by voting in person at the Annual Meeting or, at any time prior to the meeting:

by delivering a written notice to the Secretary of Abbott,

by delivering an authorized proxy with a later date, or

by voting by telephone or the Internet after you have given your proxy.

### DISCRETIONARY VOTING AUTHORITY

Unless authority is withheld in accordance with the instructions on the proxy, the persons named in the proxy will vote the shares covered by proxies they receive to elect the 13 nominees named in Item 1 on the proxy card. Should a nominee become unavailable to serve, the shares will be voted for a substitute designated by the Board of Directors, or for fewer than 13 nominees if, in the judgment of the proxy holders, such action is necessary or desirable. The persons named in the proxy may also decide to vote shares cumulatively in their sole discretion so that one or more of the nominees may receive fewer votes than the other nominees (or no votes at all), although they have no present intention of doing so. The proxy holders may not cast your vote for any nominee from whom you have withheld authority to vote.

Where a shareholder has specified a choice for or against the ratification of the appointment of Ernst & Young LLP as auditors, the advisory vote on the approval of executive compensation, or the approval of a shareholder proposal, or where the shareholder has abstained on these matters, the shares represented by the proxy will be



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voted (or not voted) as specified. Where no choice has been specified, the proxy will be voted FOR the ratification of Ernst & Young LLP as auditors, FOR the approval of executive compensation, and AGAINST the shareholder proposal.

With the exception of matters omitted from this proxy statement pursuant to the rules of the Securities and Exchange Commission, the Board of Directors is not aware of any other issue which may properly be brought before the meeting. If other matters are properly brought before the meeting, the accompanying proxy will be voted in accordance with the judgment of the proxy holders.

### QUORUM AND VOTE REQUIRED TO APPROVE EACH ITEM ON THE PROXY

A majority of the outstanding shares entitled to vote on a matter, represented in person or by proxy, constitutes a quorum for consideration of that matter at the meeting. The affirmative vote of a majority of the shares represented at the meeting and entitled to vote on a matter shall be the act of the shareholders with respect to that matter.

### EFFECT OF WITHHOLD VOTES, BROKER NON-VOTES, AND ABSTENTIONS

Shares represented by proxies which are present and entitled to vote on a matter but which have elected to withhold authority to vote for one or more directors or to abstain from voting on another matter will have the effect of votes against those directors or that matter. A proxy submitted by an institution, such as a broker or bank that holds shares for the account of a beneficial owner, may indicate that all or a portion of the shares represented by that proxy are not being voted with respect to a particular matter. This could occur, for example, when the broker or bank is not permitted to vote those shares in the absence of instructions from the beneficial owner of the shares. These "non-voted shares" will be considered shares not present and, therefore, not entitled to vote on those matters, although these shares may be considered present and entitled to vote for other purposes. Brokers and banks have discretionary authority to vote shares in absence of instructions on matters the New York Stock Exchange considers "routine", such as the ratification of the appointment of the auditors. They do not have discretionary authority to vote shares in absence of instructions on "non-routine" matters. The election of directors, the advisory vote on the approval of executive compensation, and shareholder proposals are "non-routine" matters. Non-voted shares will not affect the determination of the outcome of the vote on any matter to be decided at the meeting.

### INSPECTORS OF ELECTION

The inspectors of election and the tabulators of all proxies, ballots, and voting tabulations that identify shareholders are independent and are not Abbott employees.

### COST OF SOLICITING PROXIES

Abbott will bear the cost of making solicitations from its shareholders and will reimburse banks and brokerage firms for out-of-pocket expenses incurred in connection with this solicitation. Proxies may be solicited by mail, telephone, Internet, or in person by directors, officers, or employees of Abbott and its subsidiaries.

Abbott has retained Georgeson LLC to aid in the solicitation of proxies at an estimated cost of \$19,500 plus reimbursement for reasonable out-of-pocket expenses.

### ABBOTT LABORATORIES STOCK RETIREMENT PLAN

Participants in the Abbott Laboratories Stock Retirement Plan will receive voting instructions for their shares held in the Abbott Laboratories Stock Retirement Trust. The Stock Retirement Trust is administered by both a trustee and an Investment Committee. The trustee of the Trust is The Northern Trust Company. The members of the Investment Committee are Stephen R. Fussell, Karen M. Peterson, and Brian P. Wentworth, employees of Abbott. The voting power with respect to the shares is held by and shared between the Investment Committee and the participants. The Investment Committee must solicit voting instructions from the participants and follow the voting instructions it receives. The Investment Committee may use its own discretion with respect to those shares for which no voting instructions are received.

## CONFIDENTIAL VOTING

It is Abbott's policy that all proxies, ballots, and voting tabulations that reveal how a particular shareholder has voted be kept confidential and not be disclosed, except:

where disclosure may be required by law or regulation,

where disclosure may be necessary in order for Abbott to assert or defend claims,

where a shareholder provides comments with a proxy,

where a shareholder expressly requests disclosure,

to allow the inspectors of election to certify the results of a vote, or

in other limited circumstances, such as a contested election or proxy solicitation not approved and recommended by the Board of Directors.

## HOUSEHOLDING OF PROXY MATERIALS

Shareholders sharing an address may receive only one copy of the proxy materials or the Notice of Internet Availability of Proxy Materials, unless their broker, bank, or other intermediary has received contrary instructions from any shareholder at that address. This is known as "householding." Shareholders wishing to discontinue householding and receive separate copies of the proxy materials or the Notice of Internet Availability of Proxy Materials should notify their broker, bank, or other intermediary.

## NOMINEES FOR ELECTION AS DIRECTORS

### **ROBERT J. ALPERN, M.D.**

Director since 2008 Age 68  
Ensign Professor of Medicine, Professor of Internal  
Medicine, and  
Dean of Yale School of Medicine, New Haven,  
Connecticut

Dr. Alpern has served as the Ensign Professor of Medicine, Professor of Internal Medicine, and Dean of Yale School of Medicine since June 2004. From July 1998 to June 2004, Dr. Alpern was the Dean of The University of Texas Southwestern Medical Center. Dr. Alpern also serves as a Director of AbbVie Inc. and Tricida, Inc. and as a Director on the Board of Yale New Haven Hospital.

As the Ensign Professor of Medicine, Professor of Internal Medicine, and Dean of Yale School of Medicine, Dean of The University of Texas Southwestern Medical Center, and as a Director on the Board of Yale New Haven Hospital, Dr. Alpern contributes valuable insights to the Board through his medical and scientific expertise and his knowledge of the health care environment and the scientific nature of Abbott's key research and development initiatives.

### **ROXANNE S. AUSTIN**

Director since 2000 Age 58  
President and Chief Executive Officer, Austin  
Investment Advisors,  
Newport Coast, California (Private Investment and  
Consulting Firm)

Ms. Austin is President and Chief Executive Officer of Austin Investment Advisors, a private investment and consulting firm, and chairs the U.S. Mid-Market Investment Advisory Committee of EQT Partners. Previously, Ms. Austin also served as the President and Chief Executive Officer of Move Networks, Inc., a provider of Internet television services. Ms. Austin served as President and Chief Operating Officer of DIRECTV, Inc. Ms. Austin also served as Executive Vice President and Chief Financial Officer of Hughes Electronics Corporation and as a partner of Deloitte & Touche LLP. Ms. Austin served on the Board of Directors of Telefonaktiebolaget LM Ericsson from 2008 to 2016. Ms. Austin currently serves on the Board of Directors of AbbVie Inc., Target Corporation, and Teledyne Technologies, Inc.

Through her extensive management and operating roles, including her financial roles, Ms. Austin contributes significant oversight and leadership experience, including financial expertise and knowledge of financial statements, corporate finance and accounting matters.

**SALLY E. BLOUNT, PH.D.**

Director since 2011 Age 57  
Michael L. Nemmers Professor of Strategy and Former  
Dean of the J.L. Kellogg Graduate School of  
Management at Northwestern University, Evanston,  
Illinois

Ms. Blount is the Michael L. Nemmers Professor of Strategy and was the Dean of the J.L. Kellogg Graduate School of Management at Northwestern University from July 2010 to August 2018. From 2004 to 2010, she served as the Vice Dean and Dean of the Undergraduate College of New York University's Leonard N. Stern School of Business. Ms. Blount joined the faculty of New York University's Leonard N. Stern School of Business in 2001 and was the Abraham L. Gitlow Professor of Management and Organizations. Prior to joining NYU in 2001, Ms. Blount held academic posts at the University of Chicago's Graduate School of Business from 1992 to 2001. Ms. Blount currently serves on the Board of Directors of Ulta Beauty, Inc. and the Joyce Foundation.

As Dean of the J.L. Kellogg Graduate School of Management at Northwestern University and as the Vice Dean and Dean of the Undergraduate College of New York University's Leonard N. Stern School of Business, Ms. Blount provides Abbott's Board with expertise on business organization, governance and business management matters.

**MICHELLE A. KUMBIER**

Director since 2018 Age 51  
Senior Vice President and Chief Operating Officer of  
Harley-Davidson Motor  
Company, Milwaukee, Wisconsin (Motorcycle and  
Related Products Manufacturer)

Ms. Kumbier has served as Senior Vice President and Chief Operating Officer of Harley-Davidson Motor Company since October 2017. Previously, she served as Senior Vice President, Motor Company Product and Operations from May 2015 to October 2017, as Senior Vice President of Motorcycle Operations from September 2012 to April 2015, and as Senior Vice President, Product Development from November 2010 to August 2012.

As the Senior Vice President and Chief Operating Officer of Harley-Davidson Motor Company, Ms. Kumbier contributes extensive experience in the management of a multinational public company, including significant manufacturing, product development, business development, and strategic planning experience.

**EDWARD M. LIDDY**

Director since 2010 Age 73  
Retired Chairman & CEO, The Allstate Corporation,  
Northbrook, Illinois (Insurance Company)

Mr. Liddy served as a partner in the private equity investment firm Clayton, Dubilier & Rice, LLC from January 2010 to December 2015. At the request of the Secretary of the U.S. Department of Treasury, Mr. Liddy served as Interim Chairman and Chief Executive Officer of American International Group, Inc., a global insurance and financial services holding company, from September 2008 until August 2009. From January 1999 to April 2008, Mr. Liddy served as Chairman of the Board of the Allstate Corporation. He served as Chief Executive Officer of Allstate from January 1999 to December 2006, President from January 1995 to May 2005, and Chief Operating Officer from August 1994 to January 1999. Mr. Liddy currently serves on the Board of Directors of AbbVie Inc., 3M Company, and The Boeing Company.

Through his executive leadership at Allstate and American International Group, and his board service at several Fortune 100 companies across a broad range of industries, Mr. Liddy provides valuable insights on corporate strategy, risk management, corporate governance and many other issues facing large, global enterprises. Additionally, as a former chief financial officer, audit committee chair at Goldman Sachs and 3M Company, and partner at Clayton, Dubilier & Rice, LLC, Mr. Liddy provides significant knowledge and understanding of corporate finance, capital markets, financial reports and accounting matters.

**NANCY MCKINSTRY**

Director since 2011 Age 60  
Chief Executive Officer and Chairman of the Executive  
Board of  
Wolters Kluwer N.V., Alphen aan den Rijn, the  
Netherlands  
(Global Information, Software, and Services Provider)

Ms. McKinstry has been the Chief Executive Officer and Chairman of the Executive Board of Wolters Kluwer N.V. since September 2003 and a member of its Executive Board since June 2001. Ms. McKinstry also serves on the Board of Accenture, the Board of Overseers of Columbia Business School, and the Board of Directors of Russell Reynolds Associates. Ms. McKinstry is also a member of the European Round Table of Industrialists. Ms. McKinstry served on the Board of Directors of Telefonaktiebolaget LM Ericsson (LM Ericsson Telephone Company) from 2004 to 2012.

As the Chief Executive Officer and Chairman of the Executive Board of Wolters Kluwer N.V., Ms. McKinstry contributes global perspectives and management experience, including an understanding of key issues facing a multinational business such as Abbott's.

**PHEBE N. NOVAKOVIC**

Director since 2010 Age 61  
Chairman and Chief Executive Officer, General  
Dynamics Corporation,  
Falls Church, Virginia (Worldwide Defense, Aerospace,  
and Other  
Technology Products Manufacturer)

Ms. Novakovic has been Chairman and Chief Executive Officer of General Dynamics Corporation since January 1, 2013. Previously, she served as President and Chief Operating Officer from May 2012 to December 2012 and as Executive Vice President, Marine Systems of General Dynamics from May 2010 to May 2012. From May 2005 to April 2010, Ms. Novakovic served as its Senior Vice President Planning and Development. She was elected Vice President of General Dynamics in October 2002 after joining the company in May 2001. Previously, Ms. Novakovic was Special Assistant to the Secretary and Deputy Secretary of Defense, and had been a Deputy Associate Director of the Office of Management and Budget.

As a member of the Board of Directors and Chief Executive Officer of General Dynamics Corporation, Ms. Novakovic has strong management experience with a major public company, including significant marketing, operational and manufacturing experience, and contributes valuable insights into finance and capital markets. Her tenure with the Office of Management and Budget and as Special Assistant to the Secretary and Deputy Secretary of Defense enables her to provide government perspective and experience in a highly regulated industry.

**WILLIAM A. OSBORN**

**Lead Independent Director**

Director since 2008 Age 71  
Retired Chairman and Chief Executive Officer of  
Northern Trust Corporation (Multibank Holding  
Company) and The Northern Trust Company, Chicago,  
Illinois (Banking Services Company)

Mr. Osborn was Chairman of Northern Trust Corporation from 1995 through 2009 and served as its Chief Executive Officer from 1995 through 2007. Mr. Osborn currently serves as a Director of Caterpillar Inc. and General Dynamics Corporation. Mr. Osborn served on the Board of Directors of Nicor, Inc. from 1999 to 2006 and on the Board of Directors of Tribune Company from 2001 to 2012.

As the Chairman and Chief Executive Officer of Northern Trust Corporation and The Northern Trust Company, Mr. Osborn acquired broad experience in successfully overseeing complex global businesses operating in highly regulated industries.

**SAMUEL C. SCOTT III**

Director since 2007 Age 74

Retired Chairman, President and Chief Executive Officer  
of Corn Products International, Inc., Westchester, Illinois  
(Corn Refining Company)

Mr. Scott retired as Chairman, President and Chief Executive Officer of Corn Products International in 2009. He served as Chairman, President, and Chief Executive Officer from February 2001 until he retired in May of 2009. He was President and Chief Operating Officer from January 1998 until February 2001. He was President of the Corn Refining Division of CPC International from 1995 through 1997, when CPC International spun off Corn Products International as a separate corporation. Mr. Scott currently serves on the Board of Directors of Bank of New York Mellon Corporation and Motorola Solutions, Inc.

As the Chairman, President and Chief Executive Officer of Corn Products International, Mr. Scott acquired valuable business, leadership and management experience, including critical insights into matters relevant to a major public company and experience in finance and capital markets matters.

**DANIEL J. STARKS**

Director since 2017 Age 64

Retired Chairman, President and Chief Executive Officer  
of St. Jude Medical, Inc., St. Paul, Minnesota (Medical  
Device Manufacturer)

Mr. Starks served as the Chairman, President and Chief Executive Officer of St. Jude Medical, Inc., from 2004 until his retirement in January 2016, after which he served as its Executive Chairman of the Board until January 2017, when Abbott completed the acquisition of St. Jude Medical, Inc. Mr. Starks also served as President and Chief Operating Officer of St. Jude Medical, Inc. from 2001 to 2004 and as its President and CEO, Cardiac Rhythm Management Business from 1997 to 2001.

Having served as St. Jude Medical's Executive Chairman and its Chairman, President and Chief Executive Officer, and having joined St. Jude Medical in 1996, Mr. Starks contributes not only comprehensive and critical knowledge of St. Jude Medical's operations, but also extensive business and management experience operating a global public company in a highly regulated industry.

**JOHN G. STRATTON**

Director since 2017 Age 58  
Retired Executive Vice President and President of Global  
Operations,  
Verizon Communications Inc., New York, New York  
(Telecommunications and Media Company)

Mr. Stratton served as Executive Vice President and President of Global Operations of Verizon Communications Inc. from February 2015 to December 2018. Previously, he served as Executive Vice President and President of Global Enterprise and Consumer Wireline from April 2014 to February 2015, as President of Verizon Enterprise Solutions from January 2012 to April 2014, and as Chief Operating Officer and Executive Vice President of Verizon Wireless from October 2010 to January 2012. Since October 2012, Mr. Stratton has served as a member of The President's National Security Telecommunications Advisory Committee. Mr. Stratton also served as Director of the Cellular Telecommunications Industry Association from February 2015 to July 2018.

Through his executive leadership at Verizon Communications, Mr. Stratton contributes extensive business and management experience operating a global public company such as Abbott, including valuable insights on corporate strategy and risk management. His service on the National Security Telecommunications Advisory Committee enables him to provide government perspective and experience in a highly regulated industry.

**GLENN F. TILTON**

Director since 2007 Age 70  
Retired Chairman, President and Chief Executive  
Officer of UAL Corporation, Chicago, Illinois (Airline  
Holding Company)

Mr. Tilton served as Chairman, President and Chief Executive Officer of UAL Corporation, and Chairman and Chief Executive Officer of United Air Lines, Inc., an air transportation company and wholly owned subsidiary of UAL Corporation, from September 2002 to October 2010. Mr. Tilton also served on the Board of United Continental Holdings, Inc. from 2001 to 2013 and served as its Non-Executive Chairman of the Board from October 2010 to December 2012. Mr. Tilton is also a Director of AbbVie Inc. and Phillips 66. Mr. Tilton also served on the Board of Directors of Lincoln National Corporation from 2002 to 2007, of TXU Corporation from 2005 to 2007, of Corning Incorporated from 2010 to 2012, and as Chairman of the Midwest for JPMorgan Chase & Co. and a member of its companywide Executive Committee from June 2011 to June 2014.

Having previously served as Chief Executive Officer of UAL Corporation and United Air Lines, Non Executive Chairman of the Board of United Continental Holdings, Inc., Chairman of the Midwest for JPMorgan Chase & Co., Chairman, President, and Vice Chairman of Chevron Texaco, and as Interim Chairman of Dynegy, Inc., Mr. Tilton acquired strong management experience overseeing complex multinational businesses operating in highly regulated industries, as well as expertise in finance and capital markets matters.

**MILES D. WHITE**

Director since 1998 Age 64

Chairman of the Board and Chief Executive Officer,  
Abbott Laboratories

Mr. White has served as Abbott's Chairman of the Board and Chief Executive Officer since 1999. He served as an Executive Vice President of Abbott from 1998 to 1999. He joined Abbott in 1984. He currently serves as a Director of Caterpillar Inc. and McDonald's Corporation.

Serving as Abbott's Chairman of the Board and Chief Executive Officer since 1999 and having joined Abbott in 1984, Mr. White contributes not only his valuable business, management and leadership experience, but also his extensive knowledge of the Company and its global operations, as well as key insights into strategic, management and operation matters, ensuring the appropriate level of oversight and responsibility is applied to all Board decisions.

## THE BOARD OF DIRECTORS AND ITS COMMITTEES

### THE BOARD OF DIRECTORS

The Board of Directors held 6 meetings in 2018. The average attendance of all directors at Board and committee meetings in 2018 was 98 percent and each director attended at least 75% of the total number of Board meetings and meetings of the committees on which he or she served. Abbott encourages its Board members to attend the annual shareholders meeting. Last year, all of Abbott's directors attended the annual shareholders meeting.

The Board has determined that each of the following directors is independent in accordance with the New York Stock Exchange listing standards: R. J. Alpern, R. S. Austin, S. E. Blount, M. A. Kumbier, E. M. Liddy, N. McKinstry, P. N. Novakovic, W. A. Osborn, S. C. Scott III, D. J. Starks, J. G. Stratton, and G. F. Tilton. To determine independence, the Board applied the categorical standards attached as Exhibit A to this proxy statement. The Board also considered whether a director has any other material relationships with Abbott or its subsidiaries and concluded that none of these directors had a relationship that impaired the director's independence. This included consideration of the fact that some of the directors are officers or serve on boards of companies or entities to which Abbott sold products or made contributions or from which Abbott purchased products and services during the year. In making its determination, the Board relied on both information provided by the directors and information developed internally by Abbott.

The Board has risk oversight responsibility for Abbott and administers this responsibility both directly and with assistance from its committees.

### LEADERSHIP STRUCTURE

The Board has determined that the current leadership structure, in which the offices of Chairman and Chief Executive Officer are held by one individual and an independent director acts as lead independent director, ensures the appropriate level of oversight, independence, and responsibility is applied to all Board decisions, including risk oversight, and is in the best interests of Abbott and its shareholders.

#### Chairman/Chief Executive Officer

Cohesive leadership and direction for the Board and executive management

Clear accountability and a single focus for the chain of command to execute our strategic initiatives and business plans

CEO's extensive industry expertise, leadership experience, and familiarity with our business

With our CEO leading management and chairing the Board, we benefit from his strategic and operational insights, enabling a focused vision encompassing the full range, from long-term strategic direction to day-to-day execution

#### Lead Independent Director

Currently, Mr. Osborn, the Chairman of the Nominations and Governance Committee, acts as the lead independent director

Chosen by and from the independent members of the Board of Directors, and serves as the liaison between the Chairman of the Board and the independent directors

Facilitates communication with the Board and presides over regularly conducted executive sessions of the independent directors or sessions where the Chairman of the Board is not present

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Reviews and approves matters, such as agenda items, schedule sufficiency, and, where appropriate, information provided to other Board members

Has the authority to call meetings of the independent directors and, if requested by major shareholders, ensures that he or she is available for consultation and direct communication

The lead independent director, and each of the other directors, communicates regularly with the Chairman and Chief Executive Officer regarding appropriate agenda topics and other Board related matters

## DIRECTOR SELECTION

The Nominations and Governance Committee assists the Board of Directors in identifying individuals qualified to become Board members and recommends to the Board the nominees for election as directors at the next annual meeting of shareholders. The process used by the Nominations and Governance Committee to identify a nominee to serve as a member of the Board of Directors depends on the qualities being sought. From time to time, Abbott engages an executive search firm to assist the Committee in identifying individuals qualified to be Board members.

Abbott's outline of directorship qualifications, which is part of Abbott's corporate governance guidelines, is available in the corporate governance section of Abbott's investor relations website ([www.abbottinvestor.com](http://www.abbottinvestor.com)). These qualifications describe specific characteristics that the Nominations and Governance Committee and the Board take into consideration when selecting nominees for the Board, such as: strong management experience and senior level experience in medicine, hospital administration, medical and scientific research and development, finance, international business, government, and academic administration. An individual nominee is not required to satisfy all the characteristics listed in the outline of directorship qualifications and there is no requirement that all such characteristics be represented on the Board.

In addition, Board members should have backgrounds that, when combined, provide a portfolio of experience and knowledge that will serve Abbott's governance and strategic needs. Board candidates will be considered on the basis of a range of criteria, including broad-based business knowledge and relationships, prominence, and excellent reputations in their primary fields of endeavor, as well as a global business perspective and commitment to good corporate citizenship. Directors should have demonstrated experience and ability that is relevant to the Board of Directors' oversight role with respect to Abbott's business and affairs. Each director's biography includes the particular experience and qualifications that led the Board to conclude that the director should serve on the Board. The directors' biographies are on pages 12 through 18.

A description of the procedure for the recommendation and nomination of directors, including by proxy access, is on page 73.

## BOARD DIVERSITY AND COMPOSITION

In the process of identifying nominees to serve as a member of the Board of Directors, the Nominations and Governance Committee considers the Board's diversity of relevant experience, areas of expertise, ethnicity, gender, and geography and assesses the effectiveness of the process in achieving that diversity. Six of the 13 directors nominated for election are women or minorities.

The process used to identify and select nominees has resulted in an experienced, diverse, and well-rounded Board of Directors that possesses the skills and perspectives necessary for its oversight role. All of Abbott's directors exhibit:

Global business perspective

Successful track record

Innovative thinking

Knowledge of corporate governance requirements and practices

High integrity

Commitment to good corporate citizenship

### Board Composition Metrics



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The following table details some of the attributes, skills, and experience represented on Abbott's Board of Directors:

| <b>Abbott Business Characteristic</b>                                   | <b>Board Attributes, Skills, and Experience</b>                              |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------|
| <b>A Broad and Diverse Company with Different Healthcare Businesses</b> | Senior Leadership Experience with Diverse Business Models                    |
|                                                                         | Extensive Knowledge of Healthcare and Medical Devices Industries             |
| <b>A Multinational Company</b>                                          | Director or Senior Leadership Experience with Multinational Corporations     |
|                                                                         | Global Perspective                                                           |
|                                                                         | Senior Leadership Experience with Global Supply Chain Operations             |
| <b>A Consumer-facing Company</b>                                        | Academic and Senior Leadership Experience with Consumer Products             |
| <b>Financial Expertise and Risk Management</b>                          | Extensive Financial Expertise, Including Public Company Financial Experience |
|                                                                         | Data and Cybersecurity Oversight/Management Expertise                        |
| <b>Regulated Industry</b>                                               | Senior Leadership Experience in Regulated Industries                         |
|                                                                         | Senior Level Government Experience                                           |
| <b>Corporate Governance</b>                                             | Director or Senior Leadership Experience with Multinational Corporations     |

#### BOARD EVALUATION PROCESS

Each year, Abbott's directors evaluate the effectiveness of the Board and its Committees in performing its governance and risk oversight responsibilities. Directors assess the performance of the Board of Directors, each of the Committees on which they serve, and their peers, as follows:

**COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors has five committees established in Abbott's By-Laws: Audit Committee, Compensation Committee, Nominations and Governance Committee, Public Policy Committee, and Executive Committee. Each of the members of the Audit Committee, Compensation Committee, Nominations and Governance Committee, and Public Policy Committee is independent.

| <b>Current Members</b>             | <b>Audit*</b> | <b>Compensation</b> | <b>Nominations<br/>and Governance</b> | <b>Public<br/>Policy</b> | <b>Executive</b> |
|------------------------------------|---------------|---------------------|---------------------------------------|--------------------------|------------------|
| R. J. Alpern                       |               |                     |                                       |                          |                  |
| R. S. Austin                       |               |                     |                                       |                          |                  |
| S. E. Blount                       |               |                     |                                       |                          |                  |
| M. A. Kumbier                      |               |                     |                                       |                          |                  |
| E. M. Liddy                        |               |                     |                                       |                          |                  |
| N. McKinstry                       |               |                     |                                       |                          |                  |
| P. N. Novakovic                    |               |                     |                                       |                          |                  |
| W. A. Osborn                       |               |                     |                                       |                          |                  |
| S. C. Scott III                    |               |                     |                                       |                          |                  |
| D. J. Starks                       |               |                     |                                       |                          |                  |
| J. G. Stratton                     |               |                     |                                       |                          |                  |
| G. F. Tilton                       |               |                     |                                       |                          |                  |
| M. D. White                        |               |                     |                                       |                          |                  |
| <b>Total Meetings Held in 2018</b> | <b>7</b>      | <b>4</b>            | <b>5</b>                              | <b>4</b>                 | <b>0</b>         |

\*

Each of the committee members is financially literate, as is required of audit committee members by the New York Stock Exchange. The Board of Directors has determined that Edward M. Liddy, the Audit Committee's Chair, is an "audit committee financial expert."

**Audit Committee**

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibility with respect to Abbott's accounting and financial reporting practices and the audit process; the quality and integrity of Abbott's financial statements; the independent auditors' qualifications, independence, and performance; the performance of Abbott's internal audit function and internal auditors; certain areas of legal and regulatory compliance; and enterprise risk management, including major financial and cybersecurity risk exposures. The Committee is governed by a written charter. A copy of the report of the Audit Committee is on page 65.

**Compensation Committee**

The Compensation Committee assists the Board of Directors in carrying out the Board's responsibilities relating to the compensation of Abbott's executive officers and directors. The Committee is governed by a written charter. The Compensation Committee annually reviews the compensation paid to the members of the Board and gives its recommendations to the full Board regarding both the amount of director compensation that should be paid and the allocation of that compensation between equity-based awards and cash. In recommending director

compensation, the Compensation Committee takes comparable director fees into account and reviews any arrangement that could be viewed as indirect director compensation.

This Committee also reviews, approves, and administers the incentive compensation plans in which any executive officer of Abbott participates and all of Abbott's equity-based plans. It may delegate the responsibility to administer and make grants under these plans to management, except to the extent that such delegation would be inconsistent with applicable law or regulation or with the listing rules of the New York Stock Exchange. The processes and procedures used for the consideration and determination of executive compensation are described in the section of the proxy captioned, "Compensation Discussion and Analysis."

The Compensation Committee has the sole authority, under its charter, to select, retain, and/or terminate independent compensation advisors. The Committee engaged Meridian Compensation Partners, LLC as its compensation consultant for 2018. Meridian performs no other work for Abbott. The Committee engages compensation consultants to provide counsel and advice on executive and non-employee director compensation matters. The consultant and its principal report directly to the Chair of the Committee. The principal meets regularly and as needed with the Committee in executive sessions, has direct access to the Chair during and between meetings, and performs no other services for Abbott or its senior executives. The Committee determines what variables it will instruct the consultant to consider, and they include: peer groups against which performance and pay should be examined, financial metrics to be used to assess Abbott's relative performance, competitive long-term incentive practices in the marketplace, and compensation levels relative to market practice. The Committee negotiates and approves any fees paid to the consultant for these services. Based on its evaluation of Meridian's independence in accordance with the New York Stock Exchange listing standards and information provided by Meridian, the Committee determined that the work performed by Meridian does not present any conflicts of interest. A copy of the Compensation Committee report is on page 46.

#### **Nominations and Governance Committee**

The Nominations and Governance Committee assists the Board of Directors in identifying individuals qualified to become Board members and recommends to the Board the nominees for election as directors at the next annual meeting of shareholders; recommends to the Board the people to be elected as executive officers of Abbott; develops and recommends to the Board the corporate governance guidelines applicable to Abbott; and serves in an advisory capacity to the Board and the Chairman of the Board on matters of organization, management succession plans, major changes in the organizational structure of Abbott, and the conduct of Board activities. The Committee is governed by a written charter. The process used by this Committee to identify a nominee to serve as a member of the Board of Directors depends on the qualities being sought. From time to time, Abbott engages an executive search firm to assist the Committee in identifying individuals qualified to be Board members. The process used by the Committee to identify nominees is described on page 20 in the section captioned, "Director Selection."

#### **Public Policy Committee**

The Public Policy Committee assists the Board of Directors in fulfilling its oversight responsibility with respect to Abbott's public policy, certain areas of legal and regulatory compliance, and governmental affairs and healthcare compliance issues that affect Abbott. The Committee is governed by a written charter.

#### **Executive Committee**

The Executive Committee may exercise all the authority of the Board in the management of Abbott, except for matters expressly reserved by law for Board action.

**COMMUNICATING WITH THE BOARD OF DIRECTORS**

Interested parties may communicate with the Board of Directors by writing a letter to the Chairman of the Board, to the Chairman of the Nominations and Governance Committee, who acts as the lead independent director at the meetings of the independent directors, or to the independent directors c/o Abbott Laboratories, 100 Abbott Park Road, D-364, AP6D, Abbott Park, Illinois 60064-6400, Attention: Corporate Secretary. The General Counsel and Corporate Secretary regularly forwards to the addressee all letters other than mass mailings, advertisements, and other materials not relevant to Abbott's business. In addition, directors regularly receive a log of all correspondence received by the Company that is addressed to a member of the Board and may request any correspondence on that log.

**CORPORATE GOVERNANCE MATERIALS**

Abbott's corporate governance guidelines, outline of directorship qualifications, director independence standards, code of business conduct, and the charters of Abbott's Audit Committee, Compensation Committee, Nominations and Governance Committee, and Public Policy Committee are all available in the corporate governance section of Abbott's investor relations website ([www.abbottinvestor.com](http://www.abbottinvestor.com)).

**2018 DIRECTOR COMPENSATION**

Our CEO is not compensated for serving on the Board or Board committees. Abbott's remaining directors, who are all non-employee directors, are compensated for their service under the Abbott Laboratories Non-Employee Directors' Fee Plan and the Abbott Laboratories 2017 Incentive Stock Program.

The following table sets forth a summary of the non-employee directors' 2018 compensation.

| Name            | Fees Earned<br>or Paid in Cash<br>(\$) <sup>(1)</sup> | Stock Options Compensation    |                               |                                 | All Other<br>Compensation<br>(\$) <sup>(5)</sup> | Total<br>(\$) |
|-----------------|-------------------------------------------------------|-------------------------------|-------------------------------|---------------------------------|--------------------------------------------------|---------------|
|                 |                                                       | Awards<br>(\$) <sup>(2)</sup> | Awards<br>(\$) <sup>(3)</sup> | Earnings<br>(\$) <sup>(4)</sup> |                                                  |               |
| R. J. Alpern    | \$ 126,000                                            | \$ 174,977                    | \$ 0                          | \$ 35,499                       | \$ 25,000 <sup>(5)</sup>                         | \$ 361,476    |
| R. S. Austin    | 152,000                                               | 174,977                       | 0                             | 0                               | 0                                                | 326,977       |
| S. E. Blount    | 126,000                                               | 174,977                       | 0                             | 6,168                           | 25,000 <sup>(5)</sup>                            | 332,145       |
| M. A. Kumbier   | 64,500                                                | 0                             | 0                             | 0                               | 0                                                | 64,500        |
| E. M. Liddy     | 151,000                                               | 174,977                       | 0                             | 0                               | 0                                                | 325,977       |
| N. McKinsty     | 132,000                                               | 174,977                       | 0                             | 0                               | 10,000 <sup>(5)</sup>                            | 316,977       |
| P. N. Novakovic | 141,000                                               | 174,977                       | 0                             | 0                               | 0                                                | 315,977       |
| W. A. Osborn    | 156,000                                               | 174,977                       | 0                             | 0                               | 0                                                | 330,977       |
| S. C. Scott III | 132,000                                               | 174,977                       | 0                             | 0                               | 25,000 <sup>(5)</sup>                            | 331,977       |
| D. J. Starks    | 126,000                                               | 174,977                       | 0                             | 0                               | 0                                                | 300,977       |
| J. G. Stratton  | 126,000                                               | 174,977                       | 0                             | 0                               | 0                                                | 300,977       |
| G. F. Tilton    | 132,000                                               | 174,977                       | 0                             | 0                               | 25,000 <sup>(5)</sup>                            | 331,977       |

(1) Under the Abbott Laboratories Non-Employee Directors' Fee Plan, non-employee directors earn \$10,500 for each month of service as a director. Audit Committee members, other than the Audit Committee chair, receive \$500 for each month of service on the Audit Committee. Board Committee chairmen receive monthly fees of: \$2,083.33 for the Audit Committee chairman, \$1,666.66 for the Compensation Committee chairman, \$1,250.00 for the Public Policy Committee chairman, and \$1,250.00 for the chairman of any other Board committee. In addition, the lead independent director earns \$2,500 for each month of such service and does not receive a fee for service as Nominations and Governance Committee chairman. Fees earned under the Abbott Laboratories Non-Employee Directors' Fee Plan are paid in cash to the director, paid in the form of vested non-qualified stock options (based on an independent appraisal of their fair value), deferred (as a non-funded obligation of Abbott),



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or paid currently into an individual grantor trust established by the director. The distribution of deferred fees and amounts held in a director's grantor trust generally commences when the director reaches age 65, or upon retirement from the Board of Directors, if later. The director may elect to have deferred fees and fees deposited in trust credited to either a guaranteed interest account or to a stock equivalent account that earns the same return as if the fees were invested in Abbott stock. If necessary, Abbott contributes funds to a director's trust so that as of year-end the stock equivalent account balance (net of taxes) is not less than seventy-five percent of the market value of the related common stock at year-end.

(2)

The amounts reported in this column represent the aggregate grant date fair value of the awards in accordance with Financial Accounting Standards Board ASC Topic 718. Abbott determines the grant date fair value of stock unit awards by multiplying the number of restricted stock units granted by the average of the high and low market prices of an Abbott common share on the date of grant. In addition to the fees described in footnote 1, each non-employee director elected to the Board of Directors at the annual shareholders meeting receives vested restricted stock units having a value of \$175,000 (rounded down) under the Abbott Laboratories 2017 Incentive Stock Program). In 2018, this was 2,945 units. The non-employee directors receive cash payments equal to the dividends paid on the shares covered by the units at the same rate as other shareholders. Upon termination, retirement from the Board, death, or a change in control of Abbott, a non-employee director will receive one share of common stock for each restricted stock unit outstanding under the Incentive Stock Program. Each director is required to own, within five years of becoming a director, the number of shares of Abbott stock having a fair market value equal to four times the annual director fees earned or paid in cash. All directors with 5 years tenure meet or exceed the guidelines. The following Abbott restricted stock units were outstanding as of December 31, 2018: R. J. Alpern, 28,165; R. S. Austin, 35,828; S. E. Blount, 21,425; E. M. Liddy, 23,592; N. McKinstry, 21,425; P. N. Novakovic, 23,592; W. A. Osborn, 30,082; S. C. Scott III, 31,812; D. J. Starks, 6,382; J. G. Stratton, 2,945; and G. F. Tilton, 31,812.

(3)

The following options were outstanding as of December 31, 2018: R. S. Austin, 36,200; E. M. Liddy, 35,137; N. McKinstry, 37,756; P. N. Novakovic, 92,106; W. A. Osborn, 37,200; and S. C. Scott III, 31,476.

(4)

The totals in this column include reportable interest credited under Abbott Laboratories Non-Employee Directors' Fee Plan during the year.

(5)

Charitable contributions made by Abbott's non-employee directors are eligible for a matching contribution (up to \$25,000 annually). The amounts reported in this column include charitable matching grant contributions, as follows: R. J. Alpern, \$25,000; S. E. Blount, \$25,000; N. McKinstry, \$10,000; S. C. Scott III, \$25,000; and G. F. Tilton, \$25,000.

## SECURITY OWNERSHIP OF EXECUTIVE OFFICERS AND DIRECTORS

The table below reflects the number of Abbott common shares beneficially owned as of January 31, 2019 by each director, the Chief Executive Officer, the Chief Financial Officer, and the three other most highly paid executive officers (the "named officers"), and by all directors and executive officers of Abbott as a group. It also reflects the number of stock equivalent units held by non-employee directors under the Abbott Laboratories Non-Employee Directors' Fee Plan and restricted stock units held by non-employee directors, named officers, and executive officers.

| Name                                                              | Shares<br>Beneficially<br>Owned <sup>(1)(2)</sup> | Stock Options<br>Exercisable<br>Within 60 Days of<br>January 31, 2019 <sup>(3)</sup> | Stock<br>Equivalent<br>Units |
|-------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------|
| H. L. Allen                                                       | 134,114                                           | 909,294                                                                              | 0                            |
| R. J. Alpern                                                      | 28,165                                            | 0                                                                                    | 7,270                        |
| R. S. Austin                                                      | 42,672                                            | 36,200                                                                               | 0                            |
| S. E. Blount                                                      | 26,525                                            | 0                                                                                    | 0                            |
| R. B. Ford                                                        | 166,267                                           | 713,059                                                                              | 0                            |
| S. R. Fussell                                                     | 162,773                                           | 477,685                                                                              | 0                            |
| M. A. Kumbier                                                     | 1,004                                             | 0                                                                                    | 0                            |
| E. M. Liddy                                                       | 25,912                                            | 35,137                                                                               | 20,932                       |
| N. McKinstry                                                      | 21,425                                            | 37,756                                                                               | 0                            |
| P. N. Novakovic                                                   | 24,092                                            | 92,106                                                                               | 0                            |
| W. A. Osborn                                                      | 54,082                                            | 37,200                                                                               | 28,061                       |
| S. C. Scott III                                                   | 37,812                                            | 31,476                                                                               | 7,025                        |
| D. J. Starks                                                      | 7,016,442                                         | 0                                                                                    | 0                            |
| J. G. Stratton                                                    | 6,400                                             | 0                                                                                    | 3,085                        |
| G. F. Tilton                                                      | 39,162                                            | 0                                                                                    | 32,193                       |
| M. D. White                                                       | 3,160,054                                         | 5,390,671                                                                            | 0                            |
| B. B. Yoor                                                        | 99,679                                            | 553,613                                                                              | 0                            |
| All directors and executive officers as a group <sup>(4)(5)</sup> | 12,274,355                                        | 12,983,686                                                                           | 98,566                       |

(1) This column includes shares held in the officers' accounts in the Abbott Laboratories Stock Retirement Trust as follows: M. D. White, 33,224; B. B. Yoor, 2,204; S. R. Fussell, 1,668; and all executive officers as a group, 56,877. Each officer has shared voting power and sole investment power with respect to the shares held in his or her account.

(2) This column includes restricted stock units held by the non-employee directors and payable in stock upon their retirement from the Board as follows: R. J. Alpern, 28,165; R. S. Austin, 35,828; S. E. Blount, 21,425; E. M. Liddy, 23,592; N. McKinstry, 21,425; P. N. Novakovic, 23,592; W. A. Osborn, 30,082; S. C. Scott III, 31,812; D. J. Starks, 6,382; J. G. Stratton, 2,945; G. F. Tilton, 31,812; and all directors as a group, 257,060.

(3) This column also includes 51,408 restricted stock units held by all named officers and executive officers as a group that will be payable in stock within 60 days of January 31, 2019.

(4) Certain executive officers of Abbott are fiduciaries of several employee benefit trusts maintained by Abbott. As such, they have shared voting and/or investment power with respect to the common shares held by those trusts. The table does not include the shares held by the trusts. As of January 31, 2019, these trusts owned a total of 31,706,151 (1.8%) of the outstanding shares of Abbott.

(5) None of the directors, named officers, or executive officers has pledged shares.

Excluding the shared voting and/or investment power over the shares held by the trusts described in footnote 4, the directors, named officers, and executive officers as a group together own beneficially less than one percent of the outstanding shares of Abbott.



# EXECUTIVE COMPENSATION

## COMPENSATION DISCUSSION AND ANALYSIS

### INTRODUCTION

This Compensation Discussion and Analysis (CD&A) describes Abbott's executive compensation program in 2018. In particular, this CD&A explains how the Compensation Committee (the Committee) and Board of Directors made compensation decisions for the Company's executives, including the five named officers: Miles D. White, Chairman of the Board and Chief Executive Officer; Brian B. Yoor, Executive Vice President, Finance and Chief Financial Officer; Hubert L. Allen, Executive Vice President, General Counsel and Secretary; Robert B. Ford, President and Chief Operating Officer; and Stephen R. Fussell, Executive Vice President, Human Resources.

The CD&A also describes the process the Committee utilizes to examine performance in the context of executive pay decisions, the performance goals and results for each named officer, and recent updates to our compensation program. This year's CD&A reflects the feedback from our shareholders gathered during our extensive 2018 shareholder outreach described on page 28.

### 2018 PERFORMANCE

**In 2018, Abbott again achieved outstanding returns to shareholders. We ranked first in our peer group on a 3-year TSR basis and 1-year TSR basis and second on a 5-year TSR basis. Our returns over each of these periods significantly exceeded the S&P 500 and the Dow Jones Industrial Average.** In addition, we continued our focus on strategic positioning for future growth through expanding manufacturing capability in our most important business segments and achieving important product approvals. For more details on our 2018 performance, see page 3.

**Primary performance metric for long-term  
incentive program**

## CHANGES BASED ON SHAREHOLDER FEEDBACK AND MARKET PRACTICES

During 2018, we conducted extensive shareholder outreach to discuss our compensation program.

In the spring, we engaged shareholders representing approximately 60% of our outstanding shares in an open dialogue to discuss various topics, including our executive compensation program. Many of these discussions included our Lead Independent Director and the Chair of our Compensation Committee, giving shareholders the opportunity to provide important feedback directly to members of our Board. The feedback we received indicated that overall, shareholders viewed our executive compensation program favorably, and that additional enhancements to our proxy disclosure could further shareholder understanding of how pay decisions are made and how the metrics we use are linked to our business strategy and goals.

In the fall, we continued our dialogue with shareholders regarding our executive compensation program and the results of the 2018 annual Say on Pay vote. Our Lead Independent Director and the Chair of our Compensation Committee again facilitated many of these discussions, where we shared the enhancements we intended to make to our proxy disclosure following the shareholder input we received in the spring. Shareholder responses were overwhelmingly positive.

As illustrated in the table below, over the past several years we have made numerous changes to our program and our proxy statement based on feedback from our shareholders as well as a review of market practices.

## RECENT EXECUTIVE COMPENSATION CHANGES

|                                                                                                                                                    |                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Significantly increased disclosure related to payouts for both annual and long-term incentives                                                     | Implemented a hedging policy and a pledging policy                                         |
| Revised annual cash incentive plan goals and weighting                                                                                             | Implemented a strengthened recoupment policy                                               |
| Introduced new long-term incentive measures to reflect sustained performance over a three-year period                                              | Increased director share ownership guidelines                                              |
| Significantly strengthened peer group to reflect new business portfolio                                                                            | Revised executive share ownership guidelines                                               |
| Changed performance-based restricted stock awards to vest only over a 3-year term with no more than one-third of the award vesting in any one year | Added a share retention requirement which applies until share ownership guidelines are met |
| Increased the ROE target for vesting of performance restricted shares                                                                              | Eliminated tax gross-ups in our executive officer pay program                              |
|                                                                                                                                                    | Granted equity awards with double-trigger vesting in the event of a change in control      |

Engaged a Compensation Committee consultant that performs  
no other work for Abbott

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**ABBOTT'S PEER GROUP FOR PAY AND COMPANY PERFORMANCE BENCHMARKING**

To determine the competitiveness of our compensation and benefit programs, the Committee, in consultation with its independent consultant, annually compares the level of compensation, pay practices, and our relative performance to those of peer companies.

Our peer group was selected to reflect the breadth of our business, reflecting our diverse and balanced portfolio. **It strikes the appropriate balance between size (both revenues and market capitalization)**, return profiles, geographic breadth, and management and operating structure. This approach has been overwhelmingly supported by our investors during shareholder outreach. It does not, however, provide a direct comparison to any one of our four business segments, as the peer group is intended to reflect the entirety of our businesses.

Our shareholders compare us to other global multinational companies, not limited to those in healthcare. These companies share similar characteristics aligned with our investment identity.

This peer group is summarized below, showing the primary characteristics for each company selected, including the Abbott business segment(s) represented by the peer company.

| Company Name                                | Sales/<br>Rev. <sup>(1)</sup><br>(billions) | Market<br>Cap <sup>(1)</sup><br>(billions) | % Rev.<br>Outside<br>U.S. | Similar #<br>Employees | Mfg.<br>Driven/<br>Consumer-<br>Facing | Abbott Business<br>Segment(s)<br>Represented                       |
|---------------------------------------------|---------------------------------------------|--------------------------------------------|---------------------------|------------------------|----------------------------------------|--------------------------------------------------------------------|
| 3M Company                                  | \$ 32.8                                     | \$ 110.9                                   | ü                         | ü                      | ü                                      | Diagnostics                                                        |
| Becton Dickinson                            | \$ 16.0                                     | \$ 60.7                                    |                           | ü                      | ü                                      | Medical Devices,<br>Diagnostics                                    |
| Bristol-Myers Squibb                        | \$ 22.6                                     | \$ 84.8                                    |                           |                        | ü                                      | Established<br>Pharmaceuticals,<br>Medical Devices                 |
| The Coca-Cola Company                       | \$ 32.3                                     | \$ 201.5                                   | ü                         | ü                      | ü                                      | Nutrition                                                          |
| Danaher Corporation                         | \$ 19.9                                     | \$ 72.3                                    | ü                         | ü                      | ü                                      | Diagnostics                                                        |
| Eaton Corporation                           | \$ 21.6                                     | \$ 29.8                                    |                           | ü                      | ü                                      | Diagnostics                                                        |
| Emerson Electric                            | \$ 17.4                                     | \$ 37.4                                    | ü                         | ü                      | ü                                      | Medical Devices,<br>Diagnostics                                    |
| Honeywell International                     | \$ 42.9                                     | \$ 97.8                                    | ü                         | ü                      | ü                                      | Medical Devices,<br>Diagnostics                                    |
| Johnson & Johnson                           | \$ 81.6                                     | \$ 346.1                                   |                           | ü                      | ü                                      | Established<br>Pharmaceuticals,<br>Medical Devices,<br>Diagnostics |
| Johnson Controls                            | \$ 31.4                                     | \$ 27.4                                    | ü                         | ü                      | ü                                      | Diagnostics                                                        |
| Kimberly-Clark                              | \$ 18.5                                     | \$ 39.5                                    | ü                         | ü                      | ü                                      | Nutrition                                                          |
| Medtronic                                   | \$ 30.4                                     | \$ 122.2                                   | ü                         | ü                      | ü                                      | Medical Devices                                                    |
| Mondelēz International                      | \$ 25.9                                     | \$ 58.2                                    | ü                         | ü                      | ü                                      | Nutrition                                                          |
| Procter & Gamble                            | \$ 66.9                                     | \$ 229.0                                   | ü                         | ü                      | ü                                      | Nutrition                                                          |
| Thermo Fisher Scientific                    | \$ 24.4                                     | \$ 90.1                                    |                           | ü                      | ü                                      | Diagnostics                                                        |
| United Technologies                         | \$ 66.5                                     | \$ 91.9                                    | ü                         |                        | ü                                      | Diagnostics                                                        |
| <b>Peer Group Median</b>                    | <b>\$ 28.2</b>                              | <b>\$ 87.5</b>                             |                           |                        |                                        |                                                                    |
| <b>Abbott</b>                               | <b>\$ 30.6</b>                              | <b>\$ 127.0</b>                            | ü                         | ü                      | ü                                      |                                                                    |
| <b>Abbott Percentile Rank<sup>(2)</sup></b> | <b>55<sup>th</sup></b>                      | <b>80<sup>th</sup></b>                     |                           |                        |                                        |                                                                    |

(1) Data source: S&P's Capital IQ database reflects most recently disclosed (as of January 31, 2019) trailing 12-month sales/revenue. The market cap reflects values on December 31, 2018.

(2) The Committee will be reviewing the peer group in 2019 to determine any changes necessary to better reflect Abbott's size (sales and market capitalization) and complexity.



## BASIS FOR COMPENSATION DECISIONS

Abbott and its Compensation Committee have designed a compensation program that balances short- and long-term objectives to focus our executives on actions that create value today, while building for sustainable future success. Almost two-thirds of our pay is equity-based, directly tying a significant portion of executive compensation to shareholder returns.

Our compensation program is **market-based** (to ensure our ability to attract and retain talented executives) and produces compensation outcomes that are **performance-based** (to incent the achievement of profitable growth that increases shareholder value).

### COMPENSATION PROGRAM IS MARKET-BASED

All components of total direct compensation are market-based. Each year, the Compensation Committee reviews market data with the independent compensation consultant to ensure our programs are aligned and our officers are positioned appropriately relative to the market.

#### Base Salary

Base salary targets are initially set using the median of the peer group as a benchmark. Base salaries then vary depending on the officer's experience, expertise, and performance. The average base salary of our executive officers is approximately at the market median.

#### Annual Incentive Plan

Annual incentive targets are initially set using the median of the peer group as a benchmark. The targets may vary based on other factors, including internal pay comparisons. Further linkage to the market is achieved by setting targets that require our officers to exceed the anticipated growth of the market in which they compete in order to achieve a target payout of their annual incentives.

#### Long-Term Incentive Plan (LTI)

To set annual LTI award guidelines, the Committee first reviews LTI grants made by peer companies to identify the competitive market range. Each year the guidelines are set at the appropriate level within the competitive market range based on Abbott's relative performance, as described below. To recognize the continued growth focus of Abbott and to directly align the interests of executive officers with the interests of our shareholders, the Compensation Committee grants long-term incentive awards in the form of 50% stock options and 50% performance restricted shares. This mix of incentive awards is consistent with our peers.

### COMPENSATION OUTCOMES ARE PERFORMANCE-BASED

Other than base salary, which is the smallest component of our executives' compensation, all remaining components of Total Direct Compensation (i.e., annual incentive, performance-based restricted stock awards, and stock options) are aligned with individual, Company and business segment performance.

#### Annual Incentive Plan

In order for the annual incentive plan to pay out, the EPS goal must be achieved. If the EPS goal is not achieved, then the annual incentive plan is not funded. Final payouts are determined based upon performance relative to annual goals and are capped as a percentage of consolidated net earnings (CEO cap is 0.15%; other NEO cap is 0.075%). The following formula summarizes the annual incentive payout process for officers, assuming the EPS goal is achieved.

For example:

$$\$525,000 \quad \times \quad 90\% \quad \times \quad 95\% \quad = \quad \$448,875$$



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For 2018 performance, annual incentive payouts for Abbott executive officers averaged 96% of target. For individual calculations for each named officer, see pages 34 to 43. The annual incentive plan is formula driven based on financial, strategic, and talent and succession results. Officer financial goals are based on adjusted measures that reflect the true results of our ongoing operations and are set based on the expected market growth of the businesses in the markets in which we compete.

### Long-Term Incentive Plan

Throughout the process, Abbott's awards are based on Company and individual performance, from guideline positioning all the way through vesting. Conversely, most other companies reflect performance only at the company level, through relative TSR at vesting. Thus, Abbott's process is much more rigorous and performance-based than other companies' programs.

The Committee positions LTI award guidelines relative to the market by comparing Abbott's 3-year TSR performance against our peers. 5- and 1-year TSR performance are also referenced to ensure long-term performance is sustained and current performance is on track with shareholder expectations.

For example, guidelines for grants made in February 2018 were set at the 75<sup>th</sup> percentile of our peer group, reflecting strong 63<sup>rd</sup> percentile relative 3-year TSR ranking for the period ending in 2017. The 5-year TSR ranked at the median of our peer group for the period ending in 2017, while the 1-year TSR was at the top of our peer group.

The recommendation for each officer starts with the Company LTI award guideline (based on relative TSR performance and market data as described above) for the officer's position and is adjusted based upon assessment of their sustained contributions over the last three years. Contribution scores are totaled and used to adjust each officer's award guideline. Final awards may be increased or decreased based on the long-term impact each individual officer had on the organization. For example:

| METRIC                               | 2015    | 2016              | 2017                  | OVERALL     |
|--------------------------------------|---------|-------------------|-----------------------|-------------|
| Sales and Market Growth Contribution | Met (0) | Did not meet (-1) | Exceeded (+1)         | 0           |
| Margin Contribution                  | Met (0) | Met (0)           | Exceeded (+1)         | +1          |
| Strategic Financial Contribution     | Met (0) | Met (0)           | Met (0)               | 0           |
|                                      |         |                   | Total                 | +1          |
|                                      |         |                   | <b>LTI Adjustment</b> | <b>110%</b> |

| TOTAL      | RESULT |
|------------|--------|
| +3 or More | 125%   |
| +1 or +2   | 110%   |
| 0          | 100%   |
| -1 or -2   | 90%    |
| -3 or Less | 75%    |

Awards granted in 2018, based on individual officer performance for the three-year period ending in 2017, resulted in awards ranging from the 24<sup>th</sup> percentile to the 90<sup>th</sup> percentile of our peer group, with an average of the 77<sup>th</sup> percentile. For individual calculations for each named officer, see pages 34 to 43.

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Since stock options realize value only through share price appreciation, the value realized upon the exercise of vested stock options directly aligns the compensation earned with the value shareholders received over the same period. Options are also aligned with shareholder value through the impact of relative TSR in determining the LTI award guidelines.

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Performance restricted shares vest 1/3 each year only if the Adjusted Return on Equity (ROE) performance target is achieved. Vesting is absolute either 100% or 0%. **There is no partial vesting if the target is missed and no additional vesting upside if the Company over-performs.** The Committee believes Adjusted ROE is the appropriate performance measure for vesting because ROE measures how much profit the Company generates over the long-term with the capital that shareholders have invested and is a measure reflecting deployment of capital or capital allocation. Adjusted ROE reflects earnings from continuing operations excluding specified items, such as intangible amortization expense and various other costs including expenses related to restructuring actions or business acquisitions. Adjusted ROE also excludes the impact of foreign exchange on equity.

In 2019, the Adjusted ROE vesting target to determine future vesting was increased from 12% to 13%. This increase follows similar increases in prior years, which have increased this target 30% since 2014. This is consistent with our stated intent to increase our Adjusted ROE targets over time following the separation of AbbVie, which had a significant impact on our ROE and other return measures, including Return on Assets (ROA).

### IMPACT OF ABBOTT/ABBVIE SEPARATION

Prior to the separation of Abbott and AbbVie, the AbbVie business accounted for the majority (65%) of Abbott's adjusted net income.

**However, at the separation of AbbVie, Abbott retained the majority (90%) of the equity.** While Abbott's ROE was disproportionately lower following the AbbVie separation, shareholders that retained their Abbott and AbbVie shares the past six years since the AbbVie separation would have seen a 151% appreciation in their holdings.

### Summary of LTI Process

The graphic below summarizes the LTI process and its direct linkage to the market and company and individual performance.



**COMPENSATION PROGRAM IS DIRECTLY LINKED TO BUSINESS STRATEGY**

Our compensation program is also linked directly to our business strategy, to ensure that officers are focused on those activities that drive our business strategy and create value for shareholders.

The table below explains the strategic link of the metrics used in our annual and long-term incentive plans.

**METRIC****STRATEGIC LINK****Our annual incentive plan is aligned to the following drivers of shareholder value:**

|                     |                                                                                                                                                                                            |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sales               | Measures Abbott's ability to compete effectively in the markets in which we participate and focuses management on achieving strong top-line growth, consistent with our business strategy. |
| Diluted EPS         | Basis on which Abbott sets annual performance expectations and consistent with how we report operating results to the financial community.                                                 |
| Return on Assets    | Measures profitability and how effectively company assets are used to generate profit.                                                                                                     |
| Operating Cash Flow | Recognizes the importance of generating cash to fund ongoing investments in our business and to pay down debt.                                                                             |

**Our long-term incentive plan relies on the following Company metrics, and 3-year sustained individual performance metrics, to determine award value:**

|                                 |                                                                                                                                                                                             |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Total Shareholder Return        | Measures Abbott's stock and dividend performance against our peer group. Used to position LTI award guidelines relative to the market.                                                      |
| 3-year LTI Contribution Metrics | Measures how each officer has performed relative to their sales, margin, and strategic financial contribution goals. Used to adjust LTI award guidelines to reflect individual performance. |
| Return on Equity                | Measures how much profit Abbott generates over the long-term with the capital that shareholders have invested. Used to determine if performance-restricted awards vest.                     |

Officer financial goals are based on adjusted measures that the Committee believes more accurately reflect the results of our ongoing operations and are determined based on the expected market growth of the businesses and markets in which we compete.

**PAY DECISIONS FOR NAMED EXECUTIVE OFFICERS**

The following pages detail the goals and metrics used to determine each officer's payout under our annual and long-term incentive plans. The long-term incentive decisions shown in the Summary Compensation Table of this proxy statement and detailed here were based upon performance through 2017, whereas the annual incentive plan payouts are based upon performance during 2018.

**NAMED EXECUTIVE OFFICER COMPENSATION DECISIONS****MILES D. WHITE**

Chairman of the Board, Chief Executive Officer and Director Since 1999

**Base Salary**

Mr. White's annual base salary of \$1,900,000 has not changed since 2010.

**Annual Incentive Plan**

Mr. White's target bonus of 175% was not changed during 2018. Based on performance in 2018, Mr. White received a bonus in February 2019 which was calculated as follows:

**FINANCIAL METRICS<sup>(1)</sup>**

|                               |         |     |         |          |          |         |        |
|-------------------------------|---------|-----|---------|----------|----------|---------|--------|
| Adjusted Sales <sup>(2)</sup> | \$26.7B | 25% | \$30.5B | \$30.97B | \$31.20B | \$31.2B | 37.5%  |
| Adjusted Diluted EPS          | \$2.50  | 25% | \$2.80  | \$2.85   | \$2.90   | \$2.88  | 31.25% |
| Adjusted ROA                  | 7.5%    | 10% | 8.9%    | 9.0%     | 9.1%     | 9.2%    | 15.0%  |
| Operating Cash Flow           | \$5.57B | 10% | \$5.6B  | \$5.8B   | \$6.0B   | \$6.3B  | 15.0%  |

**STRATEGIC METRICS**

|                                           |     |               |        |                |          |                |
|-------------------------------------------|-----|---------------|--------|----------------|----------|----------------|
| Achieve Alinity C/I Instrument Placements | 10% | 85% of Target | Target | 125% of Target | >Maximum | 15.0%          |
| Achieve Diabetes Care Sales Growth        | 10% | 18.6%         | 20.7%  | 23.8%          | 34.8%    | 15.0%          |
| Achieve Nutrition Sales Growth            | 10% | 1.5%          | 3.0%   | 4.5%           | 4.9%     | 15.0%          |
| <b>Total</b>                              |     |               |        |                |          | <b>143.75%</b> |

(1) Adjusted Sales exclude the impact of foreign exchange on actual sales relative to the goal target. Adjusted Diluted EPS is diluted earnings per common share from continuing operations excluding specified items, such as intangible amortization expense and various other costs including expenses related to restructuring actions or business acquisitions. Adjusted Return on Assets (ROA) reflects earnings from continuing operations, excluding interest expense and specified items. Adjusted ROA also reflects total assets less current liabilities excluding short-term borrowings. Diabetes Care and Nutrition Sales Growth exclude the impact of foreign exchange.

(2)

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Set based on expected market growth of the businesses and markets in which we compete. To achieve target payout, must increase market share.

$$\begin{array}{ccccccc} \$1,900,000 & \times & 175\% & \times & 143.75\% & = & \$4,779,688 \end{array}$$

**Long-Term Incentives**

Based on the Committee's review of Abbott and individual performance **through 2017**, Mr. White received an LTI award in **February 2018** with a value of \$15 million, which was equal to 125% of his LTI award guideline. Additional calculation details are as follows:

|              |   |      |   |                                                  |   |                     |
|--------------|---|------|---|--------------------------------------------------|---|---------------------|
| \$12,000,000 | x | 125% | x | 50% Stock Options <sup>(1)</sup>                 | = | \$7,500,000         |
|              |   |      |   | 50% Performance Restricted Shares <sup>(2)</sup> |   | \$7,500,000         |
|              |   |      |   | <b>Total</b>                                     |   | <b>\$15,000,000</b> |

| METRIC                               | 2015              | 2016              | 2017                  | OVERALL     |
|--------------------------------------|-------------------|-------------------|-----------------------|-------------|
| Sales and Market Growth Contribution | Did not meet (-1) | Did not meet (-1) | Met (0)               | -2          |
| Margin Contribution                  | Met (0)           | Exceeded (+1)     | Exceeded (+1)         | +2          |
| Strategic Financial Contribution     | Exceeded (+1)     | Exceeded (+1)     | Exceeded (+1)         | +3          |
|                                      |                   |                   | Total                 | +3          |
|                                      |                   |                   | <b>LTI Adjustment</b> | <b>125%</b> |

| TOTAL      | RESULT |
|------------|--------|
| +3 or More | 125%   |
| +1 or +2   | 110%   |
| 0          | 100%   |
| -1 or -2   | 90%    |
| -3 or Less | 75%    |

(1) Stock options realize value only through share price appreciation.

(2) Performance restricted shares vest only if the 12% Adjusted Return on Equity (ROE) performance target is achieved.



**BRIAN B. YOOR**

Executive Vice President, Finance and Chief Financial Officer

**Base Salary**

Mr. Yoor's annual base salary was increased to \$825,000 in March 2018.

**Annual Incentive Plan**

Mr. Yoor's target bonus of 105% of base salary was not changed in 2018. Based on performance in 2018, Mr. Yoor received a bonus in February 2019 which was calculated as follows:

**FINANCIAL METRICS<sup>(1)</sup>**

|                               |         |     |         |         |         |           |       |
|-------------------------------|---------|-----|---------|---------|---------|-----------|-------|
| Adjusted Sales <sup>(2)</sup> | \$26.7B | 10% | \$30.5B | \$31.0B | \$31.2B | \$31.2B   | 15.0% |
| Adjusted Diluted EPS          | \$2.50  | 20% | \$2.80  | \$2.85  | \$2.90  | \$2.88    | 25.0% |
| Operating Cash Flow           | \$5.57B | 10% | \$5.6B  | \$5.8B  | \$6.0B  | \$6.3B    | 15.0% |
| Net Debt                      |         | 20% | \$17.1B | \$16.3B | \$15.5B | \$15.5B   | 20.0% |
| Other Financial Returns       |         | 10% |         |         |         | At target | 10.0% |

**STRATEGIC METRICS**

**Goal (10% weight):** Execute St. Jude Medical and Alere Inc. integration milestones on time and within budget.

**Result:** All milestones achieved on schedule with cost more than 10% lower than budget. 10.0%

**Goal (10% weight):** Execute Tax Reform assessment, revenue recognition standard readiness, distributor optimization, and IT infrastructure milestones on time and within budget.

**Result:** All milestones achieved on schedule and within budget. 10.0%

**TALENT AND SUCCESSION METRICS**

**Goal (10% weight):** Meet talent and succession planning targets.

**Result:** Partly achieved. 5.0%

**Total 110.0%**

(1)

## Edgar Filing: ABBOTT LABORATORIES - Form DEF 14A

Adjusted Sales exclude the impact of foreign exchange on actual sales relative to the goal target. Adjusted Diluted EPS is diluted earnings per common share from continuing operations excluding specified items. Net Debt is total debt minus cash, cash equivalents and short-term investments.

(2)

Set based on expected market growth of the businesses and markets in which we compete. To achieve target payout, must increase market share.

$$\$825,000 \quad \times \quad 105\% \quad \times \quad 110.0\% \quad = \quad \$952,875$$

In addition to the calculations derived from the scoring of financial and strategic goals, the plan allows further adjustments up or down by the Compensation Committee to reflect achievements not anticipated when goals were set. For 2018, the Committee adjusted Mr. Yoor's bonus (by \$21,725) to reflect the unanticipated achievement.

**Long-Term Incentives**

Based on the Committee's review of Abbott and individual performance **through 2017**, Mr. Yoor received an LTI award in **February 2018** with a value of \$5,383,800, which was equal to 135% of his LTI award guideline. Additional calculation details are as follows:

|             |   |      |   |                                                  |   |                    |
|-------------|---|------|---|--------------------------------------------------|---|--------------------|
| \$3,988,000 | x | 135% | x | 50% Stock Options <sup>(1)</sup>                 | = | \$2,691,900        |
|             |   |      |   | 50% Performance Restricted Shares <sup>(2)</sup> |   | \$2,691,900        |
|             |   |      |   | <b>Total</b>                                     |   | <b>\$5,383,800</b> |

| METRIC                                                                                                                                                                              | 2015              | 2016              | 2017                   | OVERALL     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|------------------------|-------------|
| Sales and Market Growth Contribution                                                                                                                                                | Did not meet (-1) | Did not meet (-1) | Met (0)                | -2          |
| Margin Contribution                                                                                                                                                                 | Met (0)           | Exceeded (+1)     | Exceeded (+1)          | +2          |
| Strategic Financial Contribution                                                                                                                                                    | Met (0)           | Met (0)           | Met (0)                | 0           |
|                                                                                                                                                                                     |                   |                   | Total                  | 0           |
|                                                                                                                                                                                     |                   |                   | Preliminary Adjustment | 100%        |
| Mr. Yoor's contributions to the completion of the St. Jude and Alere acquisitions and other initiatives to drive future profitable growth for Abbott represented significant impact |                   |                   |                        | ++          |
|                                                                                                                                                                                     |                   |                   | <b>LTI Adjustment</b>  | <b>135%</b> |

**PRELIMINARY ADJUSTMENT****IMPACT**

| TOTAL      | RESULT | IMPACT ON BUSINESS PRIORITIES | SCORE | RESULT       |
|------------|--------|-------------------------------|-------|--------------|
| +3 or More | 125%   | High Impact                   | ++    | +25% or More |
| +1 or +2   | 110%   | Medium/High Impact            | +     | +10% or More |
| 0          | 100%   | Medium Impact                 | =     | 0%           |
| -1 or -2   | 90%    | Medium/Low Impact             | -     | -10% or More |

## Edgar Filing: ABBOTT LABORATORIES - Form DEF 14A

-3 or Less

75%

Low Impact

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-25% or More

(1)

Stock options realize value only through share price appreciation.

(2)

Performance restricted shares vest only if the 12% Adjusted Return on Equity (ROE) performance target is achieved.

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**HUBERT L. ALLEN**

Executive Vice President, General Counsel and Secretary

**Base Salary**

Mr. Allen's annual base salary was increased to \$710,000 in March 2018.

**Annual Incentive Plan**

Mr. Allen's target bonus of 105% was not changed during 2018. Based on performance in 2018, Mr. Allen received a bonus in February 2019 which was calculated as follows:

**FINANCIAL METRICS<sup>(1)</sup>**

|                               |         |     |         |         |         |           |       |
|-------------------------------|---------|-----|---------|---------|---------|-----------|-------|
| Adjusted Sales <sup>(2)</sup> | \$26.7B | 10% | \$30.5B | \$31.0B | \$31.2B | \$31.2B   | 15.0% |
| Adjusted Diluted EPS          | \$2.50  | 20% | \$2.80  | \$2.85  | \$2.90  | \$2.88    | 25.0% |
| Operating Cash Flow           | \$5.57B | 10% | \$5.6B  | \$5.8B  | \$6.0B  | \$6.3B    | 15.0% |
| Other Financial Returns       |         | 10% |         |         |         | At target | 10.0% |

**STRATEGIC METRICS**

**Goal (10% weight):** Achieve intellectual property initiatives.

**Result:** Achieved 10.0%

**Goal (30% weight):** Achieve key compliance initiatives, successfully resolve key litigation matters and any investigations as measured by reputation and shareholder value.

**Result:** Achieved. 30.0%

**TALENT AND SUCCESSION  
METRICS**

**Goal (10% weight):** Meet talent and succession planning targets.

**Result:** Mostly Achieved. 7.5%

**Total 112.5%**

(1) Adjusted Sales exclude the impact of foreign exchange on actual sales relative to the goal target. Adjusted Diluted EPS is diluted earnings per common share from continuing operations excluding specified items.

## Edgar Filing: ABBOTT LABORATORIES - Form DEF 14A

(2)

Set based on expected market growth of the businesses and markets in which we compete. To achieve target payout, must increase market share.

$$\$710,000 \quad \times \quad 105\% \quad \times \quad 112.5\% \quad = \quad \$838,688$$

In addition to the calculations derived from the scoring of financial and strategic goals, the plan allows further adjustments up or down by the Compensation Committee to reflect achievements not anticipated when goals were set. For 2018, the Committee adjusted Mr. Allen's bonus (by \$63,312) to reflect the unanticipated achievements.

# Long-Term Incentives

Based on the Committee's review of Abbott and individual performance **through 2017**, Mr. Allen received an LTI award in **February 2018** with a value of \$5,383,800, which was equal to 135% of his LTI award guideline. Additional calculation details are as follows:

|             |   |      |   |                                                  |   |                    |
|-------------|---|------|---|--------------------------------------------------|---|--------------------|
| \$3,988,000 | x | 135% | x | 50% Stock Options <sup>(1)</sup>                 | = | \$2,691,900        |
|             |   |      |   | 50% Performance Restricted Shares <sup>(2)</sup> |   | \$2,691,900        |
|             |   |      |   | <b>Total</b>                                     |   | <b>\$5,383,800</b> |

| METRIC                                                                                                                                                                               | 2015              | 2016              | 2017                   | OVERALL     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|------------------------|-------------|
| Sales and Market Growth Contribution                                                                                                                                                 | Did not meet (-1) | Did not meet (-1) | Met (0)                | -2          |
| Margin Contribution                                                                                                                                                                  | Met (0)           | Exceeded (+1)     | Exceeded (+1)          | +2          |
| Strategic Financial Contribution                                                                                                                                                     | Met (0)           | Met (0)           | Exceeded (+1)          | +1          |
|                                                                                                                                                                                      |                   |                   | Total                  | +1          |
|                                                                                                                                                                                      |                   |                   | Preliminary Adjustment | 110%        |
| Mr. Allen's contributions to the completion of the St. Jude and Alere acquisitions and other initiatives to drive future profitable growth for Abbott represented significant impact |                   |                   |                        | ++          |
|                                                                                                                                                                                      |                   |                   | <b>LTI Adjustment</b>  | <b>135%</b> |

## PRELIMINARY ADJUSTMENT

## IMPACT

| TOTAL      | RESULT | IMPACT ON BUSINESS PRIORITIES | SCORE | RESULT       |
|------------|--------|-------------------------------|-------|--------------|
| +3 or More | 125%   | High Impact                   | ++    | +25% or More |
| +1 or +2   | 110%   | Medium/High Impact            | +     | +10% or More |
| 0          | 100%   | Medium Impact                 | =     | 0%           |
| -1 or -2   | 90%    | Medium/Low Impact             | -     | -10% or More |

## Edgar Filing: ABBOTT LABORATORIES - Form DEF 14A

-3 or Less

75%

Low Impact

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-25% or More

(1)

Stock options realize value only through share price appreciation.

(2)

Performance restricted shares vest only if the 12% Adjusted Return on Equity (ROE) performance target is achieved.

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**ROBERT B. FORD**

President and Chief Operating Officer

**Base Salary**

Mr. Ford's annual base salary was increased to \$740,000 in March 2018. His base salary was further increased to \$1,000,000 in October 2018 in connection with his promotion to President and Chief Operating Officer.

**Annual Incentive Plan**

Mr. Ford's target bonus was increased to 125% of base salary during 2018 in connection with his promotion to President and Chief Operating Officer. Based on performance in 2018, Mr. Ford received a bonus in February 2019 which was calculated as follows:

**FINANCIAL METRICS<sup>(1)</sup>**

|                                            |         |     |         |         |                |                        |       |
|--------------------------------------------|---------|-----|---------|---------|----------------|------------------------|-------|
| Adjusted Division Net Sales <sup>(2)</sup> | \$10.4B | 20% | \$11.0B | \$11.2B | \$11.5B        | \$11.4B                | 20.0% |
| Adjusted Division Margin                   |         | 20% | Target  | Target  | 104% of Target | 101.7% of Target       | 20.0% |
| Adjusted Division Gross Margin             |         | 10% | Target  | Target  | 103% of Target | <Target                | 0.0%  |
| Market Share                               |         | 10% |         |         |                |                        | 2.5%  |
| Adjusted Division Free Cash Flow           |         | 5%  | Target  | Target  | 106% of Target | 103.5% of Target       | 6.3%  |
| Cash Conversion Cycle                      |         | 5%  |         | Target  |                | Overachieved by 7 days | 5.0%  |

**STRATEGIC METRICS**

**Goal (20% weight):** Execute strategic financial contribution related to FreeStyle Libre approvals and production expansion, ablation system submission, and ICD submission as measured by completion of milestones on time and within budget.

**Result:** Achieved on time and within budget.

20.0%

**TALENT AND SUCCESSION METRICS**

**Goal (10% weight):** Meet talent and succession planning targets.

**Result:** Achieved.

10.0%

**Total** **83.8%**

(1) Adjusted Division Net Sales exclude the impact of foreign exchange on actual Medical Devices sales relative to the goal target. Adjusted Division Margin and Adjusted Division Gross Margin exclude the impact of foreign exchange on actual Medical Devices division margin and gross margin relative to the respective goal target. Adjusted Division Free Cash Flow reflects Medical Devices' pre-tax operating cash flow less capital expenditures and excludes the impact of foreign exchange.

(2) Set based on expected growth in medical devices market. To achieve target, must gain market share.

$$\begin{array}{ccccccc} \$1,000,000 & \times & 125\% & \times & 83.8\% & = & \$1,047,500 \end{array}$$

In addition to the calculations derived from the scoring of financial and strategic goals, the plan allows further adjustments up or down by the Compensation Committee to reflect achievements not anticipated when goals were set. For 2018, the Committee adjusted Mr. Ford's bonus (by \$250,000) to reflect the unanticipated achievement.

**Long-Term Incentives**

Based on the Committee's review of Abbott and individual performance **through 2017**, Mr. Ford received an LTI award in **February 2018** with a value of \$5,383,800, which was equal to 135% of his LTI award guideline. Additional calculation details are as follows:

|             |   |      |   |                                                  |   |                    |
|-------------|---|------|---|--------------------------------------------------|---|--------------------|
| \$3,988,000 | x | 135% | x | 50% Stock Options <sup>(1)</sup>                 | = | \$2,691,900        |
|             |   |      |   | 50% Performance Restricted Shares <sup>(2)</sup> |   | \$2,691,900        |
|             |   |      |   | <b>Total</b>                                     |   | <b>\$5,383,800</b> |

| METRIC                                                                                                                                                                              | 2015          | 2016              | 2017                   | OVERALL     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------|------------------------|-------------|
| Sales and Market Growth Contribution                                                                                                                                                | Exceeded (+1) | Did not meet (-1) | Exceeded (+1)          | +1          |
| Margin Contribution                                                                                                                                                                 | Exceeded (+1) | Met (0)           | Met (0)                | +1          |
| Strategic Financial Contribution                                                                                                                                                    | Met (0)       | Did not meet (-1) | Exceeded (+1)          | 0           |
|                                                                                                                                                                                     |               |                   | Total                  | +2          |
|                                                                                                                                                                                     |               |                   | Preliminary Adjustment | 110%        |
| Mr. Ford's contributions to the completion of the St. Jude and Alere acquisitions and other initiatives to drive future profitable growth for Abbott represented significant impact |               |                   |                        | ++          |
|                                                                                                                                                                                     |               |                   | <b>LTI Adjustment</b>  | <b>135%</b> |

**PRELIMINARY ADJUSTMENT****IMPACT**

| TOTAL      | RESULT | IMPACT ON BUSINESS PRIORITIES | SCORE | RESULT       |
|------------|--------|-------------------------------|-------|--------------|
| +3 or More | 125%   | High Impact                   | ++    | +25% or More |
| +1 or +2   | 110%   | Medium/High Impact            | +     | +10% or More |
| 0          | 100%   | Medium Impact                 | =     | 0%           |
| -1 or -2   | 90%    | Medium/Low Impact             | -     | -10% or More |

## Edgar Filing: ABBOTT LABORATORIES - Form DEF 14A

-3 or Less

75%

Low Impact

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-25% or More

(1) Stock options realize value only through share price appreciation.

(2) Performance restricted shares vest only if the 12% Adjusted Return on Equity (ROE) performance target is achieved.

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**STEPHEN R. FUSSELL**

Executive Vice President Human Resources

**Base Salary**

Mr. Fussell's annual base salary of \$620,000 did not change during 2018.

**Annual Incentive Plan**

Mr. Fussell's target bonus of 100% was not changed during 2018. Based on performance in 2018, Mr. Fussell received a bonus in February 2019 which was calculated as follows:

**FINANCIAL METRICS<sup>(1)</sup>**

|                               |         |     |         |         |         |           |       |
|-------------------------------|---------|-----|---------|---------|---------|-----------|-------|
| Adjusted Sales <sup>(2)</sup> | \$26.7B | 10% | \$30.5B | \$31.0B | \$31.2B | \$31.2B   | 15.0% |
| Adjusted Diluted EPS          | \$2.50  | 20% | \$2.80  | \$2.85  | \$2.90  | \$2.88    | 25.0% |
| Operating Cash Flow           | \$5.57B | 10% | \$5.6B  | \$5.8B  | \$6.0B  | \$6.3B    | 15.0% |
| Other Financial Returns       |         | 10% |         |         |         | At target | 10.0% |

**STRATEGIC METRICS**

**Goal (10% weight):** Optimize HR service through delivery approach as measured by improved HR Survey score.  
Target score of 83%.

**Result:** Achieved 10.0%

**Goal (10% weight):** Lay foundation for rollout of leadership philosophy as measured by meeting timelines and budgets.

**Result:** Achieved. 10.0%

**Goal (10% weight):** Successfully implement new payroll system for US and Puerto Rico by December 31, 2018.

**Result:** Achieved. 10.0%

**TALENT AND SUCCESSION  
METRICS**

**Goal (20% weight):** Meet talent and succession planning targets.

**Result:** Mostly achieved. 15.0%

**Total 110.0%**

(1)

## Edgar Filing: ABBOTT LABORATORIES - Form DEF 14A

Adjusted Sales exclude the impact of foreign exchange on actual sales relative to the goal target. Adjusted Diluted EPS is diluted earnings per common share from continuing operations excluding specified items.

(2)

Set based on expected market growth of the businesses and markets in which we compete. To achieve target payout, must increase market share.

$$\$620,000 \quad \times \quad 100\% \quad \times \quad 110.0\% \quad = \quad \$682,000$$

**Long-Term Incentives**

Based on the Committee's review of Abbott and individual performance **through 2017**, Mr. Fussell received an LTI award in **February 2018** with a value of \$5,383,800, which was equal to 135% of his LTI award guideline. Additional calculation details are as follows:

|             |   |      |   |                                                  |   |                    |
|-------------|---|------|---|--------------------------------------------------|---|--------------------|
| \$3,988,000 | x | 135% | x | 50% Stock Options <sup>(1)</sup>                 | = | \$2,691,900        |
|             |   |      |   | 50% Performance Restricted Shares <sup>(2)</sup> |   | \$2,691,900        |
|             |   |      |   | <b>Total</b>                                     |   | <b>\$5,383,800</b> |

| METRIC                                                                                                                                                                                 | 2015              | 2016              | 2017                   | OVERALL     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|------------------------|-------------|
| Sales and Market Growth Contribution                                                                                                                                                   | Did not meet (-1) | Did not meet (-1) | Met (0)                | -2          |
| Margin Contribution                                                                                                                                                                    | Met (0)           | Exceeded (+1)     | Exceeded (+1)          | +2          |
| Strategic Financial Contribution                                                                                                                                                       | Met (0)           | Met (0)           | Exceeded (+1)          | +1          |
|                                                                                                                                                                                        |                   |                   | Total                  | +1          |
|                                                                                                                                                                                        |                   |                   | Preliminary Adjustment | 110%        |
| Mr. Fussell's contributions to the completion of the St. Jude and Alere acquisitions and other initiatives to drive future profitable growth for Abbott represented significant impact |                   |                   |                        | ++          |
|                                                                                                                                                                                        |                   |                   | <b>LTI Adjustment</b>  | <b>135%</b> |

**PRELIMINARY ADJUSTMENT****IMPACT**

| TOTAL      | RESULT | IMPACT ON BUSINESS PRIORITIES | SCORE | RESULT       |
|------------|--------|-------------------------------|-------|--------------|
| +3 or More | 125%   | High Impact                   | ++    | +25% or More |
| +1 or +2   | 110%   | Medium/High Impact            | +     | +10% or More |
| 0          | 100%   | Medium Impact                 | =     | 0%           |
| -1 or -2   | 90%    | Medium/Low Impact             | -     | -10% or More |

## Edgar Filing: ABBOTT LABORATORIES - Form DEF 14A

-3 or Less

75%

Low Impact

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-25% or More

(1) Stock options realize value only through share price appreciation.

(2) Performance restricted shares vest only if the 12% Adjusted Return on Equity (ROE) performance target is achieved.

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## BENEFITS AND PERQUISITES

Each of the benefits described below was designed to support the Company's objective of providing a competitive total pay program. Individual benefits do not directly affect decisions regarding other benefits or pay components, except to the extent that benefits and pay components must, in aggregate, be competitive.

### Retirement Benefits

The named officers participate in two Abbott-sponsored defined benefit plans: the Abbott Laboratories Annuity Retirement Plan and the Abbott Laboratories Supplemental Pension Plan. These plans are described in greater detail in the "Pension Benefits" section of the proxy.

Since officers' Supplemental Pension Plan benefits cannot be secured in a manner similar to qualified plans, which are held in trust, officers receive an annual cash payment equal to the increase in present value of their Supplemental Pension Plan benefit. Officers have the option of depositing these annual payments to an individually established grantor trust, net of tax withholdings. Deposited amounts may be credited with the difference between the officers' actual annual trust earnings and the rate used to calculate trust funding (currently 8%) while they are employed. Amounts deposited in the individual trusts are not tax deferred.

Officers do not receive tax gross-ups on their grantor trusts. The manner in which the grantor trust will be distributed to an officer upon retirement from the Company generally follows the manner elected by the officer under the Annuity Retirement Plan. Should an officer (or the officer's spouse, depending upon the pension distribution method elected by the officer under the Annuity Retirement Plan) live beyond the actuarial life expectancy age used to determine the Supplemental Pension Plan benefit and, therefore, exhaust the trust balance, the Supplemental Pension Plan benefit will be paid by the Company.

### Deferred Compensation

Officers of the Company, like all U.S. employees, are eligible to defer a portion of annual base salary and bonus (in certain cases), on a pre-tax basis, to the Company's qualified 401(k) plan, up to the IRS contribution limits. Officers are also eligible to defer up to 18% of their base salary, less contributions to the 401(k) plan, to a non-qualified plan. Unlike other U.S. managers, officers are not eligible to elect to defer compensation into the Deferred Compensation Plan. However, up to one hundred percent (100%) of annual incentive awards earned under the Company's Performance Incentive Plan is eligible for deferral to a non-qualified plan. Officers may defer these amounts to unfunded book accounts or choose to have the amounts paid in cash on a current basis and deposited into individually established grantor trusts, net of tax withholdings. These amounts are credited annually with earnings. Officers do not receive tax gross-ups on their grantor trusts. Officers elect the manner in which the assets held in their grantor trusts will be distributed to them upon retirement or other separation from the Company.

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Change in Control Arrangements | Mr. White does not have an Abbott change in control agreement. The other named officers have Abbott change in control agreements, the purpose of which is to aid in retention and recruitment, encourage continued attention and dedication to assigned duties during periods involving a possible change in control of the Company, and protect the earned benefits of the officer against adverse changes resulting from a change in control. The level of payments provided under the agreements is established to be consistent with market practices as confirmed by data provided to the Committee by its independent compensation consultant. These arrangements are described in greater detail in the "Potential Payments Upon Termination or Change in Control" section of this proxy. |
| Financial Planning             | Named officers are eligible to receive up to \$10,000 of fees annually associated with estate planning advice, tax preparation, and general financial planning. If an officer chooses to utilize this benefit, fees for services received up to the annual allocation are paid by the Company and are treated as imputed income to the officer, who then is responsible for payment of all taxes due on the fees paid by the Company.                                                                                                                                                                                                                                                                                                                                                            |
| Company Automobile             | Named officers are eligible for use of a Company-leased vehicle, with a lease term of 50 months. Seventy-five percent (75%) of the cost of the vehicle is imputed to the officer as income for federal income tax purposes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Company Aircraft               | Non-business-related flights on corporate aircraft by Mr. White are covered by a time-sharing lease agreement, pursuant to which incremental costs associated with those flights are reimbursed by the executive to the Company in accordance with Federal Aviation Administration regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Disability Benefit             | In addition to Abbott's standard disability benefits, the named officers are eligible for a monthly long-term disability benefit, which is described in greater detail in the "Potential Payments Upon Termination or Change in Control" section of this proxy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

## SHARE OWNERSHIP AND RETENTION GUIDELINES

To further promote sustained shareholder returns and to ensure the Company's executives remain focused on both short- and long-term objectives, the Company has established share ownership guidelines. Each officer has five years from the date appointed/elected to his/her position to achieve the ownership level associated with the position.

|                                                      |                     |
|------------------------------------------------------|---------------------|
| Chief Executive Officer                              | 6 times base salary |
| Executive Vice Presidents and Senior Vice Presidents | 3 times base salary |
| All other officers                                   | 2 times base salary |

Any officer who has not achieved at least 50% of the share ownership guideline after three years in their current position will be required to hold 50% of future equity awards until they meet the ownership guideline.

All named officers with 5 years tenure in their current position meet or exceed the guidelines.

## HEDGING

Directors and officers are prohibited from entering into or engaging in any financial transaction that is designed to reduce the financial risk associated with owning Abbott shares. These financial transactions include, but are not limited to, engaging in short sales, derivative transactions (such as equity swaps, straddles, puts, or calls), and hedging or monetizing transactions (such as collars, exchange funds, or prepaid forward variable contracts) that are linked directly to Abbott stock.



## PLEDGING

Directors and officers are prohibited from holding Abbott stock in a margin account, pledging Abbott stock, or otherwise securing any of their obligations by assigning Abbott stock as collateral. The Compensation Committee, or its delegate, may grant an exception provided that:

The director or officer meets Abbott's applicable minimum stock ownership guideline; and

Only Abbott stock in excess of the applicable minimum stock ownership guideline is held in the margin account, pledged, or assigned as collateral.

## RECOUPMENT POLICY

The Compensation Committee has broad discretion to administer and implement the Company's policy and seek recoupment of equity or cash incentive awards if it determines that a senior executive engaged in misconduct or failed in a supervisory capacity, resulting in a material violation of law or Abbott policy that causes significant financial harm to Abbott. The Compensation Committee may recover incentive compensation awarded to a senior executive in the prior three years or reduce future awards. The policy will not affect awards made prior to its effective date or following a change in control.

## COMPLIANCE

The Committee considers the deductibility of executive compensation under Internal Revenue Code Section 162(m) and reserves the flexibility to take actions that may be based on considerations in addition to tax deductibility. The Committee believes that shareholder interests are best served by not restricting the Committee's discretion and flexibility in crafting compensation programs, even if such programs may result in certain non-deductible compensation expenses. Accordingly, Abbott may provide compensation that is not deductible. Section 162(m) (as amended in 2017 by the Tax Cuts and Jobs Act) generally disallows, subject to certain exceptions, a federal income tax deduction to public companies for compensation in excess of \$1 million per year paid to an individual who was the company's chief executive officer or chief financial officer, or among the company's three most highly compensated executive officers, at any time during the year, or an individual whose compensation was subject to the \$1 million cap on deductible compensation in 2017 or later years (under the once a covered employee always a covered employee rule), or beneficiary of any such individual.

## COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board is primarily responsible for reviewing, approving, and overseeing Abbott's compensation plans and practices, and works with management and the Committee's independent consultant to establish Abbott's executive compensation philosophy and programs. The Committee has reviewed and discussed the Compensation Discussion and Analysis with management and has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

### Compensation Committee

R. S. Austin, Chair  
E. M. Liddy  
P. N. Novakovic  
W. A. Osborn  
S. C. Scott III

## COMPENSATION RISK ASSESSMENT

During 2018, Abbott conducted its annual risk assessment of its compensation policies and practices for employees and executives. Abbott's risk assessment is reinforced by Abbott's adherence to a number of industry-leading best practices, including:

Compensation Committee chaired by independent, non-employee director

Representation from the Audit Committee on the Compensation Committee

Review of executive compensation programs by the Compensation Committee's independent consultant

Robust review of compensation program elements and key performance drivers

Detailed measurement of short- and long-term compensation elements, and related performance metrics and requirements, to ensure balance

Incorporation of multiple program requirements that mitigate excessive risk-taking (e.g., recoupment policy, stock ownership and share retention guidelines, caps on incentive payouts)

Based on this assessment, Abbott determined its compensation and benefit programs appropriately align employees' compensation and performance without incentivizing risky behaviors. Any risk arising from its compensation policies and practices is not reasonably likely to have a material adverse effect on Abbott or its shareholders.

The following factors were among those considered:

Regular training on code of business conduct and policies and procedures is mandatory for all employees and non-employee directors.

Compensation structure encourages employees to regard Abbott as a career employer, to consider the long-term impact of their decisions, and to align their interests with those of Abbott's shareholders (e.g., equity awards that vest over multi-year periods, defined benefit pension plan, and other retirement plans).

Annual benchmarking ensures performance achievement and incentive payout opportunities that are aligned with a peer group that reflects the size, investment profile, operating characteristics, and employment and business markets of Abbott. Appropriateness of this group is assessed annually by the Compensation Committee's independent consultant and reviewed and approved by the Compensation Committee. Our selection criteria and peer companies are reported each year to our shareholders.

Abbott's annual incentive plan places an appropriate weighting on earnings achievement by balancing it with other factors, including key operational and strategic measures, disclosed to shareholders. Since earnings are a key component of stock price performance, this aspect of Abbott's compensation plan promotes alignment with shareholder interests without creating duplication across incentive plans.

Abbott's long-term incentive plan focuses on longer-term operating performance and shareholder returns, (e.g., in 2018, roughly two-thirds of named officer total compensation was in the form of long-term equity incentives that can be earned or vest over multiple years).

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Equity awards are made, and grant prices are set at the same time each year, at the Compensation Committee's regularly scheduled meeting. In addition, Abbott does not reprice stock options, award discounted stock options, or immediately vest stock options or restricted stock. The equity awards are based on multiple performance factors. Both executive and Director share ownership guidelines and share retention requirements promote alignment with shareholders.

Abbott's compensation program does not include features that could encourage excessive risk taking, such as over-weighting toward annual incentives, highly leveraged payout curves, uncapped incentive award payments, unreasonable thresholds, or steep payout cliffs at certain levels that may encourage short-term business decisions to meet payout criteria.

Abbott's recoupment policy allows the Compensation Committee to seek recoupment of incentive compensation, forfeit existing awards or reduce future awards if it determines that a senior executive engaged

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in misconduct or failed in a supervisory capacity, resulting in a material violation of law or Abbott policy that caused significant financial harm to Abbott.

Abbott's hedging policy prohibits directors and officers from entering into financial transactions designed to reduce the financial risk associated with owning Abbott shares.

Abbott's pledging policy prohibits directors and officers from holding Abbott shares in a margin account, pledging Abbott shares, or securing obligations by assigning Abbott shares as collateral unless granted an exception by the Compensation Committee.

This assessment was discussed with the Compensation Committee and its independent compensation consultant. The Committee and the consultant both agreed with the assessment.

**SUMMARY COMPENSATION TABLE**

The following table summarizes compensation awarded to, earned by, or paid to the named officers. The section of the proxy statement captioned, "Compensation Discussion and Analysis Basis for Compensation Decisions" describes in greater detail the information reported in this table.

| Name and Principal Position                                                                   | Year | Salary       | Stock Awards <sup>(1)</sup> | Option Awards <sup>(2)</sup> | Non-Equity Incentive Plan Compensation <sup>(3)</sup> | Change in Pension Value and Non-qualified Deferred Compensation <sup>(4)</sup> | All Other Compensation <sup>(5)</sup> | SEC Total     |
|-----------------------------------------------------------------------------------------------|------|--------------|-----------------------------|------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------|---------------|
|                                                                                               |      |              |                             |                              |                                                       |                                                                                |                                       |               |
| <b>Miles D. White,</b><br><i>Chairman of the Board, Chief Executive Officer, and Director</i> | 2018 | \$ 1,900,000 | \$ 7,499,367                | \$ 7,499,996                 | \$ 4,779,688                                          | \$ 1,381,845                                                                   | \$ 1,193,342                          | \$ 24,254,238 |
|                                                                                               | 2017 | 1,900,000    | 4,099,523                   | 4,099,998                    | 4,500,000                                             | 3,350,902                                                                      | 1,020,596                             | 18,971,019    |
|                                                                                               | 2016 | 1,900,000    | 5,249,288                   | 5,249,999                    | 3,200,000                                             | 3,860,715                                                                      | 825,589                               | 20,285,591    |
| <b>Brian B. Yoor,</b><br><i>Executive Vice President, Finance and Chief Financial Officer</i> | 2018 | 796,057      | 2,691,621                   | 2,691,897                    | 974,600                                               | 385,178                                                                        | 73,483                                | 7,612,836     |
|                                                                                               | 2017 | 643,269      | 877,378                     | 877,498                      | 1,062,400                                             | 1,013,539                                                                      | 62,990                                | 4,537,074     |
|                                                                                               | 2016 | 584,231      | 934,841                     | 934,999                      | 622,800                                               | 453,273                                                                        | 60,223                                | 3,590,367     |
| <b>Hubert L. Allen,</b><br><i>Executive Vice President, General Counsel and Secretary</i>     | 2018 | 706,709      | 2,691,621                   | 2,691,897                    | 902,000                                               | 205,233                                                                        | 120,316                               | 7,317,776     |
|                                                                                               | 2017 | 690,100      | 1,072,361                   | 1,072,500                    | 1,015,200                                             | 947,237                                                                        | 71,146                                | 4,868,544     |
| <b>Robert B. Ford,</b><br><i>President and Chief Operating Officer</i>                        | 2018 | 784,250      | 2,691,621                   | 2,691,897                    | 1,297,500                                             | 382,771                                                                        | 279,213                               | 8,127,252     |
|                                                                                               | 2017 | 675,000      | 974,870                     | 974,999                      | 1,066,400                                             | 949,748                                                                        | 60,891                                | 4,701,908     |
| <b>Stephen R. Fussell,</b><br><i>Executive Vice President, Human Resources</i>                | 2018 | 620,000      | 2,691,621                   | 2,691,897                    | 682,000                                               | 55,339                                                                         | 97,779                                | 6,838,636     |

(1) In accordance with the Securities and Exchange Commission's rules, the amounts in this column represent the aggregate grant date fair value of the awards in accordance with Financial Accounting Standards Board ASC Topic 718. Abbott determines grant date fair value by multiplying the number of shares granted by the average of the high and low market prices of an Abbott common share on the award's date of grant.

(2) In accordance with the Securities and Exchange Commission's rules, the amounts in this column represent the aggregate grant date fair value of the awards in accordance with Financial Accounting Standards Board ASC Topic 718. These amounts were determined as of the option's grant date using a Black-Scholes stock option valuation model. These amounts are being reported solely for the purpose of comparative disclosure in accordance with the Securities and Exchange Commission's rules. There is no certainty that the amount determined using a Black-Scholes stock option valuation model would be the value at which employee stock options would be traded for cash. The assumptions are the same as those described in Note 10, entitled "Incentive Stock Program" of Abbott's Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data" in Abbott's 2018 Annual Report on Securities and Exchange Commission Form 10-K.

(3) This compensation is earned as a performance-based incentive bonus, pursuant to the 1998 Abbott Laboratories Performance Incentive Plan. Additional information regarding the Performance Incentive Plan can be found in the section of this proxy statement captioned, "Compensation Discussion and Analysis Basis for Compensation Decisions."

(4) The plan amounts shown below are reported in this column.

For Messrs. White and Yoor, the amounts shown alongside the officer's name are for 2018, 2017, and 2016, respectively. For Messrs. Allen and Ford, the amounts shown are for 2018 and 2017. For Mr. Fussell, the amounts shown are for 2018.

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### *Abbott Laboratories Annuity Retirement Plan*

M. D. White: (\$87,156) / \$153,425 / \$146,866; B. B. Yoor: (\$30,841) / \$109,749 / \$51,896; H. L. Allen: (\$2,013) / \$73,724; R. B. Ford: (\$37,501) / \$106,226; and S. R. Fussell: \$17,803.

### *Abbott Laboratories Supplemental Pension Plan*

M. D. White: (\$3,700,892) / \$2,045,299 / \$2,776,331; B. B. Yoor: \$363,129 / \$879,913 / \$395,494; H. L. Allen: \$41,309 / \$751,794; R. B. Ford: \$343,260 / \$798,324; and S. R. Fussell: (\$408,850).

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### *Non-Qualified Defined Contribution Plan Earnings*

The totals in this column include reportable interest credited under the 1998 Abbott Laboratories Performance Incentive Plan, the Abbott Laboratories 401(k) Supplemental Plan, and the 1986 Abbott Laboratories Management Incentive Plan (although none of the named officers currently receives awards under this plan).

M. D. White: \$1,381,845 / \$1,152,178 / \$937,518; B. B. Yoor: \$52,890 / \$29,877 / \$5,883; H. L. Allen: \$165,937 / \$121,719; R. B. Ford: \$77,012 / \$45,198; and S. R. Fussell: \$55,339.

(5)

The amounts shown below are reported in this column.

For Messrs. White and Yoor, the amounts shown alongside the officer's name are for 2018, 2017, and 2016, respectively. For Messrs. Allen and Ford, the amounts shown are for 2018 and 2017. For Mr. Fussell, the amounts shown are for 2018.

*Earnings on Non-Qualified Defined Contribution Plans* (net of the reportable interest included in footnote 4).

M. D. White: \$638,710 / \$423,890 / \$306,382; B. B. Yoor: \$3,237 / \$268 / \$0; H. L. Allen: \$52,571 / \$18,083; R. B. Ford: \$6,125 / \$8,600; and S. R. Fussell: \$32,519.

Each of the named officers' awards under the 1998 Abbott Laboratories Performance Incentive Plan is paid in cash to the officer on a current basis. Each of the named officers have grantor trusts into which the awards may be deposited, net of maximum tax withholdings. The named officers also have grantor trusts in connection with the Abbott Laboratories 401(k) Supplemental Plan and the 1986 Abbott Laboratories Management Incentive Plan (although none of the named officers currently receives awards under the Management Incentive Plan). These amounts include the trusts' earnings (net of the reportable interest included in footnote 4).

### *Employer Contributions to Defined Contribution Plans*

M. D. White: \$95,000 / \$95,000 / \$95,000; B. B. Yoor: \$39,803 / \$32,163 / \$29,212; H. L. Allen: \$35,335 / \$34,505; R. B. Ford: \$39,213 / \$33,750; and S. R. Fussell: \$31,000.

These amounts include employer contributions to both Abbott's tax-qualified defined contribution plan and the Abbott Laboratories 401(k) Supplemental Plan. The Abbott Laboratories 401(k) Supplemental Plan permits eligible Abbott officers to contribute amounts in excess of the limit set by the Internal Revenue Code for employee contributions to 401(k) plans up to the excess of (i) 18% of their base salary over (ii) the amount contributed to Abbott's tax-qualified 401(k) plan. Abbott matches participant contributions at the rate of 250% of the first 2% of compensation contributed to the plan. The named officers have these amounts paid to them in cash on a current basis and deposited into a grantor trust established by the officer, net of maximum tax withholdings.

### *Other Compensation*

Mr. White's non-business-related flights on corporate aircraft are covered by a time-sharing lease agreement, pursuant to which he reimburses Abbott for certain costs associated with those flights in accordance with Federal Aviation Administration regulations. The following amounts are included in the totals in this column, which reflect Abbott's incremental cost less reimbursements for non-business-related flights: \$229,599 / \$292,292 / \$204,527.

Abbott determines the incremental cost for flights based on the direct cost to Abbott, including fuel costs, parking, handling and landing fees, catering, travel fees, and other miscellaneous direct costs.

For Mr. White, the following costs associated with security are included: \$230,033 / \$209,414 / \$219,680. Abbott determines the cost for these expenses based on its actual costs. The security is provided on the recommendation of an independent security study.

Also included in the totals shown in the table is the cost of providing a corporate automobile less the amount reimbursed by the officer: B. B. Yoor: \$20,443 / \$20,559 / \$20,178; H. L. Allen: \$23,600 / \$9,158; R. B. Ford: \$19,516 / \$18,541; and S. R. Fussell: \$27,360.

For Messrs. Yoor, Allen, and Fussell, the following costs associated with financial planning are included: B. B. Yoor: \$10,000 / \$10,000 / \$10,833; H. L. Allen: \$8,810 / \$9,400; and S. R. Fussell: \$6,900.

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For Mr. Ford, the total includes \$167,073 of relocation costs and \$47,286 of reimbursement of associated taxes provided according to standard Abbott relocation policies.

The named officers are also eligible to participate in an executive disability benefit described on page 61.

## 2018 GRANTS OF PLAN-BASED AWARDS

| Name          | Grant Date | Estimated Future Payout Under Non-Equity Incentive Plan Awards | Estimated Future Payout Under Equity Incentive Plan Awards | Estimated Future Stock Awards Under Other Plans | Exercise or Base Price of Options | Closing Market Price on Grant Date | Grant Date Fair Value of Stock and |
|---------------|------------|----------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|-----------------------------------|------------------------------------|------------------------------------|
|               |            |                                                                |                                                            |                                                 |                                   |                                    |                                    |
|               |            | (\$)(#)                                                        | (\$)(#)                                                    | (\$)(#)                                         | (\$/Sh.)                          |                                    |                                    |
| M. D. White   | 2/16/18    | 125,125                                                        |                                                            |                                                 |                                   |                                    | \$ 7,499,367 <sup>(5)</sup>        |
|               | 2/16/18    |                                                                | 688,073                                                    |                                                 | \$ 59.94                          | \$ 60.17                           | 7,499,996 <sup>(6)</sup>           |
| B. B. Yoor    | 2/16/18    | 44,909                                                         |                                                            |                                                 |                                   |                                    | 2,691,621 <sup>(5)</sup>           |
|               | 2/16/18    |                                                                | 246,963                                                    |                                                 | 59.94                             | 60.17                              | 2,691,897 <sup>(6)</sup>           |
| H. L. Allen   | 2/16/18    | 44,909                                                         |                                                            |                                                 |                                   |                                    | 2,691,621 <sup>(5)</sup>           |
|               | 2/16/18    |                                                                | 246,963                                                    |                                                 | 59.94                             | 60.17                              | 2,691,897 <sup>(6)</sup>           |
| R. B. Ford    | 2/16/18    | 44,909                                                         |                                                            |                                                 |                                   |                                    | 2,691,621 <sup>(5)</sup>           |
|               | 2/16/18    |                                                                | 246,963                                                    |                                                 | 59.94                             | 60.17                              | 2,691,897 <sup>(6)</sup>           |
| S. R. Fussell | 2/16/18    | 44,909                                                         |                                                            |                                                 |                                   |                                    | 2,691,621 <sup>(5)</sup>           |
|               | 2/16/18    |                                                                | 246,963                                                    |                                                 | 59.94                             | 60.17                              | 2,691,897 <sup>(6)</sup>           |

(1) During 2018, each of the named officers participated in the 1998 Abbott Laboratories Performance Incentive Plan, an annual, non-equity incentive plan. The annual cash incentive award earned by the named officer in 2018 under the plan is shown in the Summary Compensation Table under the column captioned, "Non-Equity Incentive Plan Compensation." No future payouts will be made under the plan's 2018 annual cash incentive award. The Performance Incentive Plan is described in greater detail in the section of the proxy statement captioned, "Compensation Discussion and Analysis Basis for Compensation Decisions."

(2) These are performance-based restricted stock awards that have a 3-year term and vest upon Abbott reaching a minimum return on equity target, with no more than one-third of the award vesting in any one year. In 2018, Abbott reached its minimum return on equity target and one-third of each of the awards made on February 16, 2018, vested on February 28, 2019. The equity targets are described in the section of the proxy statement captioned, "Compensation Discussion and Analysis Basis for Compensation Decisions."

(3) In the event of a grantee's death or disability, these awards are deemed fully earned. The treatment of these awards upon a change in control is described in the section of the proxy statement captioned, "Potential Payments Upon Termination or Change in Control Equity Awards." Outstanding restricted shares receive dividends at the same rate as all other shareholders.

(4) Options with respect to one-third of the shares covered by these awards are exercisable after one year; two-thirds after two years; and all after three years. The options vest in the event of the grantee's death or disability. The treatment of these awards upon a change in control is described in the section of the proxy statement captioned, "Potential Payments Upon Termination or Change in Control Equity Awards." Under the Abbott Laboratories 2017 Incentive Stock Program, these options have an exercise price equal to the average of the high and low market prices (rounded-up to the next even penny) of an Abbott common share on the date of grant.

(5) Abbott determines the grant date fair value of stock awards by multiplying the number of restricted shares granted by the average of the high and low market prices of a common share on the grant date.

(6) These values were determined as of the option's grant date using a Black-Scholes stock option valuation model. The model uses the assumptions described in Note 10, entitled "Incentive Stock Program" of Abbott's Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplemental Data" in Abbott's 2018 Annual Report on Securities and Exchange Commission Form 10-K.



**2018 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table summarizes the outstanding equity awards held by the named officers at year-end.

| Name        | Option Awards <sup>(1)(2)</sup>                         |                                                         |                                                                                       |                            |                        | Stock Awards <sup>(2)</sup>                                 |                                                                    |                                                                                                         |                                                                                                                          |  |
|-------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--|
|             | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |  |
| M. D. White |                                                         |                                                         |                                                                                       |                            |                        |                                                             |                                                                    | 45,573                                                                                                  | \$3,296,295                                                                                                              |  |
|             |                                                         |                                                         |                                                                                       |                            |                        |                                                             |                                                                    | 61,562                                                                                                  | 4,452,779                                                                                                                |  |
|             |                                                         |                                                         |                                                                                       |                            |                        |                                                             |                                                                    | 125,125                                                                                                 | 9,050,291                                                                                                                |  |
|             | 295,000                                                 |                                                         |                                                                                       | \$26.1879                  | 02/18/20               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|             | 294,700                                                 |                                                         |                                                                                       | 22.3919                    | 02/17/21               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|             | 302,500                                                 |                                                         |                                                                                       | 27.0336                    | 02/16/22               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|             | 980,000                                                 |                                                         |                                                                                       | 34.9400                    | 02/14/23               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|             | 727,699                                                 |                                                         |                                                                                       | 39.1200                    | 02/20/24               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|             | 937,031                                                 |                                                         |                                                                                       | 47.0000                    | 02/19/25               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|             | 799,087                                                 | 399,543                                                 |                                                                                       | 38.4000                    | 02/18/26               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|             | 212,877                                                 | 425,752                                                 |                                                                                       | 44.4000                    | 02/16/27               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|             |                                                         | 688,073                                                 |                                                                                       | 59.9400                    | 02/15/28               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |

See footnotes on page 57.

## 2018 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END (CONTINUED)

| Name       | Option Awards <sup>(1)(2)</sup>                         |                                                         |                                                                                       |                            |                        | Stock Awards <sup>(2)</sup>                                 |                                                                    |                                                                                                         |                                                                                                                          |  |
|------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--|
|            | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |  |
| B. B. Yoor |                                                         |                                                         |                                                                                       |                            |                        |                                                             |                                                                    | 8,116                                                                                                   | \$587,030                                                                                                                |  |
|            |                                                         |                                                         |                                                                                       |                            |                        |                                                             |                                                                    | 13,176                                                                                                  | 953,020                                                                                                                  |  |
|            | 11,400                                                  |                                                         |                                                                                       | \$34.9400                  | 02/14/23               |                                                             |                                                                    | 44,909                                                                                                  | 3,248,268                                                                                                                |  |
|            | 32,363                                                  |                                                         |                                                                                       | 39.1200                    | 02/20/24               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|            | 41,229                                                  |                                                         |                                                                                       | 47.0000                    | 02/19/25               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|            | 81,709                                                  |                                                         |                                                                                       | 48.9000                    | 05/31/25               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|            | 142,313                                                 | 71,157                                                  |                                                                                       | 38.4000                    | 02/18/26               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|            | 45,561                                                  | 91,121                                                  |                                                                                       | 44.4000                    | 02/16/27               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |
|            |                                                         | 246,963                                                 |                                                                                       | 59.9400                    | 02/15/28               |                                                             |                                                                    |                                                                                                         |                                                                                                                          |  |

See footnotes on page 57.

## 2018 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END (CONTINUED)

| Name        | Option Awards <sup>(1)(2)</sup>                                     |                                                                       |                                                                                       |                            |                        | Stock Awards <sup>(2)</sup>                                 |                                                                    |                                                                          | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |
|-------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
|             | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Awards: Number of Shares, Units or Other Rights That Have Not Vested (#) |                                                                                                                          |
| H. L. Allen |                                                                     |                                                                       |                                                                                       |                            |                        |                                                             |                                                                    | 10,851                                                                   | \$784,853                                                                                                                |
|             |                                                                     |                                                                       |                                                                                       |                            |                        |                                                             |                                                                    | 16,104                                                                   | 1,164,802                                                                                                                |
|             | 165,000                                                             |                                                                       |                                                                                       | \$34.9400                  | 02/14/23               |                                                             |                                                                    | 44,909                                                                   | 3,248,268                                                                                                                |
|             | 107,793                                                             |                                                                       |                                                                                       | 39.1200                    | 02/20/24               |                                                             |                                                                    |                                                                          |                                                                                                                          |
|             | 157,421                                                             |                                                                       |                                                                                       | 47.0000                    | 02/19/25               |                                                             |                                                                    |                                                                          |                                                                                                                          |
|             | 190,259                                                             | 95,129                                                                |                                                                                       | 38.4000                    | 02/18/26               |                                                             |                                                                    |                                                                          |                                                                                                                          |
|             | 55,686                                                              | 111,370                                                               |                                                                                       | 44.4000                    | 02/16/27               |                                                             |                                                                    |                                                                          |                                                                                                                          |
|             |                                                                     | 246,963                                                               |                                                                                       | 59.9400                    | 02/15/28               |                                                             |                                                                    |                                                                          |                                                                                                                          |

See footnotes on page 57.

## 2018 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END (CONTINUED)

| Name       | Option Awards <sup>(1)(2)</sup>                                     |                                                                       |                                                                                                |                            |                        | Stock Awards <sup>(2)</sup>                                 |                                                                    |                                                                                   | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |
|------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
|            | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) |                                                                                                                          |
| R. B. Ford |                                                                     |                                                                       |                                                                                                |                            |                        |                                                             |                                                                    | 10,851                                                                            | \$784,853                                                                                                                |
|            |                                                                     |                                                                       |                                                                                                |                            |                        |                                                             |                                                                    | 14,640                                                                            | 1,058,911                                                                                                                |
|            | 45,492                                                              |                                                                       |                                                                                                | \$39.1200                  | 02/20/24               |                                                             |                                                                    | 44,909                                                                            | 3,248,268                                                                                                                |
|            | 56,933                                                              |                                                                       |                                                                                                | 41.1400                    | 06/30/24               |                                                             |                                                                    |                                                                                   |                                                                                                                          |
|            | 127,436                                                             |                                                                       |                                                                                                | 47.0000                    | 02/19/25               |                                                             |                                                                    |                                                                                   |                                                                                                                          |
|            | 14,243                                                              |                                                                       |                                                                                                | 48.9000                    | 05/31/25               |                                                             |                                                                    |                                                                                   |                                                                                                                          |
|            | 190,259                                                             | 95,129                                                                |                                                                                                | 38.4000                    | 02/18/26               |                                                             |                                                                    |                                                                                   |                                                                                                                          |
|            | 50,623                                                              | 101,246                                                               |                                                                                                | 44.4000                    | 02/16/27               |                                                             |                                                                    |                                                                                   |                                                                                                                          |
|            |                                                                     | 246,963                                                               |                                                                                                | 59.9400                    | 02/15/28               |                                                             |                                                                    |                                                                                   |                                                                                                                          |

See footnotes on page 57.

**2018 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END (CONTINUED)**

| Name          | Option Awards <sup>(1)(2)</sup>                                     |                                                                       |                                                                                                |                            |                        | Stock Awards <sup>(2)</sup>                                 |                                                                    |                                                                          | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |
|---------------|---------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
|               | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Awards: Number of Shares, Units or Other Rights That Have Not Vested (#) |                                                                                                                          |
| S. R. Fussell |                                                                     |                                                                       |                                                                                                |                            |                        |                                                             |                                                                    | 11,936                                                                   | \$863,331                                                                                                                |
|               |                                                                     |                                                                       |                                                                                                |                            |                        |                                                             |                                                                    | 17,568                                                                   | 1,270,693                                                                                                                |
|               | 169,227                                                             |                                                                       |                                                                                                | \$47.0000                  | 02/19/25               |                                                             |                                                                    | 44,909                                                                   | 3,248,268                                                                                                                |
|               |                                                                     | 104,642                                                               |                                                                                                | 38.4000                    | 02/18/26               |                                                             |                                                                    |                                                                          |                                                                                                                          |
|               | 60,748                                                              | 121,494                                                               |                                                                                                | 44.4000                    | 02/16/27               |                                                             |                                                                    |                                                                          |                                                                                                                          |
|               |                                                                     | 246,963                                                               |                                                                                                | 59.9400                    | 02/15/28               |                                                             |                                                                    |                                                                          |                                                                                                                          |

See footnotes on page 57.

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## Footnotes to 2018 Outstanding Equity Awards At Fiscal Year-End table:

(1)

Except as noted, these options are fully vested.

(2)

The vesting dates of outstanding unexercisable stock options and unvested restricted stock awards at December 31, 2018 are as follows:

| Name             | Option Awards                                                                |                                                           |                                                           | Stock Awards <sup>(a)</sup>                               |                                               |                                                                                    |
|------------------|------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------|
|                  | Number of<br>Unexercised<br>Shares<br>Remaining<br>from<br>Original<br>Grant | Number of<br>Option Shares<br>Vesting Date<br>Vested 2019 | Number of<br>Option Shares<br>Vesting Date<br>Vested 2020 | Number of<br>Option Shares<br>Vesting Date<br>Vested 2021 | Number of<br>Restricted<br>Shares or<br>Units | Number of<br>Restricted<br>Shares or<br>Units<br>Vesting<br>Date<br>Vested<br>2019 |
| M. D.<br>White   | 399,543                                                                      | 399,543 - 2/19                                            |                                                           |                                                           | 45,573                                        | (b)                                                                                |
|                  | 425,752                                                                      | 212,876 - 2/17                                            | 212,876 - 2/17                                            |                                                           | 61,562                                        | (c)                                                                                |
|                  | 688,073                                                                      | 229,358 - 2/16                                            | 229,357 - 2/16                                            | 229,358 - 2/16                                            | 125,125                                       | (d)                                                                                |
| B. B. Yoor       | 71,157                                                                       | 71,157 - 2/19                                             |                                                           |                                                           | 8,116                                         | (b)                                                                                |
|                  | 91,121                                                                       | 45,560 - 2/17                                             | 45,561 - 2/17                                             |                                                           | 13,176                                        | (c)                                                                                |
|                  | 246,963                                                                      | 82,321 - 2/16                                             | 82,321 - 2/16                                             | 82,321 - 2/16                                             | 44,909                                        | (d)                                                                                |
| H. L. Allen      | 95,129                                                                       | 95,129 - 2/19                                             |                                                           |                                                           | 10,851                                        | (b)                                                                                |
|                  | 111,370                                                                      | 55,685 - 2/17                                             | 55,685 - 2/17                                             |                                                           | 16,104                                        | (c)                                                                                |
|                  | 246,963                                                                      | 82,321 - 2/16                                             | 82,321 - 2/16                                             | 82,321 - 2/16                                             | 44,909                                        | (d)                                                                                |
| R. B. Ford       | 95,129                                                                       | 95,129 - 2/19                                             |                                                           |                                                           | 10,851                                        | (b)                                                                                |
|                  | 101,246                                                                      | 50,623 - 2/17                                             | 50,623 - 2/17                                             |                                                           | 14,640                                        | (c)                                                                                |
|                  | 246,963                                                                      | 82,321 - 2/16                                             | 82,321 - 2/16                                             | 82,321 - 2/16                                             | 44,909                                        | (d)                                                                                |
| S. R.<br>Fussell | 104,642                                                                      | 104,642 - 2/19                                            |                                                           |                                                           | 11,936                                        | (b)                                                                                |
|                  | 121,494                                                                      | 60,747 - 2/17                                             | 60,747 - 2/17                                             |                                                           | 17,568                                        | (c)                                                                                |
|                  | 246,963                                                                      | 82,321 - 2/16                                             | 82,321 - 2/16                                             | 82,321 - 2/16                                             | 44,909                                        | (d)                                                                                |

(a)

The equity targets are described in the section of the proxy statement captioned, "Compensation Discussion and Analysis Basis for Compensation Decisions."

(b)

These are the restricted shares that remained outstanding and unvested on December 31, 2018, from an award made on February 19, 2016. The award has a 5-year term, with no more than one-third of the original award vesting in any one year upon Abbott reaching a minimum return on equity target, measured at the end of the relevant year. In 2018, Abbott reached its minimum return on equity target and these shares vested on February 28, 2019.

(c)

These are restricted shares that remained outstanding and unvested on December 31, 2018, from an award made on February 17, 2017. The award has a 5-year term, with no more than one-third of the original award vesting in any one year upon Abbott reaching a minimum return on equity target, measured at the end of the relevant year. In 2018, Abbott reached its minimum return on equity target and one-half of these shares vested on February 28, 2019.

(d)

These are the restricted shares that remained outstanding and unvested on December 31, 2018, from an award made on February 16, 2018. The award has a 3-year term with no more than one-third of the original award vesting in any one year upon Abbott reaching a minimum return on equity target, measured at the end of the relevant year. In 2018, Abbott reached its minimum return on equity target and one-third of these shares vested on February 28, 2019.



**2018 OPTION EXERCISES AND STOCK VESTED**

The following table summarizes for each named officer the number of shares the officer acquired on the exercise of stock options and the number of shares the officer acquired on the vesting of stock awards in 2018:

| Name        | Option Awards                                   |                                       | Stock Awards                                   |                                      |
|-------------|-------------------------------------------------|---------------------------------------|------------------------------------------------|--------------------------------------|
|             | Number of Shares<br>Acquired on Exercise<br>(#) | Value Realized<br>on Exercise<br>(\$) | Number of Shares<br>Acquired on Vesting<br>(#) | Value Realized<br>on Vesting<br>(\$) |
| M. D.       |                                                 |                                       |                                                |                                      |
| White       | 325,000                                         | \$15,084,916                          | 120,679                                        | \$7,307,113                          |
| B. B. Yoor  | 0                                               | 0                                     | 20,518                                         | 1,246,153                            |
| H. L. Allen | 0                                               | 0                                     | 26,349                                         | 1,595,432                            |
| R. B. Ford  | 83,467                                          | 2,666,983                             | 24,872                                         | 1,506,660                            |
| S. R.       |                                                 |                                       |                                                |                                      |
| Fussell     | 493,625                                         | 12,130,527                            | 28,724                                         | 1,739,238                            |

**PENSION BENEFITS**

During 2018, the named officers participated in two Abbott-sponsored defined benefit pension plans: the Abbott Laboratories Annuity Retirement Plan, a tax-qualified pension plan; and the Abbott Laboratories Supplemental Pension Plan, a non-qualified supplemental pension plan. The Supplemental Pension Plan also includes a benefit feature Abbott uses to attract officers who are at the mid-point of their careers. This feature provides an additional benefit to officers who are mid-career hires that is less valuable to officers who have spent most of their careers at Abbott. Except as provided in Abbott's change in control agreements, Abbott does not have a policy granting extra years of credited service under the plans. These change in control agreements are described on pages 61 and 62.

The compensation considered in determining the pension payable to the named officers is the compensation shown in the "Salary" and "Non-Equity Incentive Plan Compensation" columns of the Summary Compensation Table on page 49.

**ANNUITY RETIREMENT PLAN**

The Annuity Retirement Plan covers eligible employees in the United States who are age 21 or older, and provides participants with a life annuity benefit at normal retirement equal to A plus the greater of B or C below.

- A.
- 1.10% of 5-year final average earnings multiplied by years of benefit service after 2003.
- B.
- 1.65% of 5-year final average earnings multiplied by years of benefit service prior to 2004 (up to 20); plus 1.50% of 5-year final average earnings multiplied by years of benefit service prior to 2004 in excess of 20 (but no more than 15 additional years); less 0.50% of the lesser of 3-year final average earnings (but not more than the social security wage base in any year) or the social security covered compensation level multiplied by years of benefit service.
- C.
- 1.10% of 5-year final average earnings multiplied by years of benefit service prior to 2004.

The benefit for service prior to 2004 (B or C above) is reduced for the cost of preretirement surviving spouse benefit protection. The reduction is calculated using formulas based on age and employment status during the period in which coverage was in effect.

Final average earnings are the average of the employee's 60 highest-paid consecutive calendar months of compensation (salary and non-equity incentive plan compensation). The Annuity Retirement Plan covers earnings up to the limit imposed by Internal Revenue Code Section 401(a)(17) and provides for a maximum of 35 years of benefit service.

Participants become fully vested in their pension benefit upon the completion of five years of service. The benefit is payable on an unreduced basis at age 65. Participants hired after 2003 who terminate prior to age 55 with at least 10 years of service may choose to commence their

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benefits on an actuarially reduced basis as early as age 55. Participants hired prior to 2004 who terminate prior to age 50 with at least 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 50. Participants hired prior to 2004 who terminate prior to age 50 with less than 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 55.

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The Annuity Retirement Plan offers several optional forms of payment, including certain and life annuities, joint and survivor annuities, and level income annuities. The benefit paid under any of these options is actuarially equivalent to the life annuity benefit produced by the formula described above.

Participants who retire from Abbott prior to their normal retirement age may receive subsidized early retirement benefits. Participants hired after 2003 are eligible for early retirement at age 55 with 10 years of service. Participants hired prior to 2004 are eligible for early retirement at age 50 with 10 years of service or age 55 if the employee's age plus years of benefit service total 70 or more. As of December 31, 2018, Messrs. White and Fussell were eligible for early retirement benefits under the plan.

The subsidized early retirement reductions applied to the benefit payable for service after 2003 (A above) depend upon the participant's age at retirement. If the participant retires after reaching age 55, the benefit is reduced 5 percent per year for each year that payments are made before age 62. If the participant retires after reaching age 50 but prior to reaching age 55, the benefit is actuarially reduced from age 65.

The early retirement reductions applied to the benefit payable for service prior to 2004 (B and C above) depend upon age and service at retirement:

In general, the 5-year final average earnings portions of the benefit are reduced 3 percent per year for each year that payments are made before age 62 and the 3-year final average earnings portion of the benefit is reduced 5 percent per year for each year that payments are made before age 62.

Employees who participated in the plan before age 36 may elect "Special Retirement" on the last day of any month after reaching age 55 with age plus Seniority Service points of at least 94 or "Early Special Retirement" on the last day of any month after reaching age 55, provided their age plus Seniority Service points would reach at least 94 before age 65. Seniority Service includes periods of employment prior to attaining the minimum age required to participate in the plan. If Special Retirement or Early Special Retirement applies, Seniority Service is used in place of benefit service in the formulas. The 5-year final average earnings portions of the benefit in B above are reduced  $1\frac{2}{3}$  percent for each year between ages 59 and 62 plus  $2\frac{1}{2}$  percent for each year between ages 55 and 59. The 3-year final average earnings portion of the benefit is reduced 5 percent per year for each year that payments are made before age 62. Benefit C is payable on an unreduced basis at Special Retirement and is reduced 3 percent per year for each year that payments are made before age 62, if Early Special Retirement applies.

### SUPPLEMENTAL PENSION PLAN

With the following exceptions, the provisions of the Supplemental Pension Plan are substantially the same as those of the Annuity Retirement Plan:

Officers' 5-year final average earnings are calculated using the average of the 5 highest years of base earnings and the 5 highest years of payments under Abbott's non-equity incentive plans.

The Annuity Retirement Plan does not include amounts deferred or payments received under the Abbott Laboratories Deferred Compensation Plan in its calculation of a participant's final average earnings. To preserve the pension benefits of Deferred Compensation Plan participants, the Supplemental Pension Plan includes amounts deferred by a participant under the Deferred Compensation Plan in its calculation of final average earnings. Beginning in the year following their election as an officer, Abbott officers are no longer eligible to defer compensation under the Deferred Compensation Plan.

In addition to the benefits outlined above for the Annuity Retirement Plan, participating officers are eligible for a benefit equal to 0.6% of 5-year final average earnings for each year of service for each of the first 20 years of service occurring after the participant attains age 35. The benefit is further limited by the maximum percentage allowed under the Annuity Retirement Plan under that plan's benefit formulas (A, B, and C above). The portion of this additional officer benefit attributable to service prior to 2004 is reduced 3 percent per year for each year that payments are made before the plan's unreduced retirement age. The portion attributable to service after 2003 is reduced 5 percent per year for each year that payments are made before the plan's unreduced retirement age if the participant is at least age 55 at early retirement. If the participant is under age 55 at retirement, the portion attributable to service after 2003 is actuarially reduced from age 65.

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The Supplemental Pension Plan provides early retirement benefits similar to those provided under the Annuity Retirement Plan. The benefits provided to Abbott's officers under the Supplemental Pension Plan are reduced

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from the plan's unreduced retirement age, unless the benefit is being actuarially reduced from age 65. As of December 31, 2018, Messrs. White and Fussell were eligible for early retirement benefits under the plan.

Vested plan benefits accrued under the Supplemental Pension Plan may be funded through a grantor trust established by the officer. Consistent with the distribution requirements of Internal Revenue Code Section 409A and its regulations, those officers who were elected prior to 2009 may have the entire amount of their vested plan benefits funded through a grantor trust. Officers elected after 2008 may only have the vested plan benefits that accrue following the calendar year in which the officer is first elected funded through a grantor trust. Vested plan benefits accrued through December 31, 2008, to the extent not previously funded, were distributed to the participants' individual trusts and included in the participants' income.

Benefits payable under the Supplemental Pension Plan are offset by the benefits payable from the Annuity Retirement Plan, calculated as if benefits under the plans commenced at the same time. The amounts paid to an officer's Supplemental Pension Plan grantor trust to fund plan benefits are actuarially determined. The plan is designed to result in Abbott paying the officer's Supplemental Pension Plan benefits to the extent assets held in the officer's trust are insufficient.

### 2018 PENSION BENEFITS

| Name          | Plan Name                                     | Number<br>Of<br>Years<br>Credited<br>Service |            | Present<br>Value of<br>Accumulated<br>Benefit (\$) <sup>(1)</sup> |  | Payments<br>During<br>Last<br>Fiscal<br>Year (\$) |
|---------------|-----------------------------------------------|----------------------------------------------|------------|-------------------------------------------------------------------|--|---------------------------------------------------|
|               |                                               | (#)                                          |            |                                                                   |  |                                                   |
| M. D. White   | Abbott Laboratories Annuity Retirement Plan   | \$ 34                                        | 1,502,615  |                                                                   |  | 0                                                 |
|               | Abbott Laboratories Supplemental Pension Plan | 34                                           | 35,830,825 |                                                                   |  | 2,305,966 <sup>(2)</sup>                          |
| B. B. Yoor    | Abbott Laboratories Annuity Retirement Plan   | 21                                           | 409,062    |                                                                   |  | 0                                                 |
|               | Abbott Laboratories Supplemental Pension Plan | 21                                           | 2,251,709  |                                                                   |  | 195,263 <sup>(2)</sup>                            |
| H. L. Allen   | Abbott Laboratories Annuity Retirement Plan   | 13                                           | 284,928    |                                                                   |  | 0                                                 |
|               | Abbott Laboratories Supplemental Pension Plan | 13                                           | 2,267,510  |                                                                   |  | 224,486 <sup>(2)</sup>                            |
| R. B. Ford    | Abbott Laboratories Annuity Retirement Plan   | 22                                           | 363,335    |                                                                   |  | 0                                                 |
|               | Abbott Laboratories Supplemental Pension Plan | 22                                           | 2,181,149  |                                                                   |  | 145,339 <sup>(2)</sup>                            |
| S. R. Fussell | Abbott Laboratories Annuity Retirement Plan   | 22                                           | 922,891    |                                                                   |  | 0                                                 |
|               | Abbott Laboratories Supplemental Pension Plan | 22                                           | 6,103,002  |                                                                   |  | 274,863 <sup>(2)</sup>                            |

(1) Abbott calculates these present values using: (i) a 4.58% discount rate for the Annuity Retirement Plan and a 4.50% discount rate for the Supplemental Pension Plan, the same effective discount rates it uses for Financial Accounting Standards Board ASC Topic 715 calculations for financial reporting purposes; and (ii) each plan's unreduced retirement age. The present values shown in the table reflect post-retirement mortality, based on the Financial Accounting Standards Board ASC Topic 715 assumption (the RP2006 Combined Healthy table with projected mortality improvements), but do not include a factor for pre-retirement termination, mortality, or disability.

(2) Consistent with the distribution requirements of Internal Revenue Code Section 409A and its regulations, vested Supplemental Pension Plan benefits, to the extent not previously funded, were distributed to the participants' individual grantor trusts and included in the participants' income. Amounts held in the officer's individual trust are expected to offset Abbott's obligations to the officer under the plan. During 2018, the amounts shown, less applicable tax withholdings, were deposited in such individual trusts established by the named officers. Grantor trusts are described in greater detail in the section of the proxy statement captioned, "Compensation

Discussion and Analysis Benefits and Perquisites."

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**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

**POTENTIAL PAYMENTS UPON TERMINATION GENERALLY**

Abbott does not have employment agreements with its named officers.

The following summarizes the payments that the named officers would have received if their employment had terminated on December 31, 2018. Earnings would have continued to be paid to the named officer's Performance Incentive Plan, Management Incentive Plan, and Supplemental 401(k) Plan grantor trusts, until the trust assets were fully distributed. The amount of these payments would depend on the period over which the trusts' assets were distributed and the trusts' earnings. If the trusts' assets were distributed over a ten-year period and based on current earnings, the named officers would receive the following average annual payments over such ten-year period:

M. D. White, \$1,756,524

B. B. Yoor, \$83,891

H. L. Allen, \$226,694

R. B. Ford, \$131,802

S. R. Fussell, \$64,913

In addition, the following one-time deposits would have been made under the Abbott Laboratories Supplemental Pension Plan for the following named officers:

B. B. Yoor, \$347,112

H. L. Allen, \$90,032

R. B. Ford, \$334,959

If the termination of employment was due to disability, then the following named officers also would have received, in addition to Abbott's standard disability benefits, a monthly long-term disability benefit in the amount of:

M. D. White, \$238,984

B. B. Yoor, \$48,730

H. L. Allen, \$45,100

R. B. Ford, \$64,875

S. R. Fussell, \$34,100

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This long-term disability benefit would continue for up to 24 months following termination of employment. It ends if the officer retires, recovers, dies, or ceases to meet eligibility criteria.

In addition, if the employment of these named officers had terminated due to death or disability, the officer's unvested stock options and restricted shares would have vested on December 31, 2018 with values as set forth below in the section captioned, "Equity Awards."

### POTENTIAL PAYMENTS UPON CHANGE IN CONTROL

**Mr. White does not have a change in control agreement with Abbott.**

Abbott has change in control arrangements with other key members of its management team, in the form of change in control agreements for Abbott officers and a change in control plan for certain other management personnel. The agreements with Messrs. Yoor, Allen, Ford, and Fussell are described below.

Each change in control agreement continues in effect until December 31, 2020, and can be renewed for successive two-year terms upon notice prior to the expiration date. If notice of non-renewal is given, the agreement will expire on the later of the scheduled expiration date and the one-year anniversary of the date of such notice. If no notice is given, the agreement will expire on the one-year anniversary of the scheduled expiration date. Each agreement also automatically extends for two years following any change in control (see below) that occurs while the agreement is in effect.

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The agreements provide that if the officer is terminated other than for cause or permanent disability or if the officer elects to terminate employment for good reason (see below) within two years following a change in control of Abbott, the officer is entitled to receive a lump sum payment equal to three times the officer's annual salary and annual incentive ("bonus") award (assuming for this purpose that all target performance goals have been achieved or, if higher, based on the average bonus for the last three years), plus any unpaid bonus owing for any completed performance period and the pro rata bonus for any current bonus period (based on the highest of the bonus assuming achievement of target performance, the average bonus for the past three years, or in the case of the unpaid bonus for any completed performance period, the actual bonus earned). If the officer is terminated other than for cause or permanent disability or if the officer elects to terminate employment for good reason during a potential change in control (see below), the officer is entitled to receive a lump sum payment of the annual salary and bonus payments described above, except that the amount of the bonus to which the officer is entitled will be based on the actual achievement of the applicable performance goals. If the potential change in control becomes a "change in control event" (within the meaning of Section 409A of the Internal Revenue Code), the officer will be entitled to receive the difference between the bonus amounts the officer received upon termination during the potential change in control and the bonus amounts that would have been received had such amounts instead been based on the higher of the officer's target bonus or the average bonus paid to the officer in the preceding three years. Bonus payments include payments made under the Performance Incentive Plan. The officer will also receive up to three years of additional employee benefits (including welfare benefits, outplacement services and tax and financial counseling, and the value of three more years of pension accruals).

If change in control-related payments and benefits become subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, payments under the agreement will be reduced to prevent application of the excise tax if such a reduction would leave the executive in a better after-tax position than if the payments were not reduced and the tax applied. The agreements also limit the conduct for which awards under Abbott's incentive stock programs can be terminated and generally permit options to remain exercisable for the remainder of their term.

For purposes of the agreements, the term "change in control" includes the following events: any person becoming the beneficial owner of Abbott securities representing twenty percent or more of the outstanding voting power (not including an acquisition directly from Abbott and its affiliates); a change in the majority of the members of the Board of Directors whose appointment was approved by a vote of at least two-thirds of the incumbent directors; and the consummation of certain mergers or similar corporate transactions involving Abbott. A "potential change in control" under the agreements includes, among other things, Abbott's entry into an agreement that would result in a change in control. Finally, the term "good reason" includes: a significant adverse change in the executive's position, duties, or authority; Abbott's failure to pay the executive's compensation or a reduction in the executive's base pay or benefits; or the relocation of Abbott's principal executive offices to a location that is more than thirty-five miles from the location of the offices at the time of the change in control.

If a change in control had occurred on December 31, 2018 immediately followed by one of the covered circumstances described above, Messrs. Yoor, Allen, Ford, and Fussell would have been entitled to receive the following payments and benefits under the change in control agreements:

| Name          | Additional                |                                    |                             |
|---------------|---------------------------|------------------------------------|-----------------------------|
|               | Cash termination payments | Supplemental Pension Plan benefits | Welfare and fringe benefits |
| B. B. Yoor    | \$ 6,048,350              | \$ 729,802                         | \$ 70,159                   |
| H. L. Allen   | 5,594,500                 | 401,867                            | 44,676                      |
| R. B. Ford    | 8,047,500                 | 708,585                            | 70,547                      |
| S. R. Fussell | 4,506,100                 | 332,076                            | 55,386                      |

### EQUITY AWARDS

Under Abbott Laboratories' Incentive Stock Programs, upon a change in control, the surviving company may assume, convert, or replace awards to executive officers on an equivalent basis. If the surviving company does not do so, then the awards vest. If the surviving company does assume, convert, or replace the awards on an equivalent basis, then the awards vest if the officer's employment is terminated without cause or the officer resigns for good reason during the period six months prior to and through two years after a change in control. The term "good reason" has the same definition as in the change of control agreements.

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If a change in control had occurred on December 31, 2018, and the surviving company did not assume, convert, or replace the awards, then Messrs. White, Yoor, Allen, Ford, and Fussell would have vested in the following options, restricted shares, and restricted stock units:

| Name          | Unvested Stock Options  |                        | Restricted Shares/Units           |                                  |
|---------------|-------------------------|------------------------|-----------------------------------|----------------------------------|
|               | Number of Option Shares | Value of Option Shares | Number of Restricted Shares/Units | Value of Restricted Shares/Units |
| M. D. White   | 1,513,368               | \$33,972,971           | 232,260                           | \$16,799,365                     |
| B. B. Yoor    | 409,241                 | 8,019,239              | 66,201                            | 4,788,318                        |
| H. L. Allen   | 453,462                 | 9,398,163              | 71,864                            | 5,197,923                        |
| R. B. Ford    | 443,338                 | 9,115,400              | 70,400                            | 5,092,032                        |
| S. R. Fussell | 473,099                 | 10,003,702             | 74,413                            | 5,382,292                        |

The value of stock options shown is based on the excess of the closing price of a common share on December 31, 2018 over the exercise price of such options, multiplied by the number of unvested stock options held by the named officer. The value of restricted shares shown is determined by multiplying the number of restricted shares that would vest as of December 31, 2018 and the closing price of a common share on December 31, 2018.

### CEO PAY RATIO

In 2018, we compared CEO pay to that of the median employee previously identified in 2017 using the methodology described in our 2018 proxy statement. Abbott does not believe there have been changes in Abbott's employee population or employee compensation arrangements in 2018 that would significantly impact our median employee.

We collected the 2018 annual total compensation for the median employee using the same methodology we use for our named executive officers as disclosed in the Summary Compensation Table on page 49 and then added the cost of medical and dental benefits (\$11,420) in the calculation of annual total compensation for the median employee and CEO.

The annual total compensation of our median employee was \$80,569, resulting in a ratio of 301:1.

The above ratio and annual total compensation amount are reasonable estimates that have been calculated using methodologies and assumptions permitted by SEC rules.

## RATIFICATION OF ERNST & YOUNG LLP AS AUDITORS (ITEM 2 ON PROXY CARD)

Abbott's By-Laws provide that the Audit Committee shall appoint annually a firm of independent registered public accountants to serve as auditors. In October 2018, the Audit Committee appointed Ernst & Young LLP to act as auditors for 2019. Ernst & Young LLP has served as Abbott's auditors since 2014.

Although the Audit Committee has sole authority to appoint auditors, it would like to know the opinion of the shareholders regarding its appointment of Ernst & Young LLP as auditors for 2019. For this reason, shareholders are being asked to ratify this appointment. If the shareholders do not ratify the appointment of Ernst & Young LLP as auditors for 2019, the Audit Committee will take that fact into consideration, but may, nevertheless, continue to retain Ernst & Young LLP.

***The Board of Directors recommends a vote FOR ratification of the appointment of Ernst & Young LLP as auditors for 2019.***

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting and will be given the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

### AUDIT FEES AND NON-AUDIT FEES

The following table presents fees for professional audit services by Ernst & Young LLP for the audit of Abbott's annual financial statements for the years ended December 31, 2018 and December 31, 2017 and fees billed for other services rendered by Ernst & Young during these periods.

|                                    | 2018          | 2017          |
|------------------------------------|---------------|---------------|
| Audit fees: <sup>(1)</sup>         | \$ 25,381,000 | \$ 26,863,000 |
| Audit related fees: <sup>(2)</sup> | 770,000       | 624,000       |
| Tax fees: <sup>(3)</sup>           | 8,905,000     | 5,732,000     |
| All other fees: <sup>(4)</sup>     | 8,000         |               |
| Total                              | \$ 35,064,000 | \$ 33,219,000 |

(1) Audit fees included amounts billed or to be billed for professional services rendered for the audit of Abbott's annual financial statements, the review of Abbott's financial statements included in Abbott's quarterly reports, and the audits of Abbott's internal control over financial reporting, statutory and subsidiary audits, the review of documents filed with the Securities and Exchange Commission, and certain accounting consultations in connection with the audits.

(2) Audit related fees include: accounting consultations and audits in connection with proposed acquisitions and divestitures, and audits of certain employee benefit plans' financial statements.

(3) Tax fees consist principally of professional services rendered for tax compliance and tax planning and advice including assistance with tax audits and appeals, and tax advice related to mergers and acquisitions.

(4) All other fees in 2018 include regulatory and technical education services.

## **POLICY ON AUDIT COMMITTEE PRE-APPROVAL OF AUDIT AND PERMISSIBLE NON-AUDIT SERVICES OF THE INDEPENDENT AUDITOR**

The Audit Committee has established policies and procedures to pre-approve all audit and permissible non-audit services performed by the independent auditor and its related affiliates.

Prior to engagement of the independent registered public accounting firm for the next year's audit, management will submit a schedule of all proposed services expected to be rendered during that year for each of four categories of services to the Audit Committee for approval.

Prior to engagement, the Audit Committee pre-approves these services by category of service. The fees are budgeted and the Audit Committee requires the independent registered public accounting firm and management to report actual fees versus the budget periodically by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm.

The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

## **REPORT OF THE AUDIT COMMITTEE**

Management is responsible for Abbott's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on the effectiveness of internal control over financial reporting. The Audit Committee reviews these processes on behalf of the Board of Directors. In this context, the Audit Committee has reviewed and discussed the audited financial statements contained in the 2018 Annual Report on Form 10-K with Abbott's management and its independent registered public accounting firm.

The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed pursuant to Auditing Standard No. 16 (*Communications with Audit Committees*), as adopted by the Public Company Accounting Oversight Board.

The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the firm's independence. The Audit Committee has also considered whether the provision of the services described on page 64 under the caption "Audit Fees and Non-Audit Fees" is compatible with maintaining the independence of the independent registered public accounting firm.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Abbott's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission.

### **Audit Committee**

E. M. Liddy, *Chair*  
R. S. Austin  
M. A. Kumbier  
N. McKinstry  
S. C. Scott III  
G. F. Tilton

## SAY ON PAY AN ADVISORY VOTE ON THE APPROVAL OF EXECUTIVE COMPENSATION (ITEM 3 ON PROXY CARD)

Shareholders are being asked to approve the compensation of Abbott's named officers, as disclosed under Securities and Exchange Commission rules, including the Compensation Discussion and Analysis, the compensation tables, and related material included in this proxy statement.

**Abbott achieved outstanding returns to shareholders in 2018.** During a period of strategic shaping including the additions of St. Jude Medical and Alere Inc., which positioned Abbott as a leader in several new areas of cardiovascular care, neuromodulation and rapid diagnostic testing, **Abbott's three-year TSR of 72.0% has delivered shareholder returns that are twice that of the peer group median and the broader S&P 500 market index.** These returns are driven by the strength of our position in many high-growth healthcare markets and our robust organic pipeline of innovative products across all of our businesses.

### Primary performance metric for long-term incentive program

Our compensation program is market-based and produces outcomes that directly link to both Company and officer performance. The vast majority of compensation for our executive officers is performance-based and objectively determined. Long Term Incentives (LTI), which comprise the largest percentage of compensation for our executive officers, are directly linked to shareholder returns. Our annual incentive plan links officer compensation to the metrics which ensure financial success for the short-term and position the Company for growth in the future as well.

The Compensation Committee, with the counsel of its independent consultant, concluded that the compensation reported herein was earned and appropriate. The specific details of the executive compensation program and compensation paid to the named executive officers are described on pages 27 through 46 of this proxy statement.

While this vote is advisory and non-binding, the Board of Directors and Compensation Committee value the opinion of the shareholders and will review the voting results and take into account the results and our ongoing dialogue with shareholders when future compensation decisions are made.

*Accordingly, the Board of Directors recommends that you vote FOR the approval of the named officers' compensation.*

## SHAREHOLDER PROPOSAL

### INTRODUCTION

One shareholder proposal has been received and will be voted upon at the annual meeting only if properly presented by or on behalf of the proponent. Abbott is advised that the proposal will be presented for action at the Annual Meeting. The proposed resolution and the statement made in support thereof, as well as the Board of Directors' statement in opposition to the proposal, are presented on the following pages.

*The Board of Directors recommends that you vote AGAINST the proposal.*

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## THE PROPOSAL

### Shareholder Proposal on Independent Board Chairman (Item 4 on Proxy Card)

Mr. Kenneth Steiner, 14 Stoner Avenue, 2M, Great Neck, New York 11021, has informed Abbott that he intends to present the following proposal at the Annual Meeting and that he owns no fewer than 300 Abbott common shares.

## PROPONENT'S STATEMENT IN SUPPORT OF SHAREHOLDER PROPOSAL

### Proposal 4 Independent Board Chairman

Shareholders request our Board of Directors to adopt as policy, and amend our governing documents as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. The Board would have the discretion to phase in this policy for the next Chief Executive Officer transition, implemented so it does not violate any existing agreement.

If the Board determines that a Chairman who was independent when selected is no longer independent, the Board shall select a new Chairman who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chairman. This proposal requests that all the necessary steps be taken to accomplish the above.

Caterpillar and Wells Fargo are examples of companies changing course and naming an independent board chairman. Caterpillar had even opposed a shareholder proposal for an independent board chairman at its annual meeting.

Now is a good time to take the first step to transition to an independent board chairman given the following concerns at Abbott:

Criticism over alleged tax evasion through shifting profits into tax havens, Oxfam America Report  
September 2018

PediaSure Vanilla with Fiber 356,424 cans recalled  
July 2018

Consumer Fraud/Abuse Consumers seek revival of dismissed lawsuit over organic claims of baby formula, New York  
June 2018

Product Concerns HeartMate 3 Left Ventricular Assist System recall: 4,878 units; malfunction in device's outflow graft assembly  
May 2018

Negligent Behavior Alere \$33 million settlement of false claims act violations related to Triage.  
March 2018

Consumer Fraud/Abuse Marketing of infant formula  
February 2018

Consumer Fraud/Abuse Blood glucose tester: proposed class action suit alleging excessive pricing  
January 2018

Consumer Fraud/Abuse Lawsuit over alleged misleading claims on the Non-GMO label of Similac infant care product, California  
January 2018

Negligent Behavior lawsuits filed by local governments against alleged illegal distribution of opioid drugs  
December 2017

Product Concerns Lawsuit filed by Philadelphia Federation of Teachers Health and Welfare Fund over deceptive marketing of opioid benefits  
December 2017

## Edgar Filing: ABBOTT LABORATORIES - Form DEF 14A

Anti-Competitive Behavior Vildagliptin/Zomelis: NPPA investigation over alleged price collusion, India  
December 2017

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## Edgar Filing: ABBOTT LABORATORIES - Form DEF 14A

Product Concerns Architect c4000, c8000 and c16000 Clinical Chemistry Diagnostic System: Recall due to potential leak in tubing connector, Chicago  
November 2017

Product Concerns Lawsuit filed by ASEA Health Trust over alleged concealment of product defects in cardiac defibrillators  
November 2017

Lawsuit over potential injuries or death due to inaccurate readings from Alere INRatio blood monitoring devices, San Diego  
September 2017

DoJ Investigation into Alere's INRatio product performance due to alleged defects  
September 2017

DoJ Investigation into Alere's suspected Medicare and Medicaid fraud  
September 2017

Adoption of this proposal will cost our company virtually nothing yet it can contribute to a more effective Board of Directors.

Please vote yes:

**Independent Board Chairman Proposal 4**

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**Board of Directors' Statement in Opposition to the Shareholder Proposal on Independent Board Chairman**

**(Item 4 on Proxy Card)**

The Board of Directors recommends that shareholders vote **AGAINST** this proposal again, which Mr. Kenneth Steiner, through the same proxy, has submitted three times in the last four years and Abbott shareholders overwhelmingly rejected it each time.

There is good reason to regularly reject this proposal. As is well accepted now, there is no proved improvement to governance or performance in separating the CEO role from the Chairman role. In fact, many successful companies have a combined CEO and Chair role. And the shareholder proposal would also deny the Board a key succession option. During CEO transitions, corporate boards sometimes elect to separate the CEO and Chair roles, allowing the outgoing CEO to serve as the board chairman to provide continuity and guidance during the transition. Very few S&P 500 companies (a mere 4%) adopt an inflexible policy that *mandates* separating the roles forever more, as the proponent would have it here. See Spencer Stuart U.S. Board Index, pg. 20 (2015).

Moreover, there is no sudden governance failing at Abbott such that a drastic change in how the Board determines its leadership is now necessary. The shareholder proposal provides a laundry list of misleading and vague references to issues and legal claims in an effort to manufacture some systemic governance concern that, frankly, does not exist. Many of the issues ambiguously hinted at by the shareholder's proposal relate to St. Jude Medical, Inc. and Alere Inc. companies that Abbott acquired in 2017. Other claims relate to small product-related actions that arise in the ordinary course of business or unproved allegations made in lawsuits that typically affect the entire industry. It is particularly clear that the proponent's purported concerns are pretextual because this particular shareholder has submitted this very request to Abbott year in and year out (as well as approximately 165 different times in the last decade at various S&P 500 firms).

For years, Abbott has been helmed by a combined CEO and Chair, overseen by an independent Board and a Lead Independent Director. There have been obvious benefits at Abbott to leadership with a single hand. At Abbott, this singular focus has enabled it to execute on strategic acquisitions and product launches that have positioned the company for sustainable long-term growth. The St. Jude Medical, Inc. acquisition has enhanced Abbott's presence in the cardiovascular and neuromodulation spaces, and given the company leading positions in attractive areas of cardiac care. The Alere Inc. acquisition has built upon Abbott's long-standing presence in the diagnostic-testing space and made Abbott #1 in point-of-care testing. Abbott's Board is best positioned to determine what sort of leadership structure is best suited given Abbott's strategic needs.

In short, as the Board has stated year after year in response to this ill-advised proposal, providing the Board with the flexibility to choose appropriate leadership for Chairman and CEO best serves Abbott's shareholders. In each case, the overwhelming majority of Abbott's shareholders have agreed.

***The Board of Directors recommends that you vote AGAINST the proposal.***

## APPROVAL PROCESS FOR RELATED PERSON TRANSACTIONS

It is Abbott's policy that the Nominations and Governance Committee review, approve, or ratify any transaction in which Abbott participates and in which any related person has a direct or indirect material interest if such transaction involves or is expected to involve payments of \$120,000 or more in the aggregate per fiscal year. Related person transactions requiring review by the Nominations and Governance Committee pursuant to this policy are identified in:

questionnaires annually distributed to Abbott's directors and officers;

certifications submitted annually by Abbott officers related to their compliance with Abbott's Code of Business Conduct; or

communications made directly by the related person to the Chief Financial Officer or General Counsel.

In determining whether to approve or ratify a related person transaction, the Nominations and Governance Committee will consider the following items, among others:

the related person's relationship to Abbott and interest in the transaction;

the material facts of the transaction, including the aggregate value of such transaction or, in the case of indebtedness, the amount of principal involved;

the benefits to Abbott of the transaction;

if applicable, the availability of other sources of comparable products or services;

an assessment of whether the transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally;

whether a transaction has the potential to impair director independence; and

whether the transaction constitutes a conflict of interest.

This process is included in the Nominations and Governance Committee's written charter, which is available in the corporate governance section of Abbott's investor relations website ([www.abbottinvestor.com](http://www.abbottinvestor.com)). The spouse of one of our executive officers, Jaime Contreras, is employed by Abbott. During 2018, her total compensation exceeded the foregoing threshold.

## ADDITIONAL INFORMATION

### INFORMATION CONCERNING SECURITY OWNERSHIP

The table below reports the number of common shares beneficially owned as of December 31, 2018 by BlackRock, Inc., Capital Research Global Investors, and The Vanguard Group (directly or through their subsidiaries), the only persons known to Abbott to own beneficially more than 5% of Abbott's outstanding common shares.

| Name and Address of Beneficial Owner                                                               | Shares<br>Beneficially<br>Owned | Percent of<br>Class |
|----------------------------------------------------------------------------------------------------|---------------------------------|---------------------|
| BlackRock, Inc. <sup>(1)</sup><br>55 East 52nd Street<br>New York, NY 10055                        | 121,045,590                     | 6.9%                |
| Capital Research Global Investors <sup>(2)</sup><br>333 South Hope Street<br>Los Angeles, CA 90071 | 121,928,346                     | 6.9%                |
| The Vanguard Group <sup>(3)</sup><br>100 Vanguard Blvd.<br>Malvern, PA 19355                       | 144,263,673                     | 8.2%                |

(1) The information shown was provided by BlackRock, Inc. in a Schedule 13G/A it filed with the Securities and Exchange Commission on February 4, 2019, indicating its beneficial ownership as of December 31, 2018 of 121,045,590 common shares. BlackRock reported that it has sole voting power over 106,969,183 of these shares and sole dispositive power over all of these shares.

(2) The information shown was provided by Capital Research Global Investors in a Schedule 13G it filed with the Securities and Exchange Commission on February 14, 2019, indicating its beneficial ownership as of December 31, 2018 of 121,928,346 common shares. Capital Research reported that it has sole voting power and sole dispositive power over all of these shares.

(3) The information shown was provided by The Vanguard Group in a Schedule 13G/A it filed with the Securities and Exchange Commission on February 11, 2019, indicating its beneficial ownership as of December 31, 2018 of 144,263,673 common shares. Vanguard reported that it has sole voting power over 2,032,776 of these shares and sole dispositive power over 141,857,059 of these shares.

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Abbott believes that during 2018, its officers and directors complied with all filing requirements under Section 16(a) of the Securities Exchange Act of 1934.

### DATE FOR RECEIPT OF SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING PROXY STATEMENT

Shareholder proposals for presentation at the 2020 Annual Meeting must be received by Abbott no later than November 16, 2019 and must otherwise comply with the applicable requirements of the Securities and Exchange Commission to be considered for inclusion in the proxy statement and proxy for the 2020 meeting.



**PROCEDURE FOR RECOMMENDATION AND NOMINATION OF DIRECTORS AND TRANSACTION OF BUSINESS AT ANNUAL MEETING**

*Proxy Access:* A shareholder, or a group of up to 20 shareholders, owning continuously for at least three years Abbott common shares representing an aggregate of at least 3% of the voting power entitled to vote in the election of directors, may nominate and have included in Abbott's proxy materials director nominees constituting up to 20% of the Board, provided that the shareholder(s) and the nominee(s) satisfy the requirements in Abbott's By-Laws.

Nominating shareholders are permitted to include in Abbott's proxy statement a 500-word statement in support of their nominee(s). Abbott may omit any information or statement that it, in good faith, believes is materially false or misleading, omits to state a material fact, or would violate any applicable law or regulation.

*Other Nominations of Directors or Proposals to Transact Business:* A shareholder may also recommend persons as potential nominees for director by submitting the names of such persons in writing to the Chairman of the Nominations and Governance Committee or the Secretary of Abbott. Recommendations should be accompanied by a statement of qualifications and confirmation of the person's willingness to serve. A nominee who is recommended by a shareholder following these procedures will receive the same consideration as other comparably qualified nominees.

A shareholder entitled to vote for the election of directors at an Annual Meeting and who is a shareholder of record on:

the record date for that Annual Meeting,

the date the shareholder provides timely notice to Abbott, and

the date of the Annual Meeting

may directly nominate persons for director, or make proposals of other business to be brought before the Annual Meeting, by providing proper timely written notice to the Secretary of Abbott.

*Other Nominations of Directors or Proposals to Transact Business:* The notice submitted by a shareholder must include certain information required by Article II of Abbott's By-Laws, including information about the shareholder, any beneficial owner on whose behalf the nomination or proposal is being made, their respective affiliates or associates or others acting in concert with them, and any proposed director nominee.

For each matter the shareholder proposes to bring before the Annual Meeting, the notice must also include a brief description of the business to be discussed, the reasons for conducting such business at the Annual Meeting, any material interest of the shareholder in such business and certain other information specified in the By-Laws. In addition, in the case of a director nomination, including through proxy access, the notice must include a completed and signed questionnaire, representation and agreement of the nominee addressing matters specified in the By-Laws.

To be timely, written notice either to directly nominate persons for director, including through proxy access, or to bring business properly before the Annual Meeting must be received at Abbott's principal executive offices not less than ninety days and not more than one hundred twenty days prior to the anniversary date of the preceding Annual Meeting. If the Annual Meeting is called for a date that is not within twenty-five days before or after such anniversary date, notice by the shareholder must be received not later than the close of business on the tenth day following the day on which such notice of the date of the Annual Meeting was mailed or made public in a press release or in a filing with the Securities and Exchange Commission, whichever occurs first. To be timely for the 2020 Annual Meeting, this written notice must be received by Abbott no later than January 27, 2020.

In addition, the notice must be updated and supplemented, if necessary, so that the information provided or required to be provided is true and correct as of the record date for the Annual Meeting and as of the date that is ten business days prior to the meeting. Any such update or supplement must be delivered to the Secretary of Abbott at Abbott's principal executive offices not more than five business days after the record date for the Annual Meeting, and not less than eight business days before the date of the Annual Meeting in the case of any update or supplement required to be made as of ten business days prior to the Annual Meeting.



## GENERAL

It is important that proxies be returned promptly. Shareholders are urged, regardless of the number of shares owned, to vote their shares. Most of Abbott's shareholders may vote their shares by telephone or the Internet. Shareholders who wish to vote by mail should sign and return their proxy card in the enclosed business reply envelope. Shareholders who vote by telephone or the Internet do not need to return their proxy card.

The Annual Meeting will be held at Abbott's headquarters, 100 Abbott Park Road, located at the intersection of Route 137 and Waukegan Road, Lake County, Illinois. Admission to the meeting will be by admission card only. A shareholder planning to attend the meeting should promptly complete and return the reservation form. Reservation forms must be received before April 19, 2019. An admission card admits only one person. A shareholder may request two admission cards, but a guest must be accompanied by a shareholder.

*By order of the Board of Directors.*

HUBERT L. ALLEN

*Secretary*

## EXHIBIT A

### DIRECTOR INDEPENDENCE STANDARD

No director qualifies as "independent" unless the board affirmatively determines that the director has no material relationship with Abbott or its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with Abbott or any of its subsidiaries). In making this determination, the board shall consider all relevant facts and circumstances, including the following standards:

A director is not independent if the director is, or has been within the last three years, an employee of Abbott or its subsidiaries, or an immediate family member is, or has been within the last three years, an executive officer of Abbott or its subsidiaries.

A director is not independent if the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from Abbott or its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), and other than amounts received by an immediate family member for service as an employee (other than an executive officer).

A director is not independent if (A) the director or an immediate family member is a current partner of a firm that is Abbott's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on Abbott's or its subsidiaries' audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on Abbott's or its subsidiaries' audit within that time.

A director is not independent if the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the present executive officers of Abbott or its subsidiaries at the same time serves or served on that company's compensation committee.

A director is not independent if the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Abbott or its subsidiaries for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

A director is not independent if the director is an executive officer of a charitable organization that received charitable contributions (other than matching contributions) from Abbott and its subsidiaries in the preceding fiscal year that are in excess of the greater of \$1 million or 2% of such charitable organization's consolidated gross revenues.

**Abbott Laboratories**  
**100 Abbott Park Road**  
**Abbott Park, Illinois 60064-6400 U.S.A.**

## **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT**

**MEETING DATE**  
**APRIL 26, 2019**

### **YOUR VOTE IS IMPORTANT**

Please sign and promptly return your proxy in the enclosed envelope or vote your shares by telephone or using the Internet.

If you plan to attend the meeting, please complete and return the Reservation Form directly to Abbott Laboratories, Annual Meeting Ticket Requests, H395 AP6C, 100 Abbott Park Road, Abbott Park, Illinois 60064-6048. Due to space limitations, Reservation Forms must be received before April 19, 2019. An admission card, along with a form of photo identification, admits one person. A shareholder may request two admission cards, but a guest must be accompanied by a shareholder.

To avoid a delay in the receipt of your admission card, do not return this form with your proxy card or mail it in the enclosed business envelope.













