**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before you take any action. Your attention is drawn to "Section D – Risks" beginning on page 9 of this document and Risk Factors beginning on page 14 of this document.**

This document comprises a combined summary, share registration document and share securities note, including Part II, and comprises a prospectus (the "**Prospectus**") drawn up in accordance with the requirements of the Financial Services and Markets Act 2000 and the Prospectus Rules published by the United Kingdom Financial Conduct Authority ("**FCA**"). References to the Prospectus shall be deemed to include any related supplementary prospectus approved by the United Kingdom Listing Authority.

The Prospectus has been issued by Abbott Laboratories solely in relation to the acquisition from time to time of Common Shares (as defined below) by eligible employees of the Group (as defined below) within the United Kingdom (and, pursuant to Article 17 of the Prospectus Directive, within the EEA) pursuant to the relevant Share Plan (as defined below) and not for any other purpose. Only eligible employees of the Group may acquire Common Shares pursuant to the Prospectus, in accordance with the Plan Documents (as defined below). The offer(s), the subject of the Prospectus, are not made to the general public or to any person other than an eligible employee of the Group.

No offer has been made and Participants (as defined below) will not be able to take up Common Shares under the Share Plans until:

- in relation to the UK, the Prospectus has been approved by the FCA in relation to the participation in the relevant Share Plan by employees of the Group in the UK; and
- in relation to the EEA, the Prospectus has thereafter been "passported", as requested by Abbott Laboratories, pursuant to Article 17 of the Prospectus Directive, into the other relevant jurisdictions within the EEA in relation to the participation in the relevant Share Plan by employees of Participating Employers (as defined below) within those jurisdictions.

The maximum number of Common Shares available for future issuance under the ESPP and ESOP (subplan to the ESPP), as at December 31, 2016, was 2,613,624. There is no maximum number of Common Shares reserved for issuance under the Irish Share Plans.

The persons responsible for this document are Abbott Laboratories and the Directors of Abbott Laboratories, whose names appear at paragraph 2.1 of Part I of this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the Directors' (as defined below) and the Company's (as defined below) knowledge, in accordance with the facts and contains no omission likely to affect its import.

Abbott has not made and does not intend to make an application for Common Shares (the subject of the Prospectus) or other securities of Abbott Laboratories to be admitted to trading on a regulated market within the EEA.

Investing in the Common Shares involves risks. See "Section D - Risks" beginning on page 9 and Risk Factors beginning on page 14 of this document.

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**ABBOTT LABORATORIES**

(Incorporated in Illinois, United States of America, whose principal place of business is at
100 Abbott Park Road, Abbott Park, Illinois 60064-6400, USA)

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This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Common Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, the Common Shares may not, subject to certain exemptions, be offered or sold directly or indirectly under the Prospectus in or into the United States of America, Canada, Australia, South Africa or Japan or to any national, resident or citizen of the United States of America, Canada, Australia, South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

No person has been authorised by Abbott to give any information or to make any representation not contained in the Prospectus and, if given or made, that information or representation should not be relied upon as having been authorised by Abbott.

The information contained in the Prospectus is correct only as at the date of this Prospectus (or as the context indicates), subject to the requirements of the Prospectus Rules and any other legal and regulatory requirements. Neither any delivery of the Prospectus nor the offering, sale or delivery of any Common Shares will, in any circumstances, create any implication that the information contained in this Prospectus is true and accurate subsequent to the date hereof or (as the case may be) the date upon which the Prospectus has been most recently supplemented, or that there has been no adverse change in the financial situation of Abbott since such date. The working capital statement at paragraph 14.1.1 of this document shall, notwithstanding the foregoing, relate to the period of 12 months from the date of this document. The Prospectus shall not incorporate by reference any information other than as expressly stated therein, nor shall it incorporate by reference any information published by Abbott after its date. The most recent financial statements filed by Abbott and other United States ("**U.S.**") Securities and Exchange Commission ("**SEC**") filings made by Abbott are available through https://myhr.oneabbott.com/GL-EN/Pages/ESPP-and-Irish-Share-Plans-Prospectus.aspx, but information available via such website and contained in such financial statements and filings shall not be incorporated by reference in the Prospectus.

The Prospectus should not be considered as a recommendation by Abbott that any recipient of the Prospectus should subscribe for or purchase any Common Shares. Each recipient of the Prospectus will be taken to have made his own investigation and appraisal of the condition (financial or otherwise) of Abbott and of the Common Shares. No assurances can be given that a liquid market for the Common Shares will exist.

CONTENTS



PART II INCLUDES THE FOLLOWING INFORMATION ABOUT SHARE PLANS INCLUDING APPLICATION FORMS AND DIRECTIONS FOR COMPLETION:

Abbott Laboratories 2009 Employee Stock Purchase Plan for Non-U.S. Employees ("**ESPP**")

Abbott Laboratories Employee Share Ownership Plan ("**ESOP**")

Ireland Revenue-approved Share Participation Schemes

# SUMMARY

***Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'. Words and expressions defined in the remainder of the Prospectus have the same meanings in this summary.***

| **Section A – Introductions and warnings** | | |
|---|---|---|
| A.1 | Introductions and warnings | This summary should be read as an introduction to the Prospectus.<br><br>Any decision to invest in the securities should be based on the consideration of the Prospectus as a whole by the investor.<br><br>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before legal proceedings are initiated.<br><br>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities. |
| A.2 | Resale or final placement of shares by financial intermediaries | Not applicable. Abbott Laboratories ("**Abbott**" or the "**Company**") is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this document. |

| **Section B – Issuer** | | |
|---|---|---|
| B.1 | Legal and Commercial Name | Abbott Laboratories |
| B.2 | Domicile and legal form | Abbott Laboratories is an Illinois corporation, and its principal executive offices are at 100 Abbott Park Road, Abbott Park, Illinois 60064-6400, USA. Abbott is domiciled in the United States of America and operates under the state laws of the State of Illinois and the federal laws of the United States of America. |
| B.3 | Current operations and principal activities of the Group and the principal markets | Abbott's principal business is the discovery, development, manufacture and sale of a broad line of health care products. Abbott's products are generally sold directly to retailers, wholesalers, hospitals, health care facilities, laboratories, physicians' offices and government agencies throughout the world. On January 4, 2017, Abbott completed the acquisition of St. Jude Medical, Inc. ("**St. Jude Medical**"). Beginning with the first quarter of 2017, Abbott's cardiovascular and neuromodulation business includes the |

| Section B – Issuer | | |
|---|---|---|
| | in which it operates | results of its historical Vascular Products segment and the results of the businesses acquired from St. Jude Medical from the date of acquisition.<br><br>Abbott's reportable segments are as follows:<br><br>*Established Pharmaceutical Products* — International sales of a broad line of branded generic pharmaceutical products.<br><br>*Nutritional Products* — Worldwide sales of a broad line of adult and pediatric nutritional products.<br><br>*Diagnostic Products* — Worldwide sales of diagnostic systems and tests for blood banks, hospitals, commercial laboratories and alternate-care testing sites. For segment reporting purposes, the Core Laboratories Diagnostics, Molecular Diagnostics, Point of Care and Ibis diagnostic divisions are aggregated and reported as the Diagnostic Products segment.<br><br>*Cardiovascular and Neuromodulation Products* — Worldwide sales of rhythm management, electrophysiology, heart failure, vascular, structural heart and neuromodulation products.<br><br>Non-reportable segments include Abbott Medical Optics ("**AMO**") through the date of sale and Diabetes Care.<br><br>On February 27, 2017, Abbott completed the sale of AMO, its vision care business, to Johnson & Johnson. |
| B.4a | Significant trends affecting the Group and the industries in which it operates | The increases in total net sales in 2016 and 2015 reflect unit growth, partially offset by the impact of unfavorable foreign exchange. The price declines related to Vascular Products sales in 2016 and 2015 primarily reflect pricing pressure on drug eluting stents as a result of market competition in the U.S. and other major markets. Competitive pressures in the Managed Medicaid and Medicare segments of Abbott's Diabetes Care business also contributed to the overall 2.9% price decline in the U.S. in 2016.<br><br>The development, manufacture, marketing, sale, promotion, and distribution of Abbott's products are subject to comprehensive government regulation by the U.S. Food and Drug Administration ("**FDA**") and similar international regulatory agencies. Compliance with these laws and regulations is costly and materially affects Abbott's business. Access to human health care products continues to be a subject of investigation and action by governmental agencies, legislative bodies, and private organisations in many countries. Budgetary pressures on health care payors may also heighten the scope and severity of pricing pressures on Abbott's products for the foreseeable future.<br><br>Abbott believes that future legislation and regulation in the markets it serves could affect access to health care products and services, increase rebates, reduce prices or reimbursements or the rate of price increases for health care products and services, change health care delivery systems, create new fees and obligations for the pharmaceutical, nutrition, diagnostic, and medical device industries, or require additional reporting and disclosure. It is not possible to predict the extent to which Abbott or the health care industry in general might be affected by the matters discussed above.<br><br>While the aggregate cost to complete the numerous projects currently in development is expected to be material, the total cost to complete will depend upon Abbott's ability to successfully complete each project, the rate at which each project advances, and the ultimate timing for completion. |

| Section B – Issuer | | |
|---|---|---|
| | | **Business Acquisitions and Disposition**<br><br>On January 4, 2017, Abbott completed the acquisition of St. Jude Medical, a global medical device manufacturer, for approximately $23.6 billion, including approximately $13.6 billion in cash and approximately $10 billion in Abbott common shares, based on the closing Abbott share price on the acquisition date.<br><br>In 2016, Abbott and St. Jude Medical agreed to sell certain businesses to Terumo Corporation ("**Terumo**") for approximately $1.12 billion. The sale included the St. Jude Medical Angio-Seal™ and Femoseal™ vascular closure and Abbott's Vado® Steerable Sheath businesses. The sale closed on January 20, 2017 and no gain or loss was recorded in the Condensed Consolidated Statement of Earnings.<br><br>In May and August 2016, three purported shareholder derivative class action lawsuits were filed against St. Jude Medical, its board of directors, and Abbott and two of its subsidiaries, in the Minnesota District Court, Second Judicial District (Ramsey County), alleging that the St. Jude Medical board of directors had breached its fiduciary duties by entering into an acquisition agreement with Abbott, and that Abbott had aided and abetted those breaches. All three lawsuits were dismissed in December 2016.<br><br>In September 2016, Abbott announced that it had entered into a definitive agreement to sell AMO, its vision care business, to Johnson & Johnson for $4.325 billion in cash, subject to customary purchase price adjustments for cash, debt and working capital. The decision to sell AMO reflects Abbott's proactive shaping of its portfolio in line with its strategic priorities. The transaction closed on February 27, 2017.<br><br>On January 30, 2016, Abbott entered into a definitive agreement to acquire Alere Inc. ("**Alere**"), a diagnostic device and service provider, for $56.00 per common share in cash. On April 13, 2017, Abbott and Alere amended the terms of the agreement to reduce the purchase price to $51.00 per common share. The amended terms reduce the originally expected equity value by approximately $500 million to a new expected equity value of approximately $5.3 billion. The acquisition is expected to close by the end of the third quarter of 2017, subject to the approval of Alere shareholders and the satisfaction of customary closing conditions, including applicable regulatory approvals. Under the amended terms of the acquisition agreement, the date by which necessary regulatory approvals must be received has been extended to September 30, 2017. The companies also agreed to dismiss their respective lawsuits. |
| B.5 | Group description | Abbott Laboratories is the parent company of many U.S. and foreign subsidiaries. |
| B.6 | Major shareholders | Not applicable. |
| B.7 | Key financial information | Abbott's financial position presented below for the years ended December 31, 2016, 2015 and 2014 is extracted from Abbott's audited consolidated financial statements. |

| *(Millions of dollars except per share data)* | **Year Ended December 31 (Audited)** | | |
|---|---|---|---|
| **Financial position** | **2016** | **2015** | **2014** |
| Net Property and Equipment.................. | 5,705 | 5,730 | 5,935 |
| Intangible Assets, net of amortization ..... | 4,539 | 5,562 | 6,198 |
| Non-current Assets Held for Disposition............................................. | 2,753 | 2 | 1,934 |
| Total assets........................................... | 52,666 | 41,247 | 41,207 |
| Long-term debt, including current portion ................................................... | 20,684 | 5,874 | 3,448 |

**Section B – Issuer**

| | | | |
|---|---|---|---|
| Total Shareholders' Investment……….. | 20,717 | 21,326 | 21,639 |
| Cash dividends declared per common share ...................................................... | 1.045 | 0.98 | 0.90 |

Operations data presented below for the years ended December 31, 2016, 2015 and 2014 is extracted from Abbott's annual audited consolidated financial statements.

| *(Millions of dollars except per share data)* | **Year Ended December 31 (Audited)** | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| **Statements of Operations Data:** | | | |
| Net Sales.............................................. | $20,853 | $20,405 | $20,247 |
| Operating earnings............................... | 3,185 | 2,867 | 2,599 |
| Earnings from Continuing Operations ... | 1,063 | 2,606 | 1,721 |
| Earnings from Discontinued Operations, net of taxes ....................... | 321 | 65 | 563 |
| Gain on sale of Discontinued Operations, net of taxes ....................... | 16 | 1,752 | — |
| Net Earnings......................................... | $1,400 | $4,423 | $2,284 |
| **Basic Earnings Per Common Share:** | | | |
| Continuing Operations ......................... | $0.71 | $1.73 | $1.13 |
| Discontinued Operations...................... | 0.23 | 1.21 | 0.37 |
| Net Earnings......................................... | $0.94 | $2.94 | $1.50 |
| **Diluted Earnings Per Common Share:** | | | |
| Continuing Operations.......................... | $0.71 | $1.72 | $1.12 |
| Discontinued Operations...................... | 0.23 | 1.20 | 0.37 |
| Net Earnings......................................... | $0.94 | $2.92 | $1.49 |

As part of the St. Jude Medical acquisition, approximately $5.9 billion of St. Jude Medical's debt was assumed, repaid, or refinanced by Abbott. On January 4, 2017, as part of funding the cash portion of the St. Jude Medical acquisition, Abbott borrowed $2.0 billion under a 120-day senior unsecured bridge term loan facility. This facility was repaid during the first quarter of 2017.

In February 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $9 billion in conjunction with its pending acquisition of Alere. This commitment, which was automatically extended for up to 90 days on January 29, 2017, expired on April 30, 2017 and was not renewed since Abbott does not need this bridge facility to finance the Alere acquisition. Abbott expects to utilise a combination of cash on hand and debt to fund the acquisition. The fees associated with the bridge facilities were recognised in interest expense.

In the first quarter of 2017, consolidated Abbott results include $1.4 billion of sales and a pre-tax loss of approximately $576 million related to the St. Jude Medical acquisition, including approximately $400 million of intangible amortisation and $390 million of inventory step-up amortisation. It excludes acquisition, integration and restructuring-related costs.

In the first quarter of 2017, as part of the acquisition of St. Jude Medical, Abbott's long-term debt increased due to the assumption of outstanding debt previously issued by St.

| Section B – Issuer | | |
|---|---|---|
| | | Jude Medical. Abbott exchanged certain St. Jude Medical debt obligations with an aggregate principal amount of approximately $2.9 billion for debt issued by Abbott.<br><br>During the first quarter of 2017, Abbott issued 364-day yen-denominated debt, of which $198 million was outstanding at March 31, 2017. Abbott also paid off a $479 million yen-denominated short-term debt.<br><br>In February 2017, Abbott completed the sale of AMO to Johnson & Johnson and recognised a pre-tax gain of $1.151 billion, which is reported in the Other (income) expense, net line of the Condensed Consolidated Statement of Earnings in the first quarter of 2017. Abbott recorded an after-tax gain of $721 million in the first quarter of 2017 related to the sale of AMO.<br><br>In March 2017, Abbott sold 44 million ordinary shares of Mylan N.V. and recorded an immaterial pre-tax gain on approximately $1.7 billion in proceeds from the sale of these shares. The gain was recognised in the Other (income) expense line of the Condensed Consolidated Statement of Earnings. As a result of this sale, Abbott's ownership interest in Mylan N.V. decreased from approximately 14% to approximately 4.8%.<br><br>Abbott published its Form 10-Q for the fiscal quarter ended March 31, 2017 with the SEC on May 3, 2017 but, save as set out above, no significant changes in the financial condition or operating results of the Group have occurred during, or since the end of, the financial periods for which financial information has been published and is reported on in this Prospectus, being December 31, 2016. |
| B.8 | Key *pro forma* financial information | Not applicable. |
| B.9 | Profit forecast/estimate | Not applicable. There is no profit forecast or estimate contained in this Prospectus. |
| B.10 | Audit report qualifications | Not applicable. |
| B.11 | Working capital - qualifications | Not applicable. In the opinion of Abbott, the working capital of the Group is sufficient for the Group's present requirements, and at least for the period of twelve months following the date of this document. |

| Section C – Securities | | |
|---|---|---|
| C.1 | Type and class of securities | The ISIN (International Security Identification Number) of the Common Shares of Abbott ("**Common Shares**") is US0028241000.<br><br>Only Common Shares will be issued pursuant to the Share Plans. All outstanding Common Shares are fully paid and non-assessable.<br><br>The Common Shares are traded on the New York Stock Exchange ("**NYSE**") under the symbol "ABT." The principal market for the Common Shares is the NYSE. The Common Shares are also listed on the Chicago Stock Exchange ("**CHX**") and traded on various regional and electronic exchanges. Outside of the United States, the |

| Section C – Securities | | |
|---|---|---|
| | | Common Shares are listed on the SIX Swiss Exchange ("**SIX**"). The ticker symbol for the Common Shares on such other exchanges is also "ABT."<br><br>The Common Shares are issued in registered form and in uncertificated form (or, upon request, certificated form). The records of the Company's shareholders are maintained by Abbott's registrar, Computershare Trust Co., NA, P.O. Box 43021, Providence, Rhode Island 02940, USA. |
| C.2 | Currency | The Common Shares are issued in U.S. dollars ("**Dollars**"). |
| C.3 | Number of securities issued | The Common Shares subject to the offer have no par value.<br><br>Maximum number of securities is available under the Share Plans:<br><br><u>ESPP and ESOP</u><br><br>Ten million Common Shares have been reserved for issuance under the ESPP (as defined below) and any sub-plans of the ESPP (including the ESOP). On 28 April 2017, the shareholders voted to approve the Abbott Laboratories 2017 Employee Stock Purchase Plan for Non-U.S. Employees (the "**2017 ESPP**") at Abbott's Annual Meeting of Shareholders. The 2017 ESPP is an amendment and restatement of the ESPP, under which an aggregate of fifteen million Common Shares have been reserved for issuance, including the Common Shares authorised but not yet issued under the ESPP, and with a term extending through 31 July 2027. The 2017 ESPP will be effective on 1 August 2017 and terminate on 31 July 2027, unless terminated earlier by the Board of Directors in its sole discretion.<br><br>The maximum number of Common Shares reserved for issuance under the ESPP is subject to amendment by Abbott's Board of Directors.<br><br>The Common Shares may be either authorised but unissued shares, treasury shares, shares purchased on the open market, or a combination of each, as determined from time to time by Abbott's Board of Directors. If any Purchase Right (as defined below) granted under the ESPP expires or terminates for any reason without having been exercised in full, the unpurchased shares subject to that Purchase Right will become available under the ESPP.<br><br>In practice, Common Shares used under the ESOP are purchased on the open market.<br><br><u>Irish Share Plans</u><br><br>Common Shares purchased under the Irish Share Plans (as defined below) are purchased on the open market and there is no maximum number of Common Shares reserved for issuance under the Irish Share Plans. |
| C.4 | Description of the rights attaching to the securities | <u>Dividends:</u><br><br>The board of directors may authorise, and Abbott may make, distributions to its shareholders, subject to any restrictions in Abbott's restated articles of incorporation and any limitations prescribed by law.<br><br><u>Liquidation:</u><br><br>If there is a liquidation, dissolution or winding up of Abbott, holders of Abbott shares would be entitled to ratable distribution of its assets remaining after the payment in full |

| Section C – Securities | | |
|---|---|---|
| | | of liabilities and any preferential rights of any then-outstanding preferred shares.<br><br><u>Voting Rights:</u><br><br>Other than with respect to election of directors, each of outstanding Common Share is entitled to one vote in each matter submitted to a vote at a meeting of shareholders. In connection with any and all elections for directors, Abbott's by-laws provide for "cumulative voting." Abbott's shareholders may vote either in person or by proxy. With respect to any matter submitted at a meeting of shareholders (including the election of directors) the affirmative vote of the majority of the votes of the shares represented at a meeting will be the act of the shareholders, unless a greater number of votes is required by Illinois law or Abbott's restated articles of incorporation and so long as a quorum is present. A majority of votes of the shares entitled to vote represented in person or by proxy will constitute a quorum. |
| C.5 | Restrictions on the free transferability of the securities | Except as noted in Section D.3, there will be no restrictions on the free transferability of the Common Shares. |
| C.6 | Admission | The Common Shares issued pursuant to the Share Plans will not be subject to application for admission to trading on an EEA regulated market or any other exchange. The Common Shares are traded on the NYSE, the CHX and the SIX. The Common Shares issued pursuant to the Share Plans have been or are expected to be authorised for listing on the NYSE, the CHX and the SIX. |
| C.7 | Dividend policy | The board of directors may authorise, and Abbott may make, distributions to its shareholders, subject to any restrictions in Abbott's restated articles of incorporation and any limitations prescribed by law.<br><br>Abbott declared dividends of $1.045 per share in 2016 compared to $0.98 per share in 2015, an increase of approximately 7%. Dividends paid were $1.539 billion in 2016 compared to $1.443 billion in 2015. The year-over-year change in dividends reflects the impact of the increase in the dividend rate. In December 2016, Abbott increased the company's quarterly dividend to $0.265 per share from $0.26 per share, effective with the dividend paid in February 2017. |

| Section D – Risks | | |
|---|---|---|
| D.1 | Key information on the key risks that are specific to the issuer | The following key risk factors relating to Abbott should be considered before deciding to invest in any of Abbott's securities.<br><br>Abbott may acquire other businesses, license rights to technologies or products, form alliances, or dispose of or spin-off businesses, which could cause it to incur significant expenses and could negatively affect profitability. Abbott may not realise the expected benefits from any transaction, including because it may not be able to integrate acquisitions successfully into its existing business or transition disposed businesses efficiently, and could incur or assume significant debt and unknown or contingent liabilities.<br><br>Abbott is subject to cost containment efforts that could cause a reduction in future revenues and operating income. To the extent these cost containment efforts are not offset by greater patient access to health care or other factors, Abbott's future |

| Section D – Risks | | |
|---|---|---|
| | | revenues and operating income will be reduced.<br><br>Abbott is subject to numerous governmental regulations and it can be costly to comply with these regulations and to develop compliant products and processes. Possible regulatory actions for non-compliance could include warning letters, fines, damages, injunctions, civil penalties, recalls, seizures of Abbott's products, and criminal prosecution.<br><br>Laws and regulations affecting government benefit programs could impose new obligations on Abbott, require Abbott to change its business practices, and restrict its operations in the future. Abbott may be required to incur substantial costs associated with compliance or to alter one or more of its sales or marketing practices. Violations of these laws, or allegations of such violations, could disrupt Abbott's business and result in a material adverse effect on Abbott's revenues, profitability, and financial condition.<br><br>Changes in the health care regulatory environment may adversely affect Abbott's business. Both in the U.S. and internationally, government authorities may enact changes in regulatory requirements, make legislative or administrative reforms to existing reimbursement programs, make adverse decisions relating to Abbott's products' coverage or reimbursement, or make changes to patient access to health care, all of which could adversely impact the demand for and usage of Abbott's products or the prices that Abbott's customers are willing to pay for them.<br><br>Abbott incurred and assumed significant additional indebtedness in connection with the acquisition of St. Jude Medical, which could decrease business flexibility and increase consolidated interest expense. Following the acquisition of St. Jude Medical, Abbott's consolidated indebtedness as of January 31, 2017 is approximately $27.8 billion, representing a substantial increase in comparison to Abbott's consolidated indebtedness on a recent historical basis. This increased consolidated indebtedness could have the effect, among other things, of reducing Abbott's flexibility to respond to changing business and economic conditions.<br><br>Changes in credit markets or to Abbott's credit rating could impact Abbott's ability to obtain financing for its business operations or result in increased borrowing costs and interest expense. Abbott's credit ratings reflect each credit rating agency's then opinion of Abbott's financial strength, operating performance and ability to meet its debt obligations. Adverse changes in Abbott's credit ratings may result in increased borrowing costs for future long-term debt or short-term borrowing facilities and may limit financing options, including access to the unsecured borrowing market. Abbott may also be subject to additional restrictive covenants that would reduce flexibility.<br><br>Abbott depends on sophisticated information technology systems and a cyber attack or other breach of these systems could have a material adverse effect on Abbott's results of operations. Abbott invests in its systems and technology and in the protection of its products and data to reduce the risk of an attack or other significant disruption, and monitors its systems on an ongoing basis for any current or potential threats and for changes in technology and the regulatory environment. There can be no assurance that these measures and efforts will prevent future attacks or other significant disruptions to any of the systems on which Abbott relies or that related product issues will not arise in the future. |
| D.3 | Key information on the key risks that are specific to the securities | <u>Risks relating to Share Plans</u><br><br>• The Purchase Rights granted under the Share Plans may be subject to cancellation. The right to purchase Common Shares may be cancelled as a result of termination of employment, in which case the right to purchase Common Shares will cease pursuant to the terms set out in the enrolment |

| Section D – Risks | | |
|---|---|---|
| | | agreement and/or relevant Share Plan rules.<br><br><u>Market price</u><br><br>• The value of any Purchase Right depends on the market price of Abbott's Common Shares, which may decline before or after a Purchase Right is exercised, or the Common Shares acquired upon purchase are sold.<br><br><u>Restrictions on transfer</u><br><br>• Purchase Rights may not be voluntarily or involuntarily assigned, transferred, pledged or otherwise disposed of in any way, and are exercisable during the Participant's lifetime only by the Participant.<br><br>• Under the ESPP, once Common Shares are delivered to a Participant, there generally is no restriction on the transfer or sale of such Common Shares.<br><br>• Under the ESOP, a holding period of three years applies to Matching Shares and Dividend Shares (as such terms are defined in the ESOP), during which time such shares generally may not be sold or transferred from the ESOP unless the Participant leaves relevant employment. A holding period of between three and five years would apply to any Free Shares (as such term is defined in the ESOP) awarded under the ESOP. Common Shares purchased under the ESOP using the Participant's payroll contributions may be sold or transferred from the ESOP by the trustee of the ESOP upon the Participant's instructions at any time.<br><br>• Common Shares purchased under an Irish Share Plan generally may not be sold or transferred from the Irish Share Plan for a period of two years following their acquisition, unless the Participant has ceased relevant employment in certain limited circumstances.<br><br><u>Currency fluctuations</u><br><br>• Where transactions under the Share Plans are conducted in Dollars, Participants may be subject to exchange rate fluctuations between their local currency and the Dollar. |

| Section E – Offer | | |
|---|---|---|
| E.1 | Net proceeds and costs of the issue | The total net proceeds of any exercise of the right to purchase that number of Common Shares which may be purchased with the balance credited to an eligible employee's account (or amount deducted from a Participant's earnings for the purpose of acquiring Common Shares under the relevant Share Plan) as of the applicable purchase date (the "**Purchase Right**") during each purchase period, as determined by the administrator in its sole discretion (the "**Purchase Cycle**") will vary from Purchase Cycle to Purchase Cycle.<br><br>Abbott estimates that offers made within the EEA under the Share Plans during each such period will generate in aggregate proceeds between \$5.8 million and \$6.6 million, and the actual proceeds will depend on the volume of shares purchased by eligible employees under the ESPP in the 2017 financial year. For purposes of the ESOP and Irish Share Plans, Common Shares are purchased on the open market.<br><br>The estimated expenses in relation to the production, approval and passporting of the Prospectus (including estimated professional fees and translation fees) are |

| Section E – Offer | | |
|---|---|---|
| | | approximately £315,000. Abbott has not engaged a sponsor or financial adviser in relation to the preparation and approval of the Prospectus. |
| E.2a | Reason for offer and use of proceeds | The purpose of the Share Plans is to provide an opportunity for eligible non-U.S. employees of certain Subsidiaries of Abbott and, in the case of the ESOP and the Abbott Laboratories Share Participation Scheme, eligible employees of Abbott Laboratories to purchase Common Shares and thereby to have the opportunity to share in Abbott's growth.<br><br>Proceeds from the ESPP offer received by Abbott or its Subsidiaries may be used for general corporate purposes. Participants' payroll deductions for Partnership Shares (as such term is defined in the ESOP) under the ESOP are paid to the ESOP Trustee and are held in an account which meets certain requirements until they are applied to the acquisition of Partnership Shares or refunded to the Participant in accordance with the ESOP. Participants' contributions under the Irish Share Plans are paid to the relevant Irish Share Plan Trustee and applied to the acquisition of shares in accordance with the relevant Irish Share Plan rules. |
| E.3 | Terms and conditions of the offer | <u>Share Plans</u><br><br>The relevant share plans are:<br><br>1. Abbott Laboratories 2009 Employee Stock Purchase Plan for Non-U.S. Employees ("**ESPP**");<br><br>2. Abbott Laboratories Employee Share Ownership Plan ("**ESOP**") (a sub-plan of the ESPP);<br><br>3. Abbott Laboratories Share Participation Scheme;<br><br>4. Abbott Laboratories Ireland Share Participation Scheme; and<br><br>5. Abbott Mature Products Management Limited Approved Share Participation Plan<br><br>(together, the "**Share Plans**" and each a "**Share Plan**").<br><br>Neither Abbott, the relevant Share Plan organiser (if different) or the relevant employer is under any obligation to offer participation in the Share Plans, and Abbott (or the relevant Share Plan organiser, as applicable) has complete discretion in their operation, including the termination of any future participation, subject to the rules of the relevant Share Plan. Amendments to the ESOP and Irish Share Plans generally are subject to agreement by the relevant plan Trustee.<br><br>The tax consequences of participating in (and withdrawing from) the Share Plans can vary greatly depending on the type of plan, a Participant's country of residence and other factors. Prior to participating in such a plan, investors should consult their tax advisers.<br><br><u>Conditions and eligibility</u><br><br>Abbott's Share Plans are not offered to everybody and may be offered only to employees meeting eligibility criteria. If the ESOP or an Irish Share Plan is offered, it is offered to all eligible employees on similar terms.<br><br><u>Purchase Rights</u><br><br>For each Purchase Cycle (as set forth in the Share Plans), Abbott grants each |

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| | | Participant a Purchase Right for as many Common Shares as the Participant can purchase via payroll deductions (or other means, where payroll deductions are impermissible), subject to limits defined in the Share Plans.<br><br><u>Pricing</u><br><br>*ESPP*: Under the ESPP, the purchase price per Common Share on the purchase date generally is 85% of the lesser of its Fair Market Value (as defined in the ESPP) on either the first or last business day of the Purchase Cycle.<br><br>*ESOP*: The ESOP allows share benefits structured in different ways, including allowing Participants to purchase Common Shares at market value on the relevant acquisition date from pre-tax salary ("Partnership Shares"), and provides additional Common Shares at Company cost ("Matching Shares") in proportion to those bought by Participants at the rate specified in the Partnership Share Agreement.<br><br>*Irish Share Plans*: The Irish Share Plans allow Participants to purchase Common Shares at market value on the relevant appropriation date using some or all of their annual lump sum entitlement and/or a portion of their pre-tax salary.<br><br><u>Costs, expenses and taxes</u><br><br>Abbott or its relevant Subsidiaries, being the relevant employing companies from time to time in relation to the relevant Share Plan(s) (each a "**Participating Employer**") will pay the Share Plan administration costs, including custodian fees, save that brokerage fees for sale of Common Shares acquired under Share Plans by a Participant will be borne by the Participant. Custodians may also charge reasonable fees for withdrawal of Common Shares in certificated form or the transfer of shares to another custodian.<br><br>Participants are responsible for any taxes associated with the purchase, sale and ownership of Common Shares which are applicable to the Participant, and each Participant authorises his or her Participating Employer or the Share Plan Trustee (as applicable) to withhold all applicable taxes which are required to be withheld for any transaction under the Share Plans or any Common Shares acquired.<br><br><u>Termination, amendment and withdrawal</u><br><br>The Board may amend the ESPP from time to time as it deems desirable in its sole discretion without approval of the shareholders of Abbott, except to the extent shareholder approval is required by Rule 16b-3 of the Securities Exchange Act of 1934, as amended, applicable NYSE or other stock exchange rules, or other applicable laws or regulations. The Board may terminate or suspend the ESPP at any time in its sole discretion. The termination, suspension or amendment of the ESPP shall not alter or impose rights or obligations under any Purchase Right granted under the ESPP in any material adverse way without the consent of the affected Participants. In the case of the ESOP, the Committee (as defined in the ESOP), which has been delegated responsibility by the Board for administration of the ESOP, may amend or terminate the ESOP in accordance with the ESOP rules. With respect to the Irish Share Plans, the board of directors of the respective establishing company may amend or terminate the respective Irish Share Plan in accordance with the relevant Irish Share Plan rules. Amendments to the ESOP and Irish Share Plans are generally subject to agreement by the relevant Share Plan Trustee.<br><br>With respect to the ESPP and ESOP, if a Participant ceases to be in relevant employment for any reason, his or her rights to participate will immediately terminate and the amount credited to the Participant's account or deducted from the Participant which has not been used to purchase Common Shares (if any) will be refunded as soon as reasonably practicable, less income tax and social security |

| Section E – Offer | | |
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| | | contributions if applicable. Common Shares held in the ESOP must be removed from the ESOP within 90 days of the cessation of the relevant employment. With respect to the Irish Share Plans, Common Shares generally may be purchased using a Participant's contributions provided the Participant is an eligible employee under the rules of the Irish Share Plan; any amounts contributed which, at the time of cessation of employment, have not yet been used to purchase Common Shares are refunded to the individual less appropriate tax and social security deductions. Common Shares held in an Irish Share Plan must continue to be held in the Irish Share Plan until the second anniversary of their acquisition, unless the Participant terminates relevant employment in certain limited circumstances. Common Shares acquired under an Irish Share Plan must be removed from the Irish Share Plan after the third anniversary of their acquisition.<br><br>Participants in the ESPP and ESOP may increase or reduce the amounts of their payroll deductions by filing a new authorisation form with his or her Participating Employer or by following IVR, electronic or other procedures prescribed by his or her Participating Employer and may withdraw from the ESPP by filing another authorisation form with his or her Participating Employer, or by following IVR, electronic or other procedures prescribed by his or her Participating Employer. The amount by which payroll deductions under the ESOP may be increased is subject to the limitations contained in the ESOP rules. Rights to participate in Share Plans may not be transferred.<br><br>A Participant in the ESOP or an Irish Share Plan may withdraw from participation at any time.<br><br>Withdrawal by a Participant from the ESOP or an Irish Share Plan may impact on the tax treatment of the Common Shares acquired by the Participant under the relevant Share Plan.<br><br><u>Other terms and conditions</u><br><br>Please see Part II below for a summary of additional terms and conditions of the Share Plans. |
| E.4 | Material interests | Not applicable. |
| E.5 | Selling shareholders and lock-ups | Not applicable. |
| E.6 | Dilution | Dilution of approximately 0.18% would result from the issue of was 2,613,624 Common Shares, which is the maximum number of the Common Shares reserved for future issuance under the ESPP (including the ESOP), as of December 31, 2016. There is no maximum number of Common Shares reserved for issuance under the Irish Share Plans. |
| E.7 | Expenses charged to the investor by the Company | Not applicable. There are no commissions, fees or expenses to be charged to Participants by the Company in connection with the acquisition of Common Shares. |

[End of summary – Remainder of page intentionally left blank]

## 1. RISK FACTORS

In addition to the other information in this Prospectus, the following risk factors should be considered before deciding to invest in Common Shares. Additional risks and uncertainties not presently known to Abbott, or risks Abbott currently considers immaterial, could also affect Abbott's actual results. Abbott's business, financial condition, results of operations, or prospects could be materially adversely affected by any of these risks.

### 1.1 Abbott may acquire other businesses, license rights to technologies or products, form alliances, or dispose of or spin-off businesses, which could cause it to incur significant expenses and could negatively affect profitability.

Abbott may pursue acquisitions, licensing arrangements, and strategic alliances, or dispose of or spin-off some of its businesses, as part of its business strategy. Abbott may not complete these transactions in a timely manner, on a cost-effective basis, or at all, and may not realise the expected benefits. If Abbott is successful in making an acquisition, the products and technologies that are acquired may not be successful or may require significantly greater resources and investments than originally anticipated. Abbott may not be able to integrate acquisitions successfully into its existing business or transition disposed businesses efficiently, and could incur or assume significant debt and unknown or contingent liabilities. Abbott could also experience negative effects on its reported results of operations from acquisition or disposition-related charges, amortisation of expenses related to intangibles and charges for impairment of long-term assets. These effects could cause a deterioration of Abbott's credit rating and result in increased borrowing costs and interest expense, and decrease liquidity.

### 1.2 Abbott is subject to cost containment efforts that could cause a reduction in future revenues and operating income.

In the United States and other countries, Abbott's businesses have experienced downward pressure on product pricing. Cost containment efforts by governments and private organisations are described in greater detail in the section captioned “Regulation” under Item 1, “Business”, in Part I of Abbott's 2016 Form 10-K. To the extent these cost containment efforts are not offset by greater patient access to health care or other factors, Abbott's future revenues and operating income will be reduced.

### 1.3 Abbott is subject to numerous governmental regulations and it can be costly to comply with these regulations and to develop compliant products and processes.

Abbott's products are subject to rigorous regulation by the FDA and numerous international, supranational, federal, and state authorities. The process of obtaining regulatory approvals to market a drug or medical device can be costly and time-consuming, and approvals might not be granted for future products, or additional indications or uses of existing products, on a timely basis, if at all. Delays in the receipt of, or failure to obtain approvals for, future products, or new indications and uses, could result in delayed realisation of product revenues, reduction in revenues, and in substantial additional costs.

In addition, no assurance can be given that Abbott will remain in compliance with applicable FDA and other regulatory requirements once approval or marketing authorisation has been obtained for a product. These requirements include, among other things, regulations regarding manufacturing practices, product labelling, and advertising and post marketing reporting, including adverse event reports and field alerts. Many of Abbott's facilities and procedures and those of Abbott's suppliers are subject to ongoing regulation, including periodic inspection by the FDA and other regulatory authorities. Abbott must incur expense and spend time and effort to ensure compliance with these complex regulations. Possible regulatory actions for non-compliance could include warning letters, fines, damages, injunctions, civil penalties, recalls, seizures of Abbott's products, and criminal prosecution.

These actions could result in, among other things, substantial modifications to Abbott's business practices and operations; refunds, recalls, or seizures of Abbott's products; a total or partial shutdown of production in one or more facilities while Abbott or Abbott's suppliers remedy the alleged violation; the inability to obtain future pre-market approvals or marketing authorisations; and withdrawals or suspensions of current products from the market. Any of these events could disrupt Abbott's business and have a material adverse effect on Abbott's revenues, profitability and financial condition.

**1.4 Laws and regulations affecting government benefit programs could impose new obligations on Abbott, require Abbott to change its business practices, and restrict its operations in the future.**

Abbott's industry is subject to various international, supranational, federal, and state laws and regulations pertaining to government benefit program reimbursement, price reporting and regulation, and health care fraud and abuse, including anti-kickback and false claims laws, and international and individual state laws relating to pricing and sales and marketing practices. Violations of these laws may be punishable by criminal and/or civil sanctions, including, in some instances, substantial fines, imprisonment, and exclusion from participation in government health care programs, including Medicare, Medicaid, and Veterans Administration health programs in the U.S. These laws and regulations are broad in scope and they are subject to evolving interpretations, which could require Abbott to incur substantial costs associated with compliance or to alter one or more of its sales or marketing practices. In addition, violations of these laws, or allegations of such violations, could disrupt Abbott's business and result in a material adverse effect on Abbott's revenues, profitability, and financial condition.

**1.5 Changes in the health care regulatory environment may adversely affect Abbott's business.**

Both in the U.S. and internationally, government authorities may enact changes in regulatory requirements, make legislative or administrative reforms to existing reimbursement programs, or make adverse decisions relating to Abbott's products' coverage or reimbursement, or make changes to patient access to health care, all of which could adversely impact the demand for and usage of Abbott's products or the prices that Abbott's customers are willing to pay for them.

Further, in the U.S., a number of the provisions of the U.S. Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 change access to health care products and services and establish certain fees for the medical device industry. These provisions may be modified, repealed, or otherwise invalidated, in whole or in part. Future rulemaking could affect rebates, prices or the rate of price increases for health care products and services, or required reporting and disclosure. Abbott cannot predict the timing or impact of any future rulemaking or changes in the law.

For additional information concerning health care regulation, see the discussion in “Regulation” under Item 1, “Business”, in Part I of Abbott's 2016 Form 10-K.

**1.6 Abbott incurred and assumed significant additional indebtedness in connection with the acquisition of St. Jude Medical, which could decrease business flexibility and increase consolidated interest expense.**

Following the acquisition of St. Jude Medical, Abbott's consolidated indebtedness as of January 31, 2017 is approximately $27.8 billion, representing a substantial increase in comparison to Abbott's consolidated indebtedness on a recent historical basis. This increased consolidated indebtedness could have the effect, among other things, of reducing Abbott's flexibility to respond to changing business and economic conditions.

Further, Abbott may be required to raise additional financing for working capital, capital expenditures, future acquisitions or other general corporate purposes. Abbott's ability to arrange additional financing or refinancing will depend on, among other factors, Abbott's financial position and performance, as well as prevailing market conditions and other factors beyond Abbott's control. Additionally, further borrowing could cause a deterioration of Abbott's credit rating.

**1.7 Changes in credit markets or to Abbott's credit rating could impact Abbott's ability to obtain financing for its business operations or result in increased borrowing costs and interest expense.**

Abbott's credit ratings reflect each credit rating agency's then opinion of Abbott's financial strength, operating performance and ability to meet its debt obligations. Abbott utilises the short- and long-term debt markets to obtain capital from time to time. Adverse changes in Abbott's credit ratings may result in increased borrowing costs for future long-term debt or short-term borrowing facilities and may limit financing options, including access to the unsecured borrowing market. Abbott may also be subject to additional restrictive covenants that would reduce flexibility. Macroeconomic conditions, such as continued or increased volatility or disruption in the credit markets, may adversely affect Abbott's ability to refinance existing debt or obtain additional financing to support operations or to fund new acquisitions or capital-intensive internal initiatives. Notwithstanding the foregoing, in the opinion of Abbott, the working capital of the Group is sufficient for the Group's present requirements, and at least for the period of twelve months following the date of this document.

**1.8 Abbott depends on sophisticated information technology systems and a cyber attack or other breach of these systems could have a material adverse effect on Abbott's results of operations.**

Similar to other large multi-national companies, the size and complexity of the information technology systems on which Abbott relies for both its infrastructure and products makes them susceptible to a cyber attack, malicious intrusion, breakdown, destruction, loss of data privacy, or other significant disruption. These systems have been and are expected to continue to be the target of malware and other cyber attacks. In addition, third party hacking attempts may cause Abbott's information technology systems and related products, protected data, or proprietary information to be compromised. A significant attack or other disruption could result in adverse consequences, including increased costs and expenses, problems with product functionality, damage to customer relations, lost revenue, and legal or regulatory penalties.

Abbott invests in its systems and technology and in the protection of its products and data to reduce the risk of an attack or other significant disruption, and monitors its systems on an ongoing basis for any current or potential threats and for changes in technology and the regulatory environment. There can be no assurance that these measures and efforts will prevent future attacks or other significant disruptions to any of the systems on which Abbott relies or that related product issues will not arise in the future. Any significant attack or other disruption on Abbott's systems or products could have a material adverse effect on Abbott's business.

**1.9 The expiration or loss of patent protection and licenses may affect Abbott's future revenues and operating income.**

Many of Abbott's businesses rely on patent and trademark and other intellectual property protection. Although most of the challenges to Abbott's intellectual property have come from other businesses, governments may also challenge intellectual property protections. To the extent Abbott's intellectual property is successfully challenged, invalidated, or circumvented or to the extent it does not allow Abbott to compete effectively, Abbott's businesses could suffer. To the extent that countries do not enforce Abbott's intellectual property rights or to the extent that countries require compulsory licensing of its intellectual property, Abbott's future revenues and operating income could be reduced.

**1.10 Competitors' intellectual property may prevent Abbott from selling its products or have a material adverse effect on Abbott's future profitability and financial condition.**

Competitors may claim that an Abbott product infringes upon their intellectual property. Resolving an intellectual property infringement claim can be costly and time consuming and may require Abbott to enter into license agreements. Abbott cannot guarantee that it would be able to obtain license agreements on commercially reasonable terms. A successful claim of patent or other intellectual property infringement could subject Abbott to significant damages or an injunction preventing the manufacture, sale or use of affected Abbott products. Any of these events could have a material adverse effect on Abbott's profitability and financial condition.

**1.11 Abbott's research and development efforts may not succeed in developing commercially successful products and technologies, which may cause Abbott's revenue and profitability to decline.**

To remain competitive, Abbott must continue to launch new products and technologies. To accomplish this, Abbott commits substantial efforts, funds, and other resources to research and development. A high rate of failure is inherent in the research and development of new products and technologies. Abbott must make ongoing substantial expenditures without any assurance that its efforts will be commercially successful. Failure can occur at any point in the process, including after significant funds have been invested.

Promising new products and technologies may fail to reach the market or may only have limited commercial success because of efficacy or safety concerns, failure to achieve positive clinical outcomes, inability to obtain necessary regulatory approvals, limited scope of approved uses, excessive costs to manufacture, the failure to establish or maintain intellectual property rights, or infringement of the intellectual property rights of others. Even if Abbott successfully develops new products or enhancements or new generations of Abbott's existing products, they may be quickly rendered obsolete by changing customer preferences, changing industry standards, or competitors' innovations. Innovations may not be accepted quickly in the marketplace because of, among other things, entrenched patterns of clinical practice or uncertainty over third-party reimbursement. Abbott cannot state with certainty when or whether any of its products under development will be launched, whether it will be able to develop, license, or otherwise acquire compounds or products, or whether any products will be commercially successful.

Failure to launch successful new products or technologies, or new indications or uses for existing products may cause Abbott's products or technologies to become obsolete, causing Abbott's revenues and operating results to suffer.

**1.12 New products and technological advances by Abbott's competitors may negatively affect Abbott's results of operations.**

Abbott's products face intense competition from its competitors' products. Competitors' products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than Abbott's products. Abbott cannot predict with certainty the timing or impact of the introduction of competitors' products.

**1.13 The manufacture of many of Abbott's products is a highly exacting and complex process, and if Abbott or one of its suppliers encounters problems manufacturing products, Abbott's business could suffer.**

The manufacture of many of Abbott's products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, natural disasters, and environmental factors. In addition, single suppliers are currently used for certain products and materials. If problems arise during the production of a batch of product, that batch of product may have to be discarded. This could, among other things, lead to increased costs, lost revenue, damage to customer relations, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. To the extent Abbott or one of its suppliers experiences significant manufacturing problems, this could have a material adverse effect on Abbott's revenues and profitability.

**1.14 Significant safety concerns could arise for Abbott's products, which could have a material adverse effect on Abbott's revenues and financial condition.**

Health care products typically receive regulatory approval based on data obtained in controlled clinical trials of limited duration. Following regulatory approval, these products will be used over longer periods of time in many patients. Investigators may also conduct additional, and perhaps more extensive, studies. If new safety issues are reported, Abbott may be required to amend the conditions of use for a product. For example, Abbott may be required to provide additional warnings on a product's label or narrow its approved intended use, either of which could reduce the product's market acceptance. If serious safety issues arise with an Abbott product, sales of the product could be halted by Abbott or by regulatory authorities. Safety issues affecting suppliers' or competitors' products also may reduce the market acceptance of Abbott's products.

In addition, in the ordinary course of business, Abbott is the subject of product liability claims and lawsuits alleging that its products or the products of other companies that Abbott promotes have resulted or could result in an unsafe condition for or injury to patients. Product liability claims and lawsuits, safety alerts or product recalls, and other allegations of product safety or quality issues, regardless of their validity or ultimate outcome, may have a material adverse effect on Abbott's business and reputation and on Abbott's ability to attract and retain customers. Consequences may also include additional costs, a decrease in market share for the products, lower income or exposure to other claims. Product liability losses are self-insured. Product liability claims could have a material adverse effect on Abbott's profitability and financial condition.

**1.15 Abbott holds a significant investment in Mylan N.V. and is subject to market risk.**

In February 2015, Abbott completed the disposition of its developed markets branded generics pharmaceuticals business to Mylan N.V., in exchange for 110,000,000 Mylan N.V. ordinary shares. In April 2015, Abbott sold 40,250,000 of these Mylan N.V. ordinary shares, and in March 2017, Abbott sold an additional 44,000,000 of these Mylan N.V. ordinary shares. Abbott currently owns 25,750,000 ordinary shares. As long as Abbott holds the shares, Abbott will have a substantial undiversified equity investment in Mylan N.V. and, therefore, will be subject to the risk of changes in the market value of those shares.

**1.16 Fluctuation in foreign currency exchange rates may adversely affect Abbott's financial statements and Abbott's ability to realise projected sales and earnings.**

Although Abbott's financial statements are denominated in Dollars, a significant portion of Abbott's revenues and costs are realised in other currencies. Sales outside of the United States in 2016 made up approximately 70 percent of Abbott's net sales. Abbott's profitability is affected by movement of the Dollar against other currencies. Fluctuations in exchange rates between the Dollar and other currencies may also affect the reported value of Abbott's assets and liabilities, as well as its cash flows. Some foreign currencies are subject to government exchange controls. While Abbott enters into hedging arrangements to mitigate some of its foreign currency exposure, Abbott cannot predict with any certainty changes in foreign currency exchange rates or its ability to mitigate these risks.

**1.17 Deterioration in the economic condition and credit quality of certain countries may negatively affect Abbott's results of operations.**

Unfavorable economic conditions in certain countries may increase the time it takes to collect outstanding trade receivables. Financial instability and fiscal deficits in these countries may result in additional austerity measures to reduce costs, including health care. Deterioration in the quality of sovereign debt, including credit downgrades, could increase Abbott's collection risk where a significant amount of Abbott's receivables in these countries are with governmental health care systems or where Abbott's customers depend on payment by government health care systems.

**1.18 The international nature of Abbott's business subjects it to additional business risks that may cause its revenue and profitability to decline.**

Abbott's business is subject to risks associated with managing a global supply chain and doing business internationally. Sales outside of the United States in 2016 made up approximately 70 percent of Abbott's net sales. Additional risks associated with Abbott's international operations include:

- differing local product preferences and product requirements;
- trade protection measures and import or export licensing requirements;
- difficulty in establishing, staffing, and managing operations;
- differing labour regulations;
- potentially negative consequences from changes in or interpretations of tax laws;
- political and economic instability, including sovereign debt issues;
- restrictions on local currency conversion and/or cash extraction;
- price controls, limitations on participation in local enterprises, expropriation, nationalisation, and other governmental action;
- inflation, recession, and fluctuations in interest rates;
- compulsory licensing or diminished protection of intellectual property; and
- potential penalties or other adverse consequences for violations of anti-corruption, anti-bribery, and other similar laws and regulations, including the Foreign Corrupt Practices Act and the U.K. Bribery Act.

Events contemplated by these risks may, individually or in the aggregate, have a material adverse effect on Abbott's revenues and profitability.

**1.19 Other factors can have a material adverse effect on Abbott's future profitability and financial condition.**

Many other factors can affect Abbott's profitability and its financial condition, including:

- changes in or interpretations of laws and regulations, including changes in accounting standards, taxation requirements, product marketing application standards, product labelling, source and use laws, and environmental laws;

- differences between the fair value measurement of assets and liabilities and their actual value, particularly for pensions, retiree health care, stock compensation, intangibles, goodwill, and contingent consideration; and for contingent liabilities such as litigation, the absence of a recorded amount, or an amount recorded at the minimum, compared to the actual amount;

- changes in the rate of inflation (including the cost of raw materials, commodities, and supplies), interest rates, market value of Abbott's equity investments, and the performance of investments held by Abbott or Abbott's employee benefit trusts;

- changes in the creditworthiness of counterparties that transact business with or provide services to Abbott or Abbott's employee benefit trusts;

- changes in business, economic, and political conditions, including: war, political instability, terrorist attacks, the threat of future terrorist activity and related military action; global climate, extreme weather and natural disasters; widespread outbreaks of infectious diseases, the cost and availability of insurance due to any of the foregoing events; labour disputes, strikes, slow-downs, or other forms of labour or union activity; and pressure from third-party interest groups;

- changes in Abbott's business units and investments and changes in the relative and absolute contribution of each to earnings and cash flow resulting from evolving business strategies, changing product mix, changes in tax laws or tax rates both in the U.S. and abroad and opportunities existing now or in the future;

- changes in the buying patterns of a major distributor, retailer, or wholesale customer resulting from buyer purchasing decisions, pricing, seasonality, or other factors, or other problems with licensors, suppliers, distributors, and business partners; and

- legal difficulties, any of which could preclude or delay commercialisation of products or adversely affect profitability, including claims asserting statutory or regulatory violations, and adverse litigation decisions.

## 1.20 Relating to the Common Shares

***Share Plan conditions***

In respect of the ESPP and ESOP, participants must remain continuously employed in relevant employment in order to be eligible for participation. The right to purchase Common Shares may be cancelled upon a termination of employment. Participation in the ESPP and ESOP may not continue once the Participant has ceased relevant employment. In respect of the Irish Share Plans, Common Shares generally may be purchased under the Irish Share Plans, provided the Participant is an eligible employee under the rules of the Irish Share Plan. Further, Common Shares may continue to be held in the Irish Share Plans following cessation of the Participant's relevant employment until they are required to be removed under the general rules of the Irish Share Plan.

***Market price***

The value that may be realised from a Purchase Right depends on the market price of Abbott's Common Shares, which may decline before or after the Purchase Right is exercised, or the Common Shares acquired from the exercise of the Purchase Right are sold. When Common Shares acquired upon the exercise of a Purchase Right are sold, the market value of the Common Shares delivered to a Participant may be less than when the Purchase Right was granted or exercised.

***Restrictions on transfer***

Purchase Rights may not be voluntarily or involuntarily assigned, transferred, pledged or otherwise disposed of in any way, and are exercisable during the Participant's lifetime only by the Participant.

Once Common Shares acquired under the ESPP are delivered to a Participant, there generally is no restriction on the transfer or sale of such Common Shares.

Under the ESOP, a holding period of three years applies to Matching Shares and Dividend Shares (as such terms are defined in the ESOP), during which time such shares generally may not be sold or transferred from the ESOP unless the Participant leaves relevant employment. A holding period of between three and five years would apply to any Free Shares (as such term is defined in the ESOP) awarded under the ESOP. Common Shares purchased under the ESOP using the Participant's payroll contributions may be sold or transferred from the ESOP by the trustee of the ESOP upon the Participant's instructions at any time.

Common Shares purchased under an Irish Share Plan generally may not be sold or transferred from the Irish Share Plan for a period of two years following their acquisition, unless the Participant has ceased relevant employment in certain limited circumstances.

***Currency fluctuations***

Where transactions under the Share Plans are conducted in Dollars, Participants may be subject to fluctuations in the exchange rate between their local currency and the Dollar. For example, the cost in local currency to purchase shares will increase if the value of a Participant's local currency declines in relation to the Dollar. Similarly, the local-currency value of shares acquired will decline if the value of a Participant's local currency increases in relation to the Dollar.

## 1.21 Quantitative and Qualitative Disclosures about Market Risk

***Market Price Sensitive Investments***

The fair value of the available-for-sale equity securities held by Abbott was approximately $1.4 billion as of March 31, 2017 and $2.7 billion as of December 31, 2016. The decrease is due primarily to the sale of 44 million ordinary shares of Mylan N.V., thereby reducing Abbott's equity securities by approximately $1.7 billion during the quarter. All available-for-sale equity securities are subject to potential changes in market value. A hypothetical 20 percent decrease in the share prices of these investments would decrease their fair value at March 31, 2017 by approximately $280 million. Abbott monitors these investments for other than temporary declines in market value, and charges impairment losses to income when an other than temporary decline in value occurs.

***Non-Publicly Traded Equity Securities***

Abbott holds equity securities from strategic technology acquisitions that are not traded on public stock exchanges. The carrying value of these investments was approximately $151 million and $120 million as of December 31, 2016 and 2015, respectively. No individual investment is recorded at a value in excess of $35 million. Abbott monitors these investments for other than temporary declines in market value, and charges impairment losses to income when an other than temporary decline in estimated fair value occurs.

***Interest Rate Sensitive Financial Instruments***

At December 31, 2016 and 2015, Abbott had interest rate hedge contracts totaling $5.5 billion and $4.0 billion, respectively, to manage its exposure to changes in the fair value of debt. The effect of these hedges is to change the fixed interest rate to a variable rate for the portion of the debt that is hedged. Abbott does not use derivative financial instruments, such as interest rate swaps, to manage its exposure to changes in interest rates for its investment securities. At December 31, 2016, Abbott had $0.9 billion of domestic commercial paper outstanding with an average annual interest rate of 0.91% with an average remaining life of 17 days. The fair value of long-term debt at December 31, 2016 and 2015 amounted to $21.1 billion and $6.3 billion, respectively (average interest rates of 3.8% and 4.1% as of December 31, 2016 and 2015, respectively) with maturities through 2046. At December 31, 2016 and 2015, the fair value of current and long-term investment securities amounted to approximately $3.1 billion and $5.2 billion, respectively. A hypothetical 100-basis point change in the interest rates would not have a material effect on cash flows, income or fair values. (A 100-basis point change is believed to be a reasonably possible near-term change in rates).

***Foreign Currency Sensitive Financial Instruments***

Certain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates for anticipated intercompany purchases by those subsidiaries whose functional currencies are not the U.S. dollar. These contracts are designated as cash flow hedges of the variability of the cash flows due to changes in foreign currency exchange rates and are marked-to-market with the resulting gains or losses reflected in Accumulated other comprehensive income (loss). Gains or losses will be included in cost of products sold at the time the products are sold, generally within the next twelve to eighteen months. At December 31, 2016 and 2015, Abbott held $2.6 billion and $2.4 billion, respectively, of such contracts. Contracts held at December 31, 2016 will mature in 2017 or 2018 depending upon the contract. Contracts held at December 31, 2015 matured in 2016 or will mature in 2017 depending upon the contract. At December 31, 2016, $107 million of the notional amount related to AMO, a business that was divested as of February 27, 2017.

Abbott enters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated intercompany loans and trade payables and third-party trade payables and receivables. The contracts are marked-to-market, and resulting gains or losses are reflected in income and are generally offset by losses or gains on the foreign currency exposure being managed. At December 31, 2016 and 2015, Abbott held $14.9 billion and $14.0 billion, respectively, of such contracts, which generally mature in the next twelve months. At December 31, 2016, $1.2 billion of the contracts relate to AMO, a business that was divested as of February 27, 2017.

Abbott has designated foreign denominated short-term debt of approximately $454 million and approximately $439 million as of December 31, 2016 and 2015, respectively, as a hedge of the net investment in a foreign subsidiary. Accordingly, changes in the fair value of this debt due to changes in exchange rates are recorded in Accumulated other comprehensive income (loss), net of tax.

The following table reflects the total foreign currency forward contracts outstanding at December 31, 2016 and 2015:

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| **Primarily U.S. Dollars to be exchanged for the following currencies** | **Contract Amount** | **Weighted Average Exchange Rate** | **Fair and Carrying Value Receivable/ (Payable)** | **Contract Amount** | **Weighted Average Exchange Rate** | **Fair and Carrying Value Receivable/ (Payable)** |
| | *(dollars in millions)* | | | | | |
| Euro | $11,110 | 1.0570 | $28 | $8,999 | 1.0943 | $67 |
| British Pound | 514 | 1.2817 | 15 | 1,531 | 1.5098 | 6 |
| Japanese Yen | 1,024 | 110.6955 | 44 | 711 | 121.8078 | (1) |
| Canadian Dollar | 639 | 1.3378 | 3 | 312 | 1.2917 | 18 |
| All other currencies | 4,166 | N/A | 104 | 4,880 | N/A | (13) |
| Total | $17,453 | | $194 | $16,433 | | $77 |

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are based on management's current expectations, estimates, and projections. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "forecasts," variations of these words, and similar expressions are intended to identify these forward-looking statements. Certain factors, including but not limited to those identified under "1. Risk Factors" of this Prospectus, may cause actual results to differ materially from current expectations, estimates, projections, forecasts, and from past results. No assurance can be made that any expectation, estimate, or projection contained in a forward-looking statement will be achieved or will not be affected by the factors cited above or other future events. Abbott undertakes no obligation to release publicly any revisions to forward-looking statements as the result of subsequent events or developments on which such statements are based unless, except as required to do so by applicable law, the Prospectus Rules, the Listing Rules or the Disclosure Guidance and Transparency Rules. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

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## DEFINITIONS AND INTERPRETATION

The following definitions apply throughout this document unless the context otherwise requires:

| | |
|---|---|
| "**Alere**" | Alere Inc., a Delaware corporation |
| "**AMO**" | Abbott Medical Optics |
| "**Board**", **"Board of Directors**" or "**Directors**" | the board of directors of Abbott Laboratories whose names are set out in paragraph 2.1 of this document |
| "**CHX**" | the Chicago Stock Exchange |
| "**Company**", "**we**", "**us**" or "**Abbott**" | Abbott Laboratories |
| "**Common Share**" | a common share of Abbott Laboratories with no par value |
| "**Dollars**" or "**$**" | the lawful currency of the United States of America |
| "**EEA**" | the European Economic Area |
| "**ESOP**" | Abbott Laboratories Employee Share Ownership Plan, as amended from time to time |
| "**ESPP**" | Abbott Laboratories 2009 Employee Stock Purchase Plan for Non-U.S. Employees, as amended from time to time |
| "**FDA**" | the U.S. Food and Drug Administration |
| "**Group**" | Abbott Laboratories and its Subsidiaries |
| "**Irish Share Plans**" | (i) Abbott Laboratories Share Participation Scheme, as amended from time to time; (ii) Abbott Laboratories Ireland Share Participation Scheme, as amended from time to time; and (iii) Abbott Mature Products Management Limited Approved Share Participation Plan, as amended from time to time, as amended from time to time |
| "**Mylan**" | Mylan N.V. |
| "**NYSE**" | the New York Stock Exchange |
| "**Participant(s)**" | an employee of the Group who is eligible to participate and has enrolled in the relevant Share Plan in accordance with the relevant Share Plan terms |
| "**Participating Employer**" | Abbott and/or its relevant Subsidiaries, being the relevant employing companies from time to time in relation to the relevant Share Plan(s) |
| "**Plan Documents**" | the relevant subscription documents relating to a Share Plan, including its terms and conditions |
| "**Preferred Share**" | a preferred share of Abbott Laboratories with par value $1.00 |

| | |
|---|---|
| "**Prospectus**" or "**document**" | this document, including the annexed information in Part II and including the summary appearing at the beginning of this document |
| "**Prospectus Rules**" | the prospectus rules published by the United Kingdom Financial Conduct Authority from time to time |
| "**Purchase Cycle**" | each purchase period, as determined by the administrator of a Share Plan in its sole discretion |
| "**Purchase Right**" | the right to purchase that number of Common Shares which may be purchased with the balance credited to a Participant's account or amount deducted from a Participant's earnings for the purpose of acquiring Common Shares under the relevant Share Plan, as of the applicable purchase date |
| "**St. Jude Medical**" | St. Jude Medical, Inc., a Minnesota corporation |
| "**SEC**" | the United States Securities and Exchange Commission |
| "**Share Plans**" | means the ESPP, the ESOP and the Irish Share Plans, and each a "**Share Plan**", which are summarised in Part II of this document |
| "**SIX**" | the SIX Swiss Exchange |
| "**Subsidiaries**" | any subsidiary undertakings of the Company |
| "**Terumo**" | Terumo Corporation |
| "**USA**" | the United States of America |

In this document the financial figures of Abbott are interpreted as follows unless the context otherwise requires:

| | |
|---|---|
| "**during 200X**" or "**in 200X**" | the fiscal year for that year |
| "**fiscal year for year ended**" | the year from January 1 to December 31 |
| "**fourth quarter**" | the period from October 1 to December 31 |
| "**third quarter**" | the period from July 1 to September 30 |
| "**second quarter**" | the period from April 1 to June 30 |
| "**first quarter**" | the period from January 1 to March 31 |

## 2. PERSONS RESPONSIBLE

**2.1** The persons responsible for the information given in this document are Abbott and the Directors whose names are set out below. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the Directors' and the Company's knowledge, in accordance with the facts and contains no omission likely to affect its import.

| | |
|---|---|
| Robert J. Alpern, M.D. | William A. Osborn |
| Roxanne S. Austin | Samuel C. Scott III |
| Sally E. Blount, Ph.D. | Daniel J. Starks |
| Edward M. Liddy | Glenn F. Tilton |
| Nancy McKinstry | Miles D. White |
| Phebe N. Novakovic | |

Further details on each Director are set out in paragraph 7.1 of this Prospectus.

## 3. STATUTORY AUDITORS

**3.1** Abbott's independent registered public accounting firm is Ernst & Young LLP, 155 N. Wacker Dr. Chicago, IL 60606, USA.

**3.2** The Company's auditors are an independent registered public accounting firm with the Public Company Accounting Oversight Board (United States), created pursuant to the Sarbanes-Oxley Act of 2002.

**4. SELECTED FINANCIAL INFORMATION**

**Annual Audited Historical Information:**

The summary consolidated financial data set out below is extracted from Abbott's audited consolidated financial statements in Abbott's 2016 Annual Report on Form 10-K and supporting detail schedules from Abbott's financial transaction systems without material adjustment. These amounts are not based on any forecast, estimated, or pro forma figures. This data should be read in conjunction with Abbott's audited consolidated financial statements and the related notes in Abbott's 2016 Annual Report on Form 10-K.

**Consolidated Statement of Earnings:**

| *(Millions of dollars except per share data)* | December 31 | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| Net Sales | $20,853 | $20,405 | $20,247 |
| Cost of products sold, excluding amortization of intangible assets | 9,024 | 8,747 | 9,218 |
| Amortization of intangible assets | 550 | 601 | 555 |
| Research and development | 1,422 | 1,405 | 1,345 |
| Selling, general and administrative | 6,672 | 6,785 | 6,530 |
| Total Operating Cost and Expenses | 17,668 | 17,538 | 17,648 |
| Operating Earnings | 3,185 | 2,867 | 2,599 |
| Interest expense | 431 | 163 | 150 |
| Interest income | (99) | (105) | (77) |
| Net loss on extinguishment of debt | — | — | 18 |
| Net foreign exchange (gain) loss | 495 | (93) | (24) |
| Other (income) expense, net | 945 | (281) | 14 |
| Earnings from Continuing Operations Before Taxes | 1,413 | 3,183 | 2,518 |
| Taxes on Earnings from Continuing Operations | 350 | 577 | 797 |
| Earnings from Continuing Operations | 1,063 | 2,606 | 1,721 |
| Earnings from Discontinued Operations, net of taxes | 321 | 65 | 563 |
| Gain on sale of Discontinued Operations, net of taxes | 16 | 1,752 | — |
| Net Earnings from Discontinued Operations, net of taxes | 337 | 1,817 | 563 |
| Net Earnings | $ 1,400 | $ 4,423 | $ 2,284 |
| Basic Earnings Per Common Share — | | | |
| Continuing Operations | $ 0.71 | $ 1.73 | $ 1.13 |
| Discontinued Operations | 0.23 | 1.21 | 0.37 |
| Net Earnings | $ 0.94 | $ 2.94 | $ 1.50 |
| Diluted Earnings Per Common Share — | | | |
| Continuing Operations | $ 0.71 | $ 1.72 | $ 1.12 |
| Discontinued Operations | 0.23 | 1.20 | 0.37 |
| Net Earnings | $ 0.94 | $ 2.92 | $ 1.49 |
| Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share | 1,477 | 1,496 | 1,516 |
| Dilutive Common Stock Options | 6 | 10 | 11 |
| Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options | 1,483 | 1,506 | 1,527 |
| Outstanding Common Stock Options Having No Dilutive Effect | 5 | 1 | 1 |

**Consolidated Balance Sheet Data:**

| *(Millions of dollars)* | December 31 | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| Assets | | | |
| Current Assets: | | | |
| Cash and cash equivalents | $18,620 | $5,001 | $4,063 |
| Investments, primarily bank time deposits and U.S. treasury bills | 155 | 1,124 | 397 |
| Trade receivables, less allowances of — 2016: $250; 2015: $337; 2014: $310 | 3,248 | 3,418 | 3,586 |
| Inventories: | | | |
| Finished products | 1,624 | 1,744 | 1,807 |
| Work in process | 294 | 316 | 278 |
| Materials | 516 | 539 | 558 |
| Total inventories | 2,434 | 2,599 | 2,643 |
| Other prepaid expenses and receivables | 1,806 | 1,908 | 1,975 |
| Current assets held for disposition | 513 | 105 | 892 |
| Total Current Assets (1) | 26,776 | 14,155 | 13,556 |
| Investments | 2,947 | 4,041 | 229 |
| Property and Equipment, at Cost | 12,366 | 12,383 | 12,632 |
| Less: accumulated depreciation and amortization | 6,661 | 6,653 | 6,697 |
| Net Property and Equipment | 5,705 | 5,730 | 5,935 |
| Intangible Assets, net of amortization | 4,539 | 5,562 | 6,198 |
| Goodwill | 7,683 | 9,638 | 10,067 |
| Deferred Income Taxes and Other Assets (1)(2) | 2,263 | 2,119 | 3,288 |
| Non-current Assets Held for Disposition | 2,753 | 2 | 1,934 |
| | $52,666 | $41,247 | $41,207 |
| Liabilities and Shareholders' Investment | | | |
| Current Liabilities: | | | |
| Short-term borrowings | $1,322 | $3,127 | $4,382 |
| Trade accounts payable | 1,178 | 1,081 | 1,064 |
| Salaries, wages and commissions | 752 | 746 | 776 |
| Other accrued liabilities (1) | 2,581 | 3,043 | 2,878 |
| Dividends payable | 391 | 383 | 362 |
| Income taxes payable | 188 | 430 | 270 |
| Current portion of long-term debt | 3 | 3 | 55 |
| Current liabilities held for disposition | 245 | 373 | 680 |
| Total Current Liabilities (1) | 6,660 | 9,186 | 10,467 |
| Long-term Debt (2) | 20,681 | 5,871 | 3,393 |
| Post-employment Obligations and other long-term liabilities (1) | 4,549 | 4,864 | 5,600 |
| Non-current liabilities held for disposition | 59 | — | 108 |
| Commitments and Contingencies | | | |
| Shareholders' Investment: | | | |
| Preferred shares, one dollar par value Authorized — 1,000,000 shares, none issued | — | — | — |
| Common shares, without par value Authorized — 2,400,000,000 shares Issued at stated capital amount — Shares: 2016: 1,707,475,455; 2015: 1,702,017,390; 2014: 1,694,929,949 | 13,027 | 12,734 | 12,383 |
| Common shares held in treasury, at cost — Shares: 2016: 234,606,250; 2015: 229,352,338; 2014: 186,894,515 | (10,791) | (10,622) | (8,678) |
| Earnings employed in the business | 25,565 | 25,757 | 22,874 |
| Accumulated other comprehensive income (loss) | (7,263) | (6,658) | (5,053) |
| Total Abbott Shareholders' Investment | 20,538 | 21,211 | 21,526 |
| Noncontrolling Interests in Subsidiaries | 179 | 115 | 113 |
| Total Shareholders' Investment | 20,717 | 21,326 | 21,639 |
| | $52,666 | $41,247 | $41,207 |

(1) *Balances prior to 2015 have been adjusted to reflect the impact of the adoption of Accounting Standards Update (ASU) 2015-17 which requires entities to classify all deferred tax assets and liabilities as non-current on the balance sheet.*

(2) *Balances prior to 2015 have been adjusted to reflect the impact of the adoption of Accounting Standards Update (ASU) 2015-03 related to debt issuance costs. Debt issuance costs are reflected as a reduction to long-term debt. Prior to the adoption of ASU 2015-03, debt issuance costs were classified on the balance sheet as assets within Deferred Income Taxes and Other Assets.*

Abbott published its Form 10-Q for the fiscal quarter ended March 31, 2017 with the SEC on May 3, 2017 but, save as set out below, there have been no changes to the borrowings of the Company since December 31, 2016, that are regarded by the Company as significant.

As part of the St. Jude Medical acquisition, approximately $5.9 billion of St. Jude Medical's debt was assumed, repaid, or refinanced by Abbott. On January 4, 2017, as part of funding the cash portion of the St. Jude Medical acquisition, Abbott borrowed $2.0 billion under a 120-day senior unsecured bridge term loan facility. This facility was repaid during the first quarter of 2017.

In February 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $9 billion in conjunction with its pending acquisition of Alere. This commitment, which was automatically extended for up to 90 days on January 29, 2017, expired on April 30, 2017 and was not renewed since Abbott does not need this bridge facility to finance the Alere acquisition. Abbott expects to utilise a combination of cash on hand and debt to fund the acquisition. The fees associated with the bridge facilities were recognised in interest expense.

In the first quarter of 2017, as part of the acquisition of St. Jude Medical, Abbott’s long-term debt increased due to the assumption of outstanding debt previously issued by St. Jude Medical. Abbott exchanged certain St. Jude Medical debt obligations with an aggregate principal amount of approximately $2.9 billion for debt issued by Abbott which consists of:

*(Millions of dollars)*

| | **Principal Amount** |
|---|---|
| 2.00% Senior Notes, due 2018……………………………………………………….. | $ 473.8 |
| 2.80% Senior Notes, due 2020……………………………………………………….. | 483.7 |
| 3.25% Senior Notes, due 2023……………………………………………………….. | 818.4 |
| 3.875% Senior Notes, due 2025……………………………………………………… | 490.7 |
| 4.75% Senior Notes, due 2043……………………………………………………….. | 639.1 |

Following such exchange, approximately $194.2 million of existing St. Jude Medical notes remain outstanding across the five series of existing notes which have the same coupons and maturities as those listed above. There were no significant costs associated with the exchange of debt.

In addition, during the first quarter of 2017, Abbott assumed and subsequently repaid the following St. Jude Medical debt obligations:

| | |
|---|---|
| Term loan due 2020………………………………………………………………………. | $ 2.3 billion |
| Yen-denominated notes due 2017 and 2020………………………………………….. | 179 million |
| Yen-denominated credit facilities……………………………………………………... | 55 million |
| Commercial paper borrowings…………………………………………………………… | 220 million |

During the first quarter of 2017, Abbott issued 364-day yen-denominated debt, of which $198 million was outstanding at March 31, 2017. Abbott also paid off a $479 million yen-denominated short-term debt.

The following is a summary of long-term debt at December 31:

| *(Millions of dollars)* | **December 31** | |
|---|---|---|
| | **2016** | **2015** |
| 5.125% Notes, due 2019……………………………………………… | $ 947 | $ 947 |
| 2.35% Notes, due 2019……………………………………………… | 2,850 | — |
| 4.125% Notes, due 2020……………………………………………… | 597 | 597 |
| 2.00% Notes, due 2020……………………………………………….. | 750 | 750 |
| 2.90% Notes, due 2021……………………………………………….. | 2,850 | — |
| 2.55% Notes, due 2022……………………………………………….. | 750 | 750 |
| 3.40% Notes, due 2023……………………………………………….. | 1,500 | — |

| (Millions of dollars) | December 31 | |
|---|---|---|
| | 2016 | 2015 |
| 2.95% Notes, due 2025…………………………………………….. | 1,000 | 1,000 |
| 3.75% Notes, due 2026…………………………………………….. | 3,000 | — |
| 4.75% Notes, due 2036…………………………………………….. | 1,650 | — |
| 6.15% Notes, due 2037…………………………………………….. | 547 | 547 |
| 6.0% Notes, due 2039………………………………………………. | 515 | 515 |
| 5.3% Notes, due 2040………………………………………………. | 694 | 694 |
| 4.90% Notes, due 2046…………………………………………….. | 3,250 | — |
| Unamortized debt issuance costs…………………………………. | (117) | (21) |
| Other, including fair value adjustments relating to interest rate hedge contracts designated as fair value hedges………………… | (102) | 92 |
| Total, net of current maturities……………………………………... | 20,681 | 5,871 |
| Current maturities of long-term debt………………………………. | 3 | 3 |
| Total carrying amount……………………………………………….. | $20,684 | $5,874 |

In November 2016, Abbott issued $15.1 billion of medium and long-term debt to primarily fund the cash portion of the acquisition of St. Jude Medical. Abbott issued $2.85 billion of 2.35% Senior Notes due November 22, 2019; $2.85 billion of 2.90% Senior Notes due November 30, 2021; $1.50 billion of 3.40% Senior Notes due November 30, 2023; $3.00 billion of 3.75% Senior Notes due November 30, 2026; $1.65 billion of 4.75% Senior Notes due November 30, 2036; and $3.25 billion of 4.90% Senior Notes due November 30, 2046. In November 2016, Abbott also entered into interest rate swap contracts totaling $3.0 billion related to the new debt, which have the effect of changing Abbott's obligation from a fixed interest rate to a variable interest rate obligation on the related debt instruments.

In March 2015, Abbott issued $2.5 billion of long-term debt consisting of $750 million of 2.00% Senior Notes due March 15, 2020; $750 million of 2.55% Senior Notes due March 15, 2022; and $1.0 billion of 2.95% Senior Notes due March 15, 2025. Proceeds from this debt were used to pay down short-term borrowings. In March 2015, Abbott also entered into interest rate swap contracts totaling $2.5 billion. These contracts have the effect of changing Abbott's obligation from a fixed interest rate to a variable interest rate obligation.

In 2014, Abbott redeemed approximately $500 million of long-term notes that were assumed as part of the acquisition of CFR Pharmaceuticals.

Principal payments required on long-term debt outstanding at December 31, 2016 are $3 million in 2017, $2 million in 2018, $3.8 billion in 2019, $1.3 billion in 2020, $2.9 billion in 2021 and $12.9 billion in 2022 and thereafter.

In 2016, interest expense increased primarily due to the amortisation of bridge financing fees related to the financing of the St. Jude Medical acquisition, which closed on January 4, 2017, and the pending Alere acquisition. Interest expense in 2016 also increased due to the $15.1 billion of debt issued in November 2016. In 2015, interest expense increased due to the issuance of $2.5 billion of long-term debt during the year. In 2014, interest expense increased due to a higher level of short-term borrowings during the year. Interest income increased in 2015 due to a higher return earned on short-term investments during the year.

| **Net indebtedness table** | December 31 (Audited) | | |
|---|---|---|---|
| (Millions of dollars) | 2016 | 2015 | 2014 |
| Cash and cash equivalents................................. | $18,620 | $5,001 | $4,063 |
| Investments, primarily bank time deposits and U.S. treasury bills........................................................ | 155 | 1,124 | 397 |
| Liquidity............................................................... | 18,775 | 6,125 | 4,460 |
| Current portion of long-term debt........................ | 3 | 3 | 55 |
| Short-term borrowings......................................... | 1,322 | 3,127 | 4,382 |
| Current financial debt.......................................... | 1,325 | 3,130 | 4,437 |
| Net current financial indebtedness...................... | (17,450) | (2,995) | (23) |
| Long-term Debt (excluding current portion of long-term debt............................................................ | 20,681 | 5,871 | 3,393 |
| Non-current financial indebtedness..................... | 20,681 | 5,871 | 3,393 |
| Net financial indebtedness.................................. | $3,231 | $2,876 | $3,370 |

**Capitalisation and indebtedness table**

| *(Millions of dollars)* | December 31 (Audited) | | |
|---|---|---|---|
| | **2016** | **2015** | **2014** |
| Current debt (Including current portion of long-term debt) | | | |
| Guaranteed | — | — | — |
| Secured | — | — | — |
| Unsecured | $1,325 | $3,130 | $4,437 |
| Total current debt | 1,325 | 3,130 | 4,437 |
| Non-current debt (excluding current portion of long-term debt) | | | |
| Guaranteed | — | — | — |
| Secured | — | — | — |
| Unsecured | 20,681 | 5,871 | 3,393 |
| Total non-current debt | 20,681 | 5,871 | 3,393 |
| Shareholders' equity: | | | |
| Total Abbott Shareholders' Investment | 20,538 | 21,211 | 21,526 |
| Non-controlling Interests in Subsidiaries | 179 | 115 | 113 |
| Total shareholders' equity | 20,717 | 21,326 | 21,639 |
| Total | $42,723 | $30,327 | $29,469 |

Note: Borrowing requirements of Abbott are not seasonal.

## 5. TREND INFORMATION

The following trends, uncertainties, demands, commitments or events are reasonably likely to have a material effect on the prospects of Abbott as at the date of this Prospectus.

### 5.1 BUSINESS ENVIRONMENT

Abbott's revenues are derived primarily from the sale of a broad line of health care products under short-term receivable arrangements. Patent protection and licenses, technological and performance features, and inclusion of Abbott's products under a contract most impact which products are sold; price controls, competition and rebates most impact the net selling prices of products; and foreign currency translation impacts the measurement of net sales and costs. Abbott's primary products are nutritional products, branded generic pharmaceuticals, diagnostic testing products and vascular products. Sales in international markets comprise approximately 70 percent of consolidated net sales.

Over the last three years, sales growth was driven primarily by the established pharmaceuticals, nutritional and diagnostics businesses. Sales in emerging markets, which represent nearly 50 percent of total company sales, increased 6.3 percent in 2016 and 17.1 percent in 2015, excluding the impact of foreign exchange. (Emerging markets include all countries except the United States, Western Europe, Japan, Canada, Australia and New Zealand.) Over the last three years, margin improvement was driven primarily by the nutritional and diagnostics businesses. Abbott expanded its operating margin by approximately 120 basis points per year in 2016 and 2015. Abbott's sales, costs, and financial position over the same period were impacted by the strengthening of the U.S. dollar relative to international currencies and a challenging economic and fiscal environment in several emerging economies.

The increases in total net sales in 2016 and 2015 reflect unit growth, partially offset by the impact of unfavorable foreign exchange. The price declines related to Vascular Products sales in 2016 and 2015 primarily reflect pricing pressure on drug eluting stents as a result of market competition in the U.S. and other major markets. Competitive pressures in the Managed Medicaid and Medicare segments of Abbott's Diabetes Care business also contributed to the overall 2.9% price decline in the U.S. in 2016.

In Abbott's worldwide nutritional products business, sales over the last three years were positively impacted by demographics such as an aging population and an increasing rate of chronic disease in developed markets and the rise of a middle class in many emerging markets, as well as by numerous new product introductions that leveraged Abbott's strong brands. In 2016, excluding the impact of foreign exchange, strong performance in several markets across Latin America and Southeast Asia, as well as increased U.S. sales were partially offset by challenging market conditions in the Chinese pediatric nutritional business. With respect to the profitability of the nutritional products business, manufacturing and distribution process changes, lower commodity costs, and other cost reductions drove margin improvements across the business over the last three years although such improvements were offset by the negative impact of foreign exchange in 2016. Operating margins for this business increased from 21.0 percent in 2014 to 24.1 percent in 2016.

In Abbott's worldwide diagnostics business, sales growth over the last three years reflected continued market penetration by the Core Laboratory business in the U.S. and China, and growth in other emerging markets, most notably in Latin America. In addition, the Point of Care diagnostics business continued to expand its geographic presence in targeted developed and emerging markets. Worldwide diagnostic sales increased 5.5 percent in 2016 and 7.3 percent in 2015, excluding the impact of foreign exchange. In 2016, Abbott initiated the launch of Alinity™, an integrated family of next-generation diagnostic systems and solutions which are designed to increase efficiency by running more tests in less space, generating test results faster and minimising human errors while continuing to provide quality results. In the fourth quarter of 2016, Abbott obtained CE Mark for the Alinity™ point of care, immunoassay, clinical chemistry, and blood screening systems and initiated the launch of these four systems in Europe. Over the next two years, Abbott will work to obtain approval and launch Alinity™ systems in multiple geographies for every area in which its diagnostics business competes.

Margin improvement continued to be a key focus for the diagnostics business in 2016 although such improvements were offset by the negative impact of foreign exchange. Operating margins increased from 22.9 percent of sales in 2014 to 24.8 percent in 2016 as the business continued to execute on efficiency initiatives in the manufacturing and supply chain functions.

The Established Pharmaceutical Products segment focuses on the sale of its products in emerging markets after the sale of its developed markets business to Mylan on February 27, 2015. The acquisition of CFR Pharmaceuticals S.A. (CFR) in September 2014 more than doubled Abbott's branded generics pharmaceutical presence in Latin America and further expanded its presence in emerging markets. Through the acquisition of Veropharm, a leading Russian pharmaceutical company in December 2014, Abbott established a manufacturing footprint in Russia and obtained a portfolio of medicines that is well aligned with Abbott's current pharmaceutical therapeutic areas of focus. Excluding the impact of foreign exchange, Established Pharmaceutical sales from continuing operations increased 10.5 percent in 2016 and 34.1 percent in 2015. The sales increase in 2016 was driven by double-digit growth in the Brazil, Russia, India and China (BRIC) geographies, which comprise approximately 45 percent of the sales in the Established Pharmaceutical Products segment. Excluding the impact of the 2014 acquisitions as well as the impact of foreign exchange, 2015 Established Pharmaceutical sales from continuing operations increased 13.4 percent.

In the vascular business, excluding the unfavorable impact of foreign exchange, total sales increased in the low single digits from 2014 to 2016, driven by double-digit growth in Abbott's sales of its *MitraClip* structural heart device for the treatment of mitral regurgitation, as well endovascular franchise sales growth. These increases were partially offset by pricing pressures primarily related to drug-eluting stents (DES) and lower market share for Abbott's *XIENCE* DES franchise in certain geographies. The *XIENCE* DES franchise includes *XIENCE V, Prime, nano, Pro, ProX, Xpedition*, and *Alpine*. Abbott has continued to develop its worldwide market-leading *XIENCE* DES franchise over the last three years. Abbott Vascular Products' latest product introduction, *XIENCE Alpine*, was launched in various markets across Europe and Asia in 2015 and 2016 and in the U.S. in late 2014. The *XIENCE* franchise maintained its market-leading global position in 2016. Operating margins declined from 36.5 percent in 2014 to 35.8 percent in 2016 primarily due to the unfavorable effect of foreign exchange and ongoing pricing pressures in the coronary business.

Abbott is aware of the desirability for patent and trademark protection for its products. Accordingly, where possible, patents and trademarks are sought and obtained for Abbott's products in the United States and countries of interest to Abbott. Abbott owns or has licenses under a substantial number of patents and patent applications. Principal trademarks and the products they cover are discussed in the Narrative Description of Business on pages 1 through 5 in Part I of Abbott's 2016 Form 10-K. These, and various patents which expire during the period 2017 to 2037, in the aggregate, are believed to be of material importance in the operation of Abbott's business. Abbott believes that no single patent, license, or trademark is material in relation to Abbott's business as a whole.

## 5.2 ALERE ACQUISITION

On January 30, 2016, Abbott entered into a definitive agreement to acquire Alere, a diagnostic device and service provider, for $56.00 per common share in cash. On April 13, 2017, Abbott and Alere amended the terms of the agreement to reduce the purchase price to $51.00 per common share. The amended terms reduce the originally expected equity value by approximately $500 million to a new expected equity value of approximately $5.3 billion. The acquisition is expected to close by the end of the third quarter of 2017, subject to the approval of Alere shareholders and the satisfaction of customary closing conditions, including applicable regulatory approvals. Under the amended terms of the acquisition agreement, the date by which necessary regulatory approvals must be received has been extended to September 30, 2017. The companies also agreed to dismiss their respective lawsuits. The acquisition is expected to significantly expand Abbott’s global diagnostics presence and leadership. Abbott expects to utilise a combination of cash on hand and debt to fund the acquisition. Alere’s net debt, which totaled $2.4 billion at September 30, 2016, will be assumed or refinanced by Abbott.

## 5.3 ST. JUDE ACQUISITION

On January 4, 2017, Abbott completed the acquisition of St. Jude Medical, a global medical device manufacturer, for approximately $23.6 billion, including approximately $13.6 billion in cash and approximately $10 billion in Abbott common shares, which represented approximately 254 million shares of Abbott common stock, based on Abbott's closing stock price on the acquisition date. As part of the acquisition, approximately $5.9 billion of St. Jude Medical's debt was assumed, repaid or refinanced by Abbott. The transaction provides expanded opportunities for future growth and is an important part of the company's ongoing effort to develop a strong, diverse portfolio of devices, diagnostics, nutritionals and branded generic pharmaceuticals. The combined company will compete in nearly every area of the cardiovascular market, as well as in the neuromodulation market.

Under the terms of the agreement, for each St. Jude Medical common share, St. Jude Medical shareholders received $46.75 in cash and 0.8708 of an Abbott common share. At an Abbott stock price of $39.36, which reflects the closing price on January 4, 2017, this represented a value of approximately $81 per St. Jude Medical common share and total purchase consideration of $23.6 billion. The cash portion of the acquisition was funded through a combination of medium and long-term debt issued in November 2016 and a $2.0 billion 120-day senior unsecured bridge term loan facility which was subsequently repaid.

In 2016, Abbott and St. Jude Medical agreed to sell certain businesses to Terumo for approximately $1.12 billion. The sale included the St. Jude Medical Angio-Seal™ and Femoseal™ vascular closure and Abbott's Vado® Steerable Sheath businesses. The sale closed on January 20, 2017 and no gain or loss was recorded in the Condensed Consolidated Statement of Earnings.

In May and August 2016, three purported shareholder derivative class action lawsuits were filed against St. Jude Medical, Inc., its board of directors, and Abbott and two of its subsidiaries, in the Minnesota District Court, Second Judicial District (Ramsey County), alleging that the St. Jude Medical board of directors had breached its fiduciary duties by entering into an acquisition agreement with Abbott, and that Abbott had aided and abetted those breaches. All three lawsuits were dismissed in December 2016.

## 5.4 AMO DISPOSITION

In September 2016, Abbott announced that it entered into a definitive agreement to sell AMO, its vision care business, to Johnson & Johnson for $4.325 billion in cash, subject to customary purchase price adjustments for cash, debt and working capital. The decision to sell AMO reflects Abbott's proactive shaping of its portfolio in line with its strategic priorities. In February 2017, Abbott completed the sale of AMO to Johnson & Johnson and recognised a pre-tax gain of $1.151 billion, which is reported in the Other (income) expense, net line of the Condensed Consolidated Statement of Earnings in the first quarter of 2017. Abbott recorded an after-tax gain of $721 million in the first quarter of 2017 related to the sale of AMO. The operating results of AMO up to the date of sale continued to be included in Earnings from Continuing Operations as they did not qualify for reporting as discontinued operations. For the three months ended March 31, 2017 and 2016, AMO's losses before taxes were $18 million and $57 million, respectively.

## 5.5 RESTRUCTURING PLANS

In 2017, Abbott management approved restructuring plans as part of the integration of the acquisition of St. Jude Medical into the cardiovascular and neuromodulation segment to leverage economies of scale and reduce costs. In the first three months of 2017, charges of approximately $121 million, including one-time employee termination benefits were recorded as Selling, general and administrative expense. Abbott also assumed restructuring liabilities of approximately $20 million as part of the St. Jude Medical acquisition. The following summarises the activity for the first three months of 2017 related to these actions and the status of the related accrual as of March 31, 2017:

*(Millions of dollars)*

| | **March 31, 2017** |
|---|---|
| Liabilities assumed as part of business acquisition………………… | $ 20 |
| Restructuring charges recorded in 2017…………………………….. | 121 |
| Payments and other adjustments…………………………………….. | (43) |
| Accrued balance at March 31, 2017………………………………….. | $ 98 |

From 2014 to 2017, Abbott management approved plans to streamline operations in order to reduce costs and improve efficiencies in various Abbott businesses including the nutritional and established pharmaceuticals businesses. In the first three months of 2017, charges of approximately $10 million were recognised, of which approximately $6 million is recorded in Research and development and approximately $4 million as Selling, general and administrative expense. The following summarises the activity for the first three months of 2017 related to these restructuring actions and the status of the related accrual as of March 31, 2017:

*(Millions of dollars)*

| | **March 31, 2017** |
|---|---|
| Accrued balance at December 31, 2016…………………………….. | $ 66 |
| Restructuring charges recorded in 2017…………………………….. | 10 |
| Payments and other adjustments…………………………………….. | (15) |
| Accrued balance at March 31, 2017………………………………….. | $ 61 |

## 5.6 INITIATIVES

In 2017, Abbott will focus on integrating St. Jude Medical, as well as several other key initiatives. The focus of the integration will be to combine the St. Jude Medical business with Abbott's existing vascular business to create a best-in-class organisation and to successfully deliver on new product launches that contribute to a broader, more comprehensive cardiovascular and neuromodulation portfolio. In the nutritional business, Abbott will continue to build its product portfolio with the introduction of new science-based products, expand in high-growth emerging markets and implement additional margin improvement initiatives.

In the established pharmaceuticals business, Abbott will continue to focus on obtaining additional product approvals across numerous countries and increasing its penetration of emerging markets. In the diagnostics business, Abbott will work to launch the full Alinity™ suite across Europe and into additional geographies, including the U.S., over the next two years. The diagnostics business will also focus on expansion in emerging markets and further improvements in the segment's operating margin. In Abbott's other segments, Abbott will focus on developing differentiated technologies in higher growth markets.

## 6. REGULATION

The development, manufacture, marketing, sale, promotion, and distribution of Abbott's products are subject to comprehensive government regulation by the FDA and similar international regulatory agencies. Government regulation by various international, supranational, federal and state agencies addresses (among other matters) the development and approval to market Abbott's products, as well as the inspection of, and controls over, research and laboratory procedures, clinical investigations, product approvals and manufacturing, labeling, packaging, supply chains, marketing and promotion, pricing and reimbursement, sampling, distribution, quality control, post-market surveillance, record keeping, storage, and disposal practices. Abbott's international operations are also affected by trade and investment regulations in many countries. These may require local investment, restrict Abbott's investments, or limit the import of raw materials and finished products. In addition, Abbott is subject to laws and regulations pertaining to health care fraud and abuse, including state and federal anti-kickback and false claims laws in the United States. Prescription drug, nutrition, and medical device manufacturers such as Abbott are also subject to taxes, as well as application, product, user, establishment, and other fees. Governmental agencies can also invalidate intellectual property rights.

Compliance with these laws and regulations is costly and materially affects Abbott's business. Among other effects, health care regulations substantially increase the time, difficulty, and costs incurred in obtaining and maintaining approval to market newly developed and existing products. Abbott expects this regulatory environment will continue to require significant technical expertise and capital investment to ensure compliance. Failure to comply can delay the release of a new product or result in regulatory and enforcement actions, the seizure or recall of a product, the suspension or revocation of the authority necessary for a product's production and sale, and other civil or criminal sanctions, including fines and penalties.

Abbott's business can also be affected by ongoing studies of the utilisation, safety, efficacy, and outcomes of health care products and their components that are regularly conducted by industry participants, government agencies, and others. These studies can call into question the utilisation, safety, and efficacy of previously marketed products. In some cases, these studies have resulted, and may in the future result, in the discontinuation of marketing of such products in one or more countries, and may give rise to claims for damages from persons who believe they have been injured as a result of their use.

Access to human health care products continues to be a subject of investigation and action by governmental agencies, legislative bodies, and private organisations in many countries. A major focus is cost containment. Efforts to reduce health care costs are also being made in the private sector, notably by health care payors and providers, which have instituted various cost reduction and containment measures. Abbott expects insurers and providers will continue attempts to reduce the cost or utilisation of health care products. Many countries control the price of health care products directly or indirectly, through reimbursement, payment, pricing, coverage limitations, or compulsory licensing. Budgetary pressures on health care payors may also heighten the scope and severity of pricing pressures on Abbott's products for the foreseeable future.

In the United States, the federal government regularly evaluates reimbursement for medical procedures in which medical devices and diagnostics may be used. The government follows a diagnosis-related group ("**DRG**") payment system for certain institutional services provided under Medicare or Medicaid and has implemented a prospective payment system ("**PPS**") for services delivered in hospital outpatient, nursing home, and home health settings. DRG and PPS entitle a health care facility to a fixed reimbursement based on the diagnosis and/or procedure rather than actual costs incurred in patient treatment, thereby increasing the incentive for the facility to limit or control expenditures for many health care products. Medicare also implemented a competitive bidding system for durable medical equipment (including diabetes products), enteral nutrition products, and supplies. Additionally, the Protecting Access to Medicare Act establishes a new payment system for clinical laboratory tests, which goes into effect in 2018.

In 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (together, the "**Affordable Care Act**"), imposed an excise tax on Abbott and other medical device manufacturers and importers. The excise tax was subsequently suspended from January 1, 2016 through December 31, 2017 as part of the Consolidated Appropriations Act of 2016. The excise tax is scheduled to apply to sales of taxable medical devices beginning on January 1, 2018.

The Affordable Care Act also includes provisions known as the Physician Payments Sunshine Act, which require manufacturers of drugs, devices, and medical supplies covered under Medicare and Medicaid to record any transfers of value to physicians and teaching hospitals and to report this data to the Centers for Medicare and Medicaid Services for subsequent public disclosure. Similar reporting requirements have also been enacted on the state level domestically, and an increasing number of governments worldwide either have adopted or are considering similar laws requiring transparency of interactions with health care professionals. Failure to report appropriate data may result in civil or criminal fines and/or penalties.

Policy changes, including potential modification or repeal of all or parts of the Affordable Care Act or implementation of new health care legislation, could result in significant changes to the health care system.

The regulation of data privacy and security, and the protection of the confidentiality of certain patient health information, is increasing. For example, the European Union has enacted stricter data protection laws, which will take effect in 2018, that contain enhanced financial penalties for noncompliance. Similarly, the U.S. Department of Health and Human Services has issued rules governing the use, disclosure, and security of protected health information, and the U.S. Food and Drug Administration has issued further guidance concerning data security for medical devices. In addition, certain countries have issued or are considering "data localisation" laws, which limit companies' ability to transfer protected data across country borders. Failure to comply with data privacy and security laws and regulations can result in enforcement actions, which could include civil or criminal penalties. Transferring and managing protected health information will become more challenging as laws and regulations are enacted or amended, and Abbott expects there will be increasing complexity in this area.

Governmental cost containment efforts also affect Abbott's nutritional products business. In the United States, for example, under regulations governing the federally funded Special Supplemental Nutrition Program for Women, Infants, and Children, all states must have a cost containment program for infant formula. As a result, through competitive bidding states obtain rebates from manufacturers of infant formula whose products are used in the program.

Abbott expects debate to continue at all government levels worldwide over the marketing, manufacture, availability, method of delivery, and payment for health care products and services, as well as data privacy and security. Abbott believes that future legislation and regulation in the markets it serves could affect access to health care products and services, increase rebates, reduce prices or reimbursements or the rate of price increases for health care products and services, change health care delivery systems, create new fees and obligations for the pharmaceutical, nutrition, diagnostic, and medical device industries, or require additional reporting and disclosure. It is not possible to predict the extent to which Abbott or the health care industry in general might be affected by the matters discussed above.

## 7. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

### 7.1 Members of the Board of Directors

The following persons are the Directors of Abbott. Directors are elected annually by the shareholders of the Company to serve for the ensuing year until their successors shall be elected and shall qualify.

**Robert J. Alpern, M.D.**

- Director since 2008
- Abbott Committees: Nominations and Governance, and Public Policy

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 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
- Abbott Committees: Audit (Chair), Compensation, and Executive

Ms. Austin is President and Chief Executive Officer of Austin Investment Advisors, a private investment and consulting firm, a position she has held since 2004. From July 2009 through July 2010, 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 previously 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
- Abbott Committees: Nominations and Governance, and Public Policy

Ms. Blount has served as Dean of the J.L. Kellogg Graduate School of Management and the Michael L. Nemmers Professor of Management and Organizations at Northwestern University since July 2010. 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.

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.

**Edward M. Liddy**

- Director since 2010
- Abbott Committees: Audit, and Compensation

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
- Abbott Committees: Audit, and Public Policy

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 Telefonieaktiebolaget 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
- Abbott Committees: Public Policy (Chair), Nominations and Governance, and Executive

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**

- Director since 2008
- Abbott Committees: Nominations and Governance (Chair), Compensation, and Executive

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. He is Chairman of the Board of Trustees of Northwestern University. 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
- Abbott Committees: Audit, and Compensation

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

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.

**Glenn F. Tilton**

- Director since 2007
- Abbott Committees: Audit, and Public Policy

Mr. Tilton served as Chairman of the Midwest for JPMorgan Chase & Co. and a member of its companywide Executive Committee from June 2011 to June 2014. From October 2010 to December 2012, Mr. Tilton also served as the Non-Executive Chairman of the Board of United Continental Holdings, Inc. From September 2002 to October 2010, he served as Chairman, President and Chief Executive Officer of UAL Corporation, a holding company, and Chairman and Chief Executive Officer of United Air Lines, Inc., an air transportation company and wholly owned subsidiary of UAL Corporation. 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 of United Continental Holdings, Inc. from 2001 to 2013.

Having previously served as Chairman of the Midwest for JPMorgan Chase & Co., Non-Executive Chairman of the Board of United Continental Holdings, Inc., Chairman, President, and Chief Executive Officer of UAL Corporation and United Air Lines, 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 (Chairman)

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.

## 7.2 Executive Officers

Executive officers of Abbott are elected annually by the board of Directors. All other officers are elected by the board or appointed by the chairman of the board. All officers are either elected at the first meeting of the board of directors held after the annual shareholder meeting or appointed by the chairman after that board meeting. Each officer holds office until a successor has been duly elected or appointed and qualified or until the officer's death, resignation, or removal. Vacancies may be filled at any time by the board. Any officer may be removed by the board of directors when, in its judgment, removal would serve the best interests of Abbott. Any officer appointed by the chairman of the board may be removed by the chairman whenever, in the chairman's judgment, removal would serve the best interests of Abbott. A vacancy in any office appointed by the chairman of the board may be filled by the chairman.

Abbott's executive officers and the dates of their first election as officers of Abbott are listed below. The executive officers' principal occupations and employment for the past five years and the year of appointment to the earliest reported office are also shown. Unless otherwise stated, employment was by Abbott. There are no family relationships between any corporate officers or directors.

**Miles D. White**
- 1999 to present — Chairman of the Board and Chief Executive Officer, and Director.
- Elected Corporate Officer — 1993.

**Hubert L. Allen**
- 2013 to present — Executive Vice President, General Counsel and Secretary.
- 2010 to 2012 — Divisional Vice President and Associate General Counsel, Established Pharmaceuticals.
- Elected Corporate Officer — 2012.

**Brian J. Blaser**
- 2012 to present — Executive Vice President, Diagnostics Products.
- 2010 to 2012 — Senior Vice President, Diagnostics.
- Elected Corporate Officer — 2008.

**John M. Capek**
- 2015 to present — Executive Vice President, Ventures.
- 2007 to 2015 — Executive Vice President, Medical Devices.
- Elected Corporate Officer — 2006.

**Robert B. Ford**
- 2015 to present — Executive Vice President, Medical Devices.
- 2014 to 2015 — Senior Vice President, Diabetes Care.
- 2008 to 2014 — Vice President, Diabetes Care, Commercial Operations.
- Elected Corporate Officer — 2008.

**Stephen R. Fussell**
- 2013 to present — Executive Vice President, Human Resources.
- 2005 to 2013 — Senior Vice President, Human Resources.
- Elected Corporate Officer — 1999.

**Heather L. Mason**
- 2015 to present — Executive Vice President, Nutritional Products.
- 2014 to 2015 — Executive Vice President, Nutritional Products, Global Commercial Operations.
- 2008 to 2014 — Senior Vice President, Diabetes Care.
- Elected Corporate Officer — 2001.

**Michael T. Rousseau**
- 2017 to present — President, Cardiovascular and Neuromodulation.
- 2016 to 2017 — President and Chief Executive Officer, St. Jude Medical, Inc. (a global medical device manufacturer).
- 2014 to 2015 — Chief Operating Officer, St. Jude Medical, Inc.
- 2012 to 2014 — Group President, Cardiovascular and Ablation Technologies Division, Implantable Electronic Systems Division and U.S. Division, St. Jude Medical, Inc.
- 2009 to 2012 — Group President, Cardiac Rhythm Management Division, Neuromodulation Division, Atrial Fibrillation Division, Cardiovascular Division and U.S. Division, St. Jude Medical, Inc.

- Elected Corporate Officer — 2017.

**Michael J. Warmuth**[(1)]
- 2012 to present — Executive Vice President, Established Pharmaceuticals.
- 2010 to 2012 — Senior Vice President, Established Products, Pharmaceutical Products Group.
- Elected Corporate Officer — 2007.

**Roger Bird**
- 2015 to present — Senior Vice President, U.S. Nutrition.
- 2009 to 2015 — Divisional Vice President and General Manager, China and Hong Kong, Nutritional Products.
- Elected Corporate Officer — 2015.

**Jaime Contreras**
- 2013 to present — Senior Vice President, Core Laboratory Diagnostics, Commercial Operations.
- 2008 to 2013 — Vice President, Diagnostics, Global Commercial Operations.
- Elected Corporate Officer — 2003.

**Eric S. Fain**
- 2017 to present — Senior Vice President, Group President, Cardiovascular and Neuromodulation.
- 2014 to 2017 — Group President, St. Jude Medical, Inc. (a global medical device manufacturer).
- 2012 to 2014 — President, Implantable Electronic Systems Division, St. Jude Medical, Inc.
- 2012 to 2014 — Group President, Cardiovascular and Ablation Technologies Division, Implantable Electronic Systems Division and U.S. Division, St. Jude Medical, Inc.
- 2007 to 2012 — President, Cardiac Rhythm Management Division, St. Jude Medical, Inc.
- Elected Corporate Officer — 2017.

**Andrew H. Lane**
- 2015 to present — Senior Vice President, Established Pharmaceuticals, Emerging Markets.
- 2014 to 2015 — Divisional Vice President, Established Pharmaceuticals, Asia Pacific.
- 2011 to 2014 — Vice President, Asia Pacific, Takeda Pharmaceutical Company Limited (a Japanese pharmaceutical company).
- Elected Corporate Officer — 2015.

**Joseph Manning**
- 2017 to present — Senior Vice President, Abbott Nutrition International.
- 2015 to 2017 — Vice President, Nutrition, Asia Pacific.
- 2014 to 2015 — General Manager, Indonesia, Nutritional Products.
- 2009 to 2014 — General Manager, Russia, Nutritional Products.
- Elected Corporate Officer — 2015.

**Deepak Nath**
- 2015 to present — Senior Vice President, Abbott Vascular.
- 2015 — Vice President, Vascular, Commercial.
- 2014 to 2015 — Vice President, Molecular Diagnostics.
- 2012 to 2014 — Divisional Vice President and General Manager, Ibis.
- 2011 to 2012 — Divisional Vice President, CEEMEA, Vascular.
- Elected Corporate Officer — 2014.

**Daniel Salvadori**
- 2014 to present — Senior Vice President, Established Pharmaceuticals, Latin America.
- 2013 to 2014 — Chief Executive Officer, Latin America, CFR Pharmaceuticals S.A. (a Latin American pharmaceutical company).
- 2012 to 2013 — Executive President, Complex Therapeutics Division, CFR Pharmaceuticals S.A.
- 2010 to 2012 — Head of Sales and Marketing, Latin America, Sandoz Pharmaceuticals, Novartis AG (a Swiss multinational pharmaceutical company).
- Elected Corporate Officer — 2014.

**Jared L. Watkin**
- 2015 to present — Senior Vice President, Diabetes Care.
- 2010 to 2015 — Divisional Vice President, Technical Operations, Diabetes Care.
- Elected Corporate Officer — 2015.

**Brian B. Yoor**

- 2015 to present — Senior Vice President, Finance and Chief Financial Officer.
- 2013 to 2015 — Vice President, Investor Relations.
- 2010 to 2013 — Divisional Vice President, Controller, Diagnostics.
- Elected Corporate Officer — 2013.

**Robert E. Funck**

- 2013 to present — Vice President, Controller.
- 2009 to 2013 — Vice President, Chief Ethics and Compliance Officer.
- Elected Corporate Officer — 2005.

**Sean Shrimpton**

- Elected Corporate Officer — 2017 to present — Senior Vice President, Established Pharmaceuticals, Emerging Markets.
- 2015 to 2017 – Divisional Vice President, Established Pharmaceuticals, Asia Pacific.
- 2013 to 2015 – General Manager, Balkans MCO, Takeda Pharmaceuticals Asia Pacific.
- 2013 to 2013 – Vice President, Commercial Operations, South Asia, Takeda Pharmaceuticals Asia Pacific.
- 2011 to 2013 – Vice President, Sales & Marketing, Asia Pacific, Takeda Pharmaceuticals Asia Pacific.

(1) On March 8, 2017, Michael J. Warmuth, Executive Vice President, Established Pharmaceuticals, informed Abbott that he will be retiring as an officer of the company on March 31, 2017.

### 7.3 Other directorships and partnerships

Set out below is information relating to each Director and each executive officer listed in paragraphs 7.1 and 7.2 above, relating to directorships which they have held and partnerships in which they have been a partner, in each case over the previous five years preceding the date of this Prospectus, and other than in Abbott and its subsidiary companies.

| **Director/Executive Officer** | **Current directorships and partnerships** | **Directorships and partnerships of the last 5 years** |
|---|---|---|
| Miles D. White | Caterpillar Inc.<br>McDonald’s Corporation | Caterpillar Inc.<br>McDonald’s Corporation |
| Hubert L. Allen | — | — |
| Brian J. Blaser | — | — |
| John M. Capek | — | — |
| Robert B. Ford | — | — |
| Stephen R. Fussell | — | — |
| Heather L. Mason | — | — |
| Michael T. Rousseau | — | — |
| Michael J. Warmuth | — | — |
| Roger Bird | — | — |
| Jaime Contreras | — | — |
| Eric S. Fain | Angel Medical Systems, Inc. | Angel Medical Systems, Inc. |
| Thomas G. Frinzi | — | — |
| Andrew H. Lane | — | — |
| Joseph Manning | — | — |
| Deepak Nath | — | — |
| Daniel Salvadori | — | — |
| Jared L. Watkin | — | — |
| Brian B. Yoor | — | — |
| Robert E. Funck | — | — |
| Sean Shrimpton | — | — |
| Robert J. Alpern | Board of Yale-New Haven Hospital<br>AbbVie Inc.<br>Tricida, Inc. | Board of Yale-New Haven Hospital<br>AbbVie Inc.<br>Tricida, Inc. |
| Roxanne S. Austin | AbbVie Inc.<br>Target Corporation<br>Teledyne Technologies, Inc. | AbbVie Inc.<br>Target Corporation<br>Teledyne Technologies, Inc.<br>Telefonaktiebolaget LM Ericsson |
| Sally E. Blount | — | — |
| Edward M. Liddy | AbbVie, Inc.<br>3M<br>The Boeing Company | AbbVie, Inc.<br>3M<br>The Boeing Company<br>Clayton, DuBilier and Rice |
| Nancy McKinstry | Russell Reynolds and Associates | Sanoma Corporation<br>Telefonieaktiebolaget LM Ericsson |
| Phebe N. Novakovic | General Dynamics Corporation | General Dynamics Corporation |
| William A. Osborn | Caterpillar Inc.<br>General Dynamics Corporation | Caterpillar Inc.<br>General Dynamic Corporation |

| Director/Executive Officer | Current directorships and partnerships | Directorships and partnerships of the last 5 years |
|---|---|---|
| | | Tribune Company |
| Samuel C. Scott III | Bank of New York Mellon Corporation<br>Motorola Solutions, Inc. | Bank of New York Mellon Corporation<br>Motorola Solutions, Inc. |
| Daniel J. Starks | — | St. Jude Medical, Inc. |
| Glenn F. Tilton | AbbVie, Inc.<br>Phillips 66 | AbbVie, Inc.<br>Phillips 66<br>Corning Incorporated<br>United Continental Holdings, Inc. |

**7.4 No Director or any of the executive officers listed in paragraph 7.2 has:**

(i) any convictions in relation to fraudulent offences for at least the previous five years;

(ii) been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company (or a senior manager of a company) at the time of any receivership, compulsory liquidation or creditors' voluntary liquidation for at least the previous five years; or

(iii) been the subject of any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies), nor has any such person been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the five years up to the date of this Prospectus.

There are no other legal proceedings to which any Director or officer, is a party that would potentially be material and adverse to Abbott.

**7.5 Administrative, Management, and Supervisory bodies and Senior Management conflicts of interests**

There are no conflicts of interest, actual or potential, between any of the duties those people listed in paragraphs 7.1 or 7.2 owe to Abbott and to their private or other duties.

There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person listed in paragraphs 7.1 and 7.2 was selected as a member of the administrative, management or supervisory bodies or member of senior management.

To further promote sustained shareholder return 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 within five years of the later of October 1, 2013 or the appointment to such officer's position to achieve the ownership level associated with the position.

| Role | Guideline |
|---|---|
| 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 stock ownership guideline after three years in their current position will be required to hold 50% of future shares until they meet the ownership guideline. Abbott also has established director share ownership guidelines. Each director is required to own the minimum number of shares of Abbott stock having an aggregate fair market value equal to four times the annual director fees earned or paid in cash, excluding any Chairman, Lead Director, or committee member fees. Each director is expected to attain his/her minimum stock ownership requirement within five years after the later of May 1, 2016 or the date they become a director.

## 7.6 Options and Common Shares held by Directors and all executive officers

The table below reflects the number of Abbott's common shares beneficially owned as of January 31, 2017, (other than Mr. Starks for whom the date is February 16, 2017) 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 and executive officers.

| Name | Shares Beneficially Owned(1)(2) | Stock Options Exercisable Within 60 Days of January 31, 2017(3) | Stock Equivalent Units |
|---|---|---|---|
| R. J. Alpern | 21,783 | 0 | 5,908 |
| R. S. Austin | 36,290 | 0 | 0 |
| B. J. Blaser | 145,062 | 670,017 | 0 |
| S. E. Blount | 20,143 | 0 | 0 |
| W. J. Farrell(4) | 28,557 | 0 | 0 |
| T. C. Freyman | 556,845 | 1,367,802 | 0 |
| E. M. Liddy | 18,345 | 0 | 20,113 |
| N. McKinstry | 15,043 | 6,280 | 0 |
| P. N. Novakovic | 17,710 | 58,484 | 0 |
| W. A. Osborn | 47,700 | 0 | 26,963 |
| S. C. Scott III | 31,430 | 0 | 6,750 |
| D. J. Starks | 6,459,761 | 504,544 | 0 |
| G. F. Tilton | 32,780 | 0 | 28,351 |
| M. J. Warmuth | 82,287 | 700,691 | 0 |
| M. D. White | 3,159,604 | 4,479,130 | 0 |
| B. B. Yoor | 51,735 | 169,643 | 0 |
| All directors and executive officers as a group(5)(6) | 13,167,231 | 12,364,469 | 88,085 |

(1) This column includes shares held in the officers' accounts in the Abbott Laboratories Stock Retirement Trust as follows: M. D. White, 30,667; T. C. Freyman 1,144; B. B. Yoor, 2,118; and all executive officers as a group, 52,963. 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, 21,783; R. S. Austin, 29,446; S. E. Blount, 15,043; W. J. Farrell, 27,557; E. M. Liddy, 17,210; N. McKinstry, 15,043; P. N. Novakovic, 17,210; W. A. Osborn, 23,700; S. C. Scott III, 25,430; G. F. Tilton, 25,430; and all directors as a group, 217,852. This column also includes 58,399 restricted stock units held by D. J. Starks that are payable in stock on July 4, 2017.

(3) This column includes restricted stock units held by officers that will be payable in stock within 60 days of January 31, 2017, as follows: M. J. Warmuth, 26,367; and all executive officers as a group, 51, 403.

(4) W. J. Farrell ceased being a director upon the expiration of his term of office in April 2017.

(5) 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, 2017, these trusts owned a total of 33,715,984 (approximately 2%) of the outstanding shares of Abbott. None of the directors, named officers, or executive officers has pledged shares.

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

## 2016 GRANTS OF PLAN-BASED AWARDS

The following table represents amounts associated with the 2016 grants of plan-based awards:

| | | Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) | | Estimated Future Payouts Under Equity Incentive Plan Awards | All Other Option Awards: Numbers of Securities Underlying | Exercise or Base Price of Options | Closing Market Price on | Grant Date Fair Value of Stock and |
|---|---|---|---|---|---|---|---|---|
| Name | Grant Date | Target ($) | Maximum ($) | Target (#)(2)(3) | Options (#) | Awards ($/Sh.) | Grant Date | Option Awards |
| M. D. White | 2/19/16 | | | 136,718 | | | | $5,249,288(5) |
| | 2/19/16 | | | | 1,198,630(4) | $38.40 | $38.53 | 5,249,999(6) |
| T. C. Freyman | 2/19/16 | | | 55,338 | | | | 2,124,703(5) |
| | 2/19/16 | | | | 485,159(4) | 38.40 | 38.53 | 2,124,996(6) |
| B. B. Yoor | 2/19/16 | | | 24,348 | | | | 934,841(5) |
| | 2/19/16 | | | | 213,470(4) | 38.40 | 38.53 | 934,999(6) |
| B. J. Blaser | 2/19/16 | | | 40,690 | | | | 1,562,293(5) |
| | 2/19/16 | | | | 356,735(4) | 38.40 | 38.53 | 1,562,499(6) |
| M. J. Warmuth | 2/19/16 | | | 35,807 | | | | 1,374,810(5) |
| | 2/19/16 | | | | 313,926(4) | 38.40 | 38.53 | 1,374,996(6) |

(1) During 2016, 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 2016 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 2016 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—How Executive Pay Decisions Are Made."

(2) These are performance-based restricted stock awards that have a 5-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 2016, Abbott reached its minimum return on equity target and one-third of each of the awards made on February 19, 2016, vested on February 19, 2017. The equity targets are described in the section of the proxy statement captioned, "Compensation Discussion and Analysis—How Executive Pay Decisions Are Made—Long-Term Incentive Plan (LTI)."

(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 2009 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 9, entitled "Incentive Stock Program" of Abbott's Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplemental Data" in Abbott's 2016 Annual Report on Securities and Exchange Commission Form 10-K.

## 2016 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table summarises the outstanding equity awards held by the named officers at 2016 year-end.

| | Option Awards[(1)(2)] | | | | | Stock Awards[(2)] | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Name** | **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 ($)** | **Option Expiration Date** | **Number of Shares or Units of Stock That Have Not Vested (#)** | **Market Value of Shares or Units of Stock That Have Not Vested ($)** | **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 | | | | | | | | 39,622 | $1,521,881 |
| | | | | | | | | 88,652 | 3,405,123 |
| | | | | | | | | 136,718 | 5,251,338 |
| | 530,000 | | | $26.6973 | 02/14/18 | | | | |
| | 325,000 | | | 26.0150 | 02/19/19 | | | | |
| | 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 | | | | |
| | 485,133 | 242,566 | | 39.1200 | 02/20/24 | | | | |
| | 312,344 | 624,687 | | 47.0000 | 02/19/25 | | | | |
| | | 1,198,630 | | 38.4000 | 02/18/26 | | | | |
| T. C. Freyman | | | | | | | | 10,915 | $ 419,245 |
| | | | | | | | | 26,950 | 1,035,150 |
| | | | | | | | | 55,338 | 2,125,533 |
| | 127,500 | | | $26.6973 | 02/14/18 | | | | |
| | 108,200 | | | 26.0150 | 02/19/19 | | | | |
| | 87,100 | | | 26.1879 | 02/18/20 | | | | |
| | 86,300 | | | 22.3919 | 02/17/21 | | | | |
| | 107,300 | | | 27.0336 | 02/16/22 | | | | |
| | 299,300 | | | 34.9400 | 02/14/23 | | | | |
| | 133,651 | 66,826 | | 39.1200 | 02/20/24 | | | | |
| | 94,953 | 189,904 | | 47.0000 | 02/19/25 | | | | |
| | | 485,159 | | 38.4000 | 02/18/26 | | | | |
| B. B. Yoor | | | | | | | | 1,762 | $ 67,678 |
| | | | | | | | | 3,900 | 149,799 |
| | | | | | | | | 7,730 | 296,909 |
| | | | | | | | | 24,348 | 935,207 |
| | 11,400 | | | $34.9400 | 02/14/23 | | | | |
| | 21,575 | 10,788 | | 39.1200 | 02/20/24 | | | | |
| | 13,743 | 27,486 | | 47.0000 | 02/19/25 | | | | |
| | 27,237 | 54,472 | | 48.9000 | 05/31/25 | | | | |
| | | 213,470 | | 38.4000 | 02/18/26 | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| B. J. Blaser | | | | | 9,537 | $ 366,316 |
| | | | | | 16,382 | 629,233 |
| | | | | | 40,690 | 1,562,903 |
| | 3,233 | | $26.1879 | 02/18/20 | | |
| | 6,333 | | 23.2280 | 05/16/20 | | |
| | 27,733 | | 22.3919 | 02/17/21 | | |
| | 48,100 | | 27.0336 | 02/16/22 | | |
| | 10,100 | | 29.2920 | 05/31/22 | | |
| | 165,000 | | 34.9400 | 02/14/23 | | |
| | 116,776 | 58,388 | 39.1200 | 02/20/24 | | |
| | 57,721 | 115,442 | 47.0000 | 02/19/25 | | |
| | | 356,735 | 38.4000 | 02/18/26 | | |
| M. J. Warmuth | | | | | 5,869 | $ 225,428 |
| | | | | | 17,127 | 657,848 |
| | | | | | 35,807 | 1,375,347 |
| | 25,500 | | $26.6973 | 02/14/18 | | |
| | 38,700 | | 26.0150 | 02/19/19 | | |
| | 33,500 | | 26.1879 | 02/18/20 | | |
| | 45,800 | | 22.3919 | 02/17/21 | | |
| | 48,100 | | 27.0336 | 02/16/22 | | |
| | 149,600 | | 34.9400 | 02/14/23 | | |
| | 71,862 | 35,931 | 39.1200 | 02/20/24 | | |
| | 60,345 | 120,689 | 47.0000 | 02/19/25 | | |
| | | 313,926 | 38.4000 | 02/18/26 | | |

**Footnotes to 2016 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, 2016 are as follows:

| | Option Awards | | | | Stock Awards[(a)] | |
|---|---|---|---|---|---|---|
| **Name** | **Number of Unexercised Shares Remaining from Original Grant** | **Number of Option Shares Vesting—Date Vested 2017** | **Number of Option Shares Vesting—Date Vested 2018** | **Number of Option Shares Vesting—Date Vested 2019** | **Number of Restricted Shares or Units** | **Number of Restricted Shares or Units Vesting— Date Vested 2017** |
| M. D. White | 242,566 | 242,566 - 2/21 | | | 39,622 | (b) |
| | 624,687 | 312,343 - 2/20 | 312,344 - 2/20 | | 88,652 | (c) |
| | 1,198,630 | 399,544 - 2/19 | 399,543 - 2/19 | 399,543 - 2/19 | 136,718 | (d) |
| T. C. Freyman | 66,826 | 66,826 - 2/21 | | | 10,915 | (b) |
| | 189,904 | 94,952 - 2/20 | 94,952 - 2/20 | | 26,950 | (c) |
| | 485,159 | 161,720 - 2/19 | 161,719 - 2/19 | 161,720 - 2/19 | 55,338 | (d) |
| B. B. Yoor | 10,788 | 10,788 - 2/21 | | | 1,762 | (b) |
| | 27,486 | 13,743 - 2/20 | 13,743 - 2/20 | | 3,900 | (c) |
| | 54,472 | 27,236 - 6/01 | 27,236 - 6/01 | | 7,730 | (e) |
| | 213,470 | 71,157 - 2/19 | 71,156 - 2/19 | 71,157 - 2/19 | 24,348 | (d) |
| B. J. Blaser | 58,388 | 58,388 - 2/21 | | | 9,537 | (b) |
| | 115,442 | 57,721 - 2/20 | 57,721 - 2/20 | | 16,382 | (c) |
| | 356,735 | 118,912 - 2/19 | 118,911 - 2/19 | 118,912 - 2/19 | 40,690 | (d) |
| M. J. Warmuth | 35,931 | 35,931 - 2/21 | | | 5,869 | (b) |
| | 120,689 | 60,344 - 2/20 | 60,345 - 2/20 | | 17,127 | (c) |
| | 313,926 | 104,642 - 2/19 | 104,642 - 2/19 | 104,642 - 2/19 | 35,807 | (d) |

(a) The equity targets are described in the section of the proxy statement captioned, "Compensation Discussion and Analysis—How Executive Pay Decisions Are Made—Long-Term Incentive Plan (LTI)."

(b) These are the restricted shares that remained outstanding and unvested on December 31, 2016, from an award made on February 21, 2014. 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 equity target, measured at the end of the relevant year. In 2016, Abbott reached its minimum return on equity target and these shares vested on February 28, 2017.

(c) These are the restricted shares that remained outstanding and unvested on December 31, 2016, from an award made on February 20, 2015. 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 2016, Abbott reached its minimum return on equity target and one-half of these shares vested on February 28, 2017.

(d) These are restricted shares that remained outstanding and unvested on December 31, 2016, 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 2016, Abbott reached its minimum return on equity target and one-third of these shares vested on February 28, 2017.

(e) These are restricted shares that remained outstanding and unvested on December 31, 2016, from an award made on June 1, 2015. This award has a five-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 2016, Abbott reached its minimum return on equity target and one-half of these shares will vest on June 1, 2017.

## 2016 OPTION EXERCISES AND STOCK VESTED

The following table summarises 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 2016:

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| **Name** | **Number of Shares Acquired on Exercise (#)** | **Value Realised on Exercise ($)** | **Number of Shares Acquired on Vesting (#)** | **Value Realised on Vesting ($)** |
| M. D. White | 550,000 | $9,858,145 | 153,947 | $6,083,985 |
| T. C. Freyman | 56,000 | 1,075,418 | 43,557 | 1,721,373 |
| B. B. Yoor | — | — | 9,779 | 386,891 |
| B. J. Blaser | — | — | 28,296 | 1,118,258 |
| M. J. Warmuth | 26,800 | 488,816 | 24,033 | 949,784 |

## 8. SHARE OWNERSHIP BY EMPLOYEES

Details on share ownership by employees and the terms and conditions of the Share Plans are set out in Part II of this document.

The purpose of the Share Plans is to provide an opportunity for eligible non-U.S. employees of certain Subsidiaries of Abbott and, in the case of the Abbott Laboratories Share Participation Scheme, eligible employees of Abbott Laboratories to purchase the Common Shares and thereby to have the opportunity to share in Abbott's growth.

Ten million Common Shares have been reserved for issuance under the ESPP (together with the ESOP). On 28 April 2017, the shareholders voted to approve the 2017 ESPP at Abbott's Annual Meeting of Shareholders. The 2017 ESPP is an amendment and restatement of the ESPP, under which an aggregate of fifteen million Common Shares have been reserved for issuance, including the Common Shares authorised but not yet issued under the ESPP.

Common Shares used under the ESOP are purchased on the open market. Common Shares purchased under the Irish Share Plans are purchased on the open market and there is no maximum number of Common Shares reserved for issuance under the Irish Share Plans.

The total net proceeds of any exercise of the Purchase Right during each Purchase Cycle will vary from Purchase Cycle to Purchase Cycle.

Abbott estimates that offers made within the EEA under the Share Plans during each such period will generate in aggregate proceeds between $5.8 million and $6.6 million, and the actual proceeds will depend on the volume of shares purchased by eligible employees in the 2017 financial year. For purposes of the ESOP and Irish Share Plans, Common Shares are purchased on the open market.

The estimated expenses in relation to the production, approval and passporting of the Prospectus (including estimated professional fees and translation fees) are approximately £315,000. Abbott has not engaged a sponsor or financial adviser in relation to the preparation and approval of the Prospectus.

## 9. SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION

As part of the St. Jude Medical acquisition, approximately $5.9 billion of St. Jude Medical's debt was assumed, repaid, or refinanced by Abbott. On January 4, 2017, as part of funding the cash portion of the St. Jude Medical acquisition, Abbott borrowed $2.0 billion under a 120-day senior unsecured bridge term loan facility. This facility was repaid during the first quarter of 2017.

In April 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $17.2 billion, comprised of $15.2 billion for a 364-day bridge loan and $2.0 billion for a 120-day bridge loan to provide financing for the acquisition of St. Jude Medical. The $15.2 billion component of the commitment terminated in November 2016 when Abbott issued the $15.1 billion of long-term debt.

In the first quarter of 2017, consolidated Abbott results include $1.4 billion of sales and a pre-tax loss of approximately $576 million related to the St. Jude Medical acquisition, including approximately $400 million of intangible amortisation and $390 million of inventory step-up amortisation. It excludes acquisition, integration and restructuring-related costs.

In the first quarter of 2017, as part of the acquisition of St. Jude Medical, Abbott's long-term debt increased due to the assumption of outstanding debt previously issued by St. Jude Medical. Abbott exchanged certain St. Jude Medical debt obligations with an aggregate principal amount of approximately $2.9 billion for debt issued by Abbott.

During the first quarter of 2017, Abbott issued 364-day yen-denominated debt, of which $198 million was outstanding at March 31, 2017. Abbott also paid off a $479 million yen-denominated short-term debt.

In February 2017, Abbott completed the sale of AMO to Johnson & Johnson and recognised a pre-tax gain of $1.151 billion, which is reported in the Other (income) expense, net line of the Condensed Consolidated Statement of Earnings in the first quarter of 2017. Abbott recorded an after-tax gain of $721 million in the first quarter of 2017 related to the sale of AMO.

In March 2017, Abbott sold 44 million ordinary shares of Mylan and recorded an immaterial pre-tax gain on approximately $1.7 billion in proceeds from the sale of these shares. The gain was recognised in the Other (income) expense line of the Condensed Consolidated Statement of Earnings. As a result of this sale, Abbott's ownership interest in Mylan decreased from approximately 14% to approximately 4.8%.

Abbott published its Form 10-Q for the fiscal quarter ended March 31, 2017 with the SEC on May 3, 2017 but, save as set out above, no significant changes in the financial or trading position of the Group have occurred since the end of the last financial period for which financial information has been published, being December 31, 2016.

## 10. LEGAL AND ARBITRATION PROCEEDINGS

Save as summarised in this paragraph 10 there are no governmental, legal or arbitration proceedings (including pending or threatened proceedings of which Abbott is aware) during the period commencing 12 months prior to the date of this document which may have, or have had in the recent past, significant effects on the Company’s or the Group’s financial position or profitability.

### 10.1 Derivative class action lawsuits in relation to St. Jude Medical acquisition

In May and August 2016, three purported shareholder derivative class action lawsuits were filed against St. Jude Medical, Inc., its board of directors, and Abbott and two of its subsidiaries, in the Minnesota District Court, Second Judicial District (Ramsey County), alleging that the St. Jude Medical board of directors had breached its fiduciary duties by entering into an acquisition agreement with Abbott, and that Abbott had aided and abetted those breaches. All three lawsuits were dismissed in December 2016.

### 10.2 Investigations

The Texas State Attorney General is investigating the sales and marketing activities of Abbott's biliary stent products and the United States Attorney's Office for the District of Maryland is investigating the sales and marketing activities for Abbott's coronary stents products. The government is seeking to determine whether any of these activities violated civil and/or criminal laws, including the Federal False Claims Act, the Food and Drug Cosmetic Act, and the Anti-Kickback Statute in connection with Medicare and/or Medicaid reimbursement paid to third parties. Abbott is unable to quantify the level of any potential fines arising from these investigations. While it is not feasible to predict the outcome of investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations.

### 10.3 Alere litigation

On January 30, 2016, Abbott entered into a definitive merger agreement to acquire Alere Inc., a diagnostic device and service provider. The acquisition is subject to satisfaction of customary closing conditions, including the accuracy of Alere's representations and warranties (subject to certain materiality qualifications), compliance in all material respects with Alere's covenants and receipt of applicable regulatory approvals. On December 7, 2016, Abbott filed a complaint in the Delaware Court of Chancery seeking a declaration that it is entitled to exercise its contractual right to terminate the merger agreement. The lawsuit is styled *In re Alere-Abbott Merger Litigation*, C.A. No. 12963-VCG. Abbott filed an amended complaint on January 13, 2017, seeking to terminate the merger agreement on the basis that Alere has experienced a "material adverse effect" under the merger agreement and has materially breached certain of its covenants.

On April 13, 2017, Abbott and Alere entered into a settlement and dismissed the lawsuit, as well as all related actions. Concurrently with the settlement, certain amendments were made to the merger agreement. The amended terms reduce the originally expected equity value by approximately $500 million to a new expected equity value of approximately $5.3 billion. The acquisition is expected to close by the end of the third quarter of 2017, subject to the approval of Alere shareholders and the satisfaction of customary closing conditions, including applicable regulatory approvals. Under the amended terms of the acquisition agreement, the date by which necessary regulatory approvals must be received has been extended to September 30, 2017. The settlement provides reciprocal releases of claims arising out of or related to the merger agreement, except for any potential antitrust claims by Alere to the extent they relate to developments after August 25, 2016, which would not be released until the parties obtain all consents and regulatory clearances necessary for closing.

## 11. ADDITIONAL INFORMATION

### 11.1 Dividend policy

The board of directors may authorise, and Abbott may make, distributions to its shareholders, subject to any restrictions in Abbott's restated articles of incorporation and any limitations prescribed by law.

Abbott declared dividends of $1.045 per share in 2016, compared to $0.98 per share in 2015, an increase of approximately 7%. Dividends paid were $1.539 billion in 2016 compared to $1.443 billion in 2015. The year-over-year change in dividends reflects the impact of the increase in the dividend rate. In December 2016, Abbott increased the company's quarterly dividend to $0.265 per share from $0.26 per share, effective with the dividend paid in February 2017.

### 11.2 Profit forecasts or estimates

There are no profit forecasts or estimates contained in this document or any prospectus issued in accordance with the Prospectus Directive which has been previously published by Abbott and which are still outstanding at the date of this document.

### 11.3 Rights attached to the Common Shares

The following is a description of the principal terms of Abbott shares. The following description is not meant to be complete and you are urged to review Abbott’s restated articles of incorporation and by-laws and the IBCA.

(i) Authorised and Outstanding:

As of and since April 25, 2016, 2,400,000,000 Abbott shares were authorised, of which 1,472,869,205 were outstanding Common Shares on December 31, 2016, and 1,000,000 Preferred Shares were authorised, of which none were outstanding on December 31, 2016. The board of directors of Abbott determines the terms of and the manner in which the Preferred Shares may be issued.

Abbott’s restated articles of incorporation authorise the Abbott board of directors to divide the authorised number of Preferred Shares into series and to fix and determine the relative rights and preferences of the Preferred Shares of any series, including dividend rights, liquidation rights, conversion rights, sinking fund provisions, exchange rights and redemption rights thereof, as stated and expressed in the resolution or resolutions adopted by the Abbott board of directors providing for the issuance of such series of Preferred Shares.

None of the Preferred Shares were outstanding as of the date of this Prospectus.

(ii) Dividends:

The board of directors may authorise, and Abbott may make, distributions to its shareholders, subject to any restrictions in Abbott’s restated articles of incorporation and any limitations prescribed by law.

(iii) Voting Rights:

Other than with respect to election of directors, each of outstanding Common Share is entitled to one vote in each matter submitted to a vote at a meeting of shareholders. In connection with any and all elections for directors, Abbott’s by-laws provide for ‘‘cumulative voting.’’ Cumulative voting allows a shareholder to multiply the number of shares owned by such shareholder 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, the nominees who receive the greatest number of votes will be elected. Abbott’s shareholders may vote either in person or by proxy. With respect to any matter submitted at a meeting of shareholders (including the election of directors) the affirmative vote of the majority of the votes of the shares represented at a meeting will be the act of the shareholders, unless a greater number of votes is required by Illinois law or Abbott’s restated articles of incorporation and so long as a quorum is present. A majority of votes of the shares entitled to vote represented in person or by proxy will constitute a quorum.

Abbott's restated articles of incorporation permit the holders of Preferred Shares to vote as a class and otherwise as provided by law. Under Illinois law, the relative rights and preferences of Preferred Shares may be fixed and determined by the articles of incorporation or by resolution of the board of directors.

(iv) Preemptive or Conversion Rights:

Holders of the Common Shares have no preemptive or conversion rights or other subscription rights and there are no redemption or sinking fund provisions applicable to the Common Shares. The rights, preferences and privileges of the holders of the Common Shares are subject to, and may be adversely affected by, the rights of the holders of any series of Preferred Shares that Abbott may designate and issue in the future.

(v) Liquidation:

If there is a liquidation, dissolution or winding up of Abbott, holders of the Common Shares would be entitled to ratable distribution of its assets remaining after the payment in full of liabilities and any preferential rights of any then-outstanding Preferred Shares.

## 12. STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

The statements and reports in this document are set out in the published annual report and audited accounts of the Company for the three financial years ended December 31, 2016. No information included in this document has been sourced from a third party.

## 13. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection free of charge on Abbott's intranet website at https://myhr.oneabbott.com/GL-EN/Pages/ESPP-and-Irish-Share-Plans-Prospectus.aspx and in person during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months from the date of publication of this Prospectus at the offices of Abbott Laboratories at 100 Abbott Park Road, Abbott Park, Illinois 60064-6400, USA:

**13.1** the Articles of Incorporation of Abbott and the By-laws of Abbott;

**13.2** Abbott Laboratories 2009 Employee Stock Purchase Plan for Non-U.S. Employees;

**13.3** Abbott Laboratories Employee Share Ownership Plan;

**13.4** Abbott Laboratories Share Participation Scheme;

**13.5** Abbott Laboratories Ireland Share Participation Scheme;

**13.6** Abbott Mature Products Management Limited Approved Share Participation Plan;

**13.7** Form 10-K for the year ended December 31, 2014;

**13.8** Form 10-K for the year ended December 31, 2015;

**13.9** Form 10-K for the year ended December 31, 2016;

**13.10** Abbott Laboratories 2017 Proxy Statement for the 2017 Annual Meeting of Shareholders; and

**13.11** this Prospectus.

## 14. SHARE SECURITIES INFORMATION

The information set out in this paragraph 14 includes that required by Annex III of the Prospectus Rules.

### 14.1 Key information

#### 14.1.1 Working capital

In the opinion of Abbott, the working capital of the Group is sufficient for the Group's present requirements, and at least for the period of twelve months following the date of this document.

#### 14.1.2 Capitalisation and indebtedness

Working capital was $12.7 billion at March 31, 2017 and $20.1 billion at December 31, 2016. The $7.4 billion decrease in working capital in 2017 is primarily due to the reduction in cash and cash equivalents driven by the use of cash to fund the cash portion of the St. Jude Medical acquisition, debt repayments, pension contributions and dividend payments, partially offset by proceeds from the sale of a portion of the Mylan ordinary shares and business dispositions. In the first quarter of 2017, Abbott sold 44 million ordinary shares of Mylan which generated cash proceeds of approximately $1.7 billion. Please refer to paragraph 4 (Selected Financial Information) for a capitalisation and indebtedness table.

#### 14.1.3 Reasons for the offer and use of proceeds

The Share Plans offer eligible employees the opportunity to acquire a share ownership interest in Abbott through periodic payroll deductions or contributions that will be applied towards the purchase of the Common Shares. The purpose of the Share Plans is to provide an opportunity for non-U.S. employees of certain Subsidiaries of Abbott to purchase the Common Shares and thereby to have the opportunity to share in Abbott's growth.

Abbott believes that the Share Plans offer a convenient means for Abbott's employees who might not otherwise own Abbott's Common Shares to purchase and hold Common Shares. Abbott also believes that Abbott's employees' continuing economic interests as shareholders in Abbott's performance and success will further enhance Abbott's entrepreneurial spirit and can contribute to Abbott's potential for growth and profitability.

Abbott is the issuer of the securities offered pursuant to the Share Plans. The Common Shares Abbott issues under the ESPP may be authorised but unissued shares or reacquired shares, or shares bought on the open market or otherwise. Common Shares used under the ESOP are purchased on the open market. Common Shares purchased under the Irish Share Plans are purchased on the open market.

The proceeds of any acquisition of Common Shares pursuant to the ESPP, to the extent received by Abbott or its Subsidiaries, will be used for general corporate purposes. Participants' payroll deductions for Partnership Shares (as such term is defined in the ESOP) under the ESOP are paid to the ESOP Trustee and are held in an account which meets certain requirements until they are applied to the acquisition of Partnership Shares or refunded to the Participant in accordance with the ESOP. Participants' contributions under the Irish Share Plans are paid to the relevant Irish Share Plan Trustee and applied to the acquisition of shares in accordance with the relevant Irish Share Plan rules.

#### 14.1.4 Information concerning the securities to be offered/admitted to trading

Only Common Shares will be issued pursuant to the Share Plans. The ISIN (International Security Identification Number) of the Common Shares is US0028241000. The Common Shares are listed on the NYSE, the CHX and the SIX. All outstanding shares of Common Shares are fully paid.

The Common Shares are created and issued pursuant to the laws of the State of Illinois and in compliance with the federal laws of the USA.

The Common Shares are issued in registered form and in uncertificated form (or, upon request, certificated form). The records of the Company's shareholders are maintained by

Abbott's registrar, Computershare Trust Co., NA, P.O. Box 43021, Providence, Rhode Island 02940, USA.

The Common Shares are denominated in Dollars.

A description of the rights attached to the Common Shares is set out in paragraph 11.3 of this Prospectus.

No takeover bids by third parties in respect of Abbott's equity have occurred during the last financial year or the current financial year.

Dividends paid by US companies to non-US resident shareholders are subject to withholding tax at the rate of 30%. This is reduced to 15% under Article 10 of the US/UK double taxation treaty for UK resident individuals qualifying under the treaty. UK resident individuals are then subject to UK income tax at their marginal rate on the gross amount of the dividend plus the withholding. Credit is then given for the US tax withheld against the UK income tax liability on the distribution. No credit is given in relation to the underlying US tax suffered by the US company on its corporate profits. Any withholding tax under US law will be withheld by the US company which will be responsible for accounting to the relevant US fiscal authorities for the amounts withheld.

**14.1.5 Terms and condition of the offer**

The total amount of the offer under the ESPP is set out in the ESPP. Ten million Common Shares have been reserved for issuance under the ESPP (together with the ESOP). On 28 April 2017, the shareholders voted to approve the 2017 ESPP at Abbott's Annual Meeting of Shareholders. The 2017 ESPP is an amendment and restatement of the ESPP, under which an aggregate of fifteen million Common Shares have been reserved for issuance, including the Common Shares authorised but not yet issued under the ESPP. The maximum number of Common Shares reserved for issuance under the ESPP is subject to amendment by Abbott's Board of Directors.

The shares may be purchased on the open market, authorised but unissued shares, treasury shares or a combination of each, as determined from time to time by Abbott's Board of Directors. If any Purchase Right granted under the ESPP expires or terminates for any reason without having been exercised in full, the unpurchased shares subject to that Purchase Right will become available under the ESPP.

Common Shares used under the ESOP are purchased on the open market.

Common Shares purchased under the Irish Share Plans are purchased on the open market and there is no maximum number of Common Shares reserved for issuance under the Irish Share Plans.

Under the ESPP, the maximum contribution that any individual Participant may contribute in each Purchase Cycle towards the purchase of Common Shares is the equivalent in local currency of $12,500.

Under the ESOP, contributions are subject to a statutory maximum of the lower of £1,800 per tax year and 10% of the Participant's salary. In addition, under the ESOP, the Company may determine the maximum number of shares that may be awarded as Matching Shares or Free Shares (as such terms are defined in the ESOP), subject to the applicable statutory limits.

Under the Irish Share Plans, the amount of contributions towards Common Shares and the initial market value of Common Shares allocated to any one Participant in any year of assessment must not exceed the applicable statutory annual limits.

The main terms and conditions of the Share Plans are summarised in Part II of this document.

## 14.2 Withdrawal by Participants

Participants' rights to withdraw from the relevant Share Plans are described in Part II of this document.

A supplementary prospectus must be published by the Company if a significant new factor arises or is noted which relates to the information included in the Prospectus or if a material mistake or inaccuracy arises or is noted which relates to the information included in the Prospectus. A "significant new factor" includes the filing of interim consolidated financial statements or annual audited consolidated financial statements for the Company with the SEC.

If a supplementary prospectus is published, there is a legal requirement under Section 87Q of the Financial Services and Markets Act 2000, and Article 16 of the Prospectus Directive and related legislation applying in the EEA, that Participants are given the right to withdraw (subject to the terms of such legislation) from participating in the relevant Share Plan. This means that a Participant may provide notice to the Plan Administrator to withdraw his/her prior acceptance (represented by his/her prior participation form), and terminate future payroll deductions and thereby withdraw from the relevant Share Plan, with effect from the date of such notice. Such notice may be served at any time during the period commencing on the date the interim consolidated financial statements or annual audited consolidated financial statements for the Company are filed with the SEC and published, and ending two working days after the supplementary prospectus has been approved by the UK Financial Conduct Authority. This statutory right of withdrawal is in addition to the Participant's right to withdraw under the Share Plans.

To validly exercise the above statutory withdrawal rights, a Participant must serve notice of their withdrawal on or before the end of the period of two working days beginning on the first working day after the date on which any such supplementary prospectus is published pursuant to Section 87Q(4) of FSMA (the "withdrawal period")). A notice of withdrawal may only be served by the following methods:

*ESPP*: A Participant in the ESPP may withdraw from ESPP at any time by notifying the Participant's employer pursuant to procedures established by the employer. Any contributions withheld from the employee's pay which have not been used to purchase Common Shares will be refunded without interest.

*ESOP*: A Participant in the ESOP may withdraw from the ESOP at any time by logging into his/her account via the Abbott Share Portal at www.abbottshareplans.com, or by a paper form. Any contributions withheld from the employee's pay which have not been used to purchase Common Shares will be refunded less income tax and National Insurance Contributions.

*Irish Share Plans*: A Participant in an Irish Share Plans may withdraw from future purchases by submitting a Change of Mind form. Any contributions withheld from the employee's pay which have not been used to purchase Common Shares will be refunded. A Participant may withdraw his or her Common Shares from the relevant Irish Share Plan Irish Share Plan after the second anniversary of their acquisition, or earlier if the Participant terminates relevant employment in certain limited circumstances.

If a Participant is in any doubt about the above statutory withdrawal rights, he/she should consult an independent financial adviser in the relevant country concerned before taking any action. Withdrawal by a Participant from the ESOP or an Irish Share Plan may impact on the tax treatment of the Common Shares acquired by the Participant under the relevant Share Plan. The tax consequences associated with participation in a Share Plan (and any withdrawal therefrom) can vary depending on the type of plan, the Participant's country of residence and other factors. Participants should consult their own tax advisers to understand how participation in, or withdrawal from, a Share Plan will affect their tax situation.

**14.3 Admission to trading and dealing arrangements**

Abbott has not made and does not intend to make an application for Common Shares issued pursuant to the Share Plans to be admitted to trading on a regulated market in the EEA. Common Shares are traded on the NYSE. The principal market for the Common Shares is the NYSE. Common Shares are also listed on the CHX and traded on various regional and electronic exchanges. Outside of the United States, Common Shares are listed on the SIX.

The Common Shares of the same class as the Common Shares to be issued to Participants under the Share Plan are listed only on the NYSE, the CHX and the SIX.

**14.4 Expense of the issue/offer**

The total net proceeds of any exercise of Purchase Rights during a Purchase Cycle (each such capitalised term as defined in or determined pursuant to the terms of the relevant Share Plans) will vary from Purchase Cycle to Purchase Cycle. Based on the volume of shares purchased by eligible employees in the 2016 financial year, Abbott estimates that offers made within the EEA under the ESPP during such period generated aggregate proceeds of up to $12.7 million. For purposes of the ESOP and Irish Share Plans, Common Shares are purchased on the open market. It is not possible to estimate a reasonable or maximum level of acceptances that will result from eligible employees to the offers made under this Prospectus for the 2017 financial year, however, Abbott is not aware of any material facts or circumstances to indicate that net proceeds from the offers made under the Share Plans pursuant to this Prospectus will differ from the 2016 financial year to any material extent.

The estimated expenses in relation to the production, approval and passporting of the Prospectus (including estimated professional fees and translation fees) are approximately £315,000. Abbott has not engaged a sponsor or financial adviser in relation to the preparation and approval of the Prospectus.

**14.5 Dilution**

The maximum number of shares of Common Shares reserved for future issuance under the ESPP (including the ESOP), as of December 31, 2016, was 2,613,624. This number represents approximately 0.18% of the 1,472,869,205 Common Shares in issue on December 31, 2016. There is no maximum number of Common Shares reserved for issuance under the Irish Share Plans. Also, some of the Common Shares purchased by Participants at the end of a Purchase Cycle may be existing shares, and the Common Shares purchase by Participants under the ESOP and Irish Share Plans are purchased on the open market, which purchases would therefore have no dilutive effect on the number of Common Shares in issue. Accordingly, no material dilution will take place pursuant to any issuance or purchase of Common Shares pursuant to the Share Plans.

**14.6 No other advisers**

There are no advisers connected with the issue of Common Shares mentioned in this document. No corporate finance adviser, sponsor or promoter has been engaged by Abbott in relation to the Share Plans.

June 15, 2017

## PART II

## INFORMATION ABOUT SHARE PLANS INCLUDING APPLICATION FORMS AND DIRECTIONS FOR COMPLETION

Part II contains information about the employee Share Plans which Abbott may operate in countries within the EEA. This information is either required by the Prospectus Directive or is information which Abbott thinks you will find useful. The detailed information regarding specific offers or grants under any of the employee Share Plans will be communicated directly to the employees concerned.

Please note, the Share Plans are not offered to everybody. Some are discretionary plans and are not offered to employees generally. Others may be offered to all employees who meet the eligibility criteria.

Please note also that Abbott is under no obligation to offer participation in or grant Purchase Rights under the Share Plans – it is free to decide whether, when, where and how to operate any of its plans. It is also free to terminate any of its plans as regards future participation. Employees based in the EEA may be eligible to participate in the following Abbott Share Plans (subject to their terms).

The tax consequences associated with participation in these plans can vary greatly depending on the Participant's country of residence and other factors. Participants should consult their own tax advisers to understand how participation in the employee Share Plans will affect their tax situation.

### Abbott Laboratories 2009 Employee Stock Purchase Plan for Non-U.S. Employees

The ESPP is a share scheme intended to provide eligible non-U.S. employees of certain Subsidiaries with an opportunity to acquire a share ownership interest in Abbott through periodic payroll deductions that will be applied towards the purchase of Common Shares at a discount from the then current market price.

***Eligibility***: Any individual who is classified as a full-time or permanent part-time employee by a Participating Subsidiary (each, an "**Employer**") is eligible to participate in the ESPP. However, the Compensation Committee of the Board or any other committee as the Board may designate from time to time, or its delegate (the "**Administrator**") or, to the extent permitted by applicable law, each Employer may prospectively condition participation by its employees upon a period of service with such Employer. Abbott's officers and directors are not eligible to participate in the ESPP.

***Application process***: An eligible employee may join a Purchase Cycle prior to the start of that Purchase Cycle by filing with his or her Employer during the specified enrolment period a completed authorisation and enrolment form, or by following an interactive voice response system, electronic or other enrolment process as prescribed by his or her Employer. The enrolment period normally occurs during the calendar month preceding a Purchase Cycle. Unless otherwise determined by the Administrator with respect to a particular jurisdiction, subsidiary, or sub-plan, each Purchase Cycle is six consecutive calendar months (usually from February - July and from August - January).

***Limits***: Ten million Common Shares have been reserved for issuance under the ESPP, which includes shares available for issuance under sub-plans to the ESPP, such as the ESOP (described below). On 28 April 2017, the shareholders voted to approve the 2017 ESPP at Abbott's Annual Meeting of Shareholders. The 2017 ESPP is an amendment and restatement of the ESPP, under which an aggregate of fifteen million Common Shares have been reserved for issuance, including the Common Shares authorised but not yet issued under the ESPP. The ESPP imposes certain limitations upon a Participant's right to acquire Common Shares, including that no Participant may contribute more than the equivalent in local currency of USD 12,500 during any Purchase Cycle towards the purchase of Common Shares.

***Purchase of shares***: Deductions from salary are made monthly throughout each Purchase Cycle. Deductions continue in effect from one Purchase Cycle to the next, unless the Participant suspends the deductions or discontinues participation in the ESPP. At the end of the Purchase Cycle, unless a Participant has previously ceased participation in the ESPP, a Participant's Purchase Right will be automatically exercised on each purchase date to purchase that number of full Common Shares that the balance credited to such Participant's account will entitle him or her to purchase. The purchase price of the Common Shares acquired on each purchase date will be 85% of the lesser of (i) the closing selling price per Common Share on the first business day of the Purchase Cycles and (ii) the closing selling price per share of Common Shares on the last business day of such Purchase Cycle.

***Discontinuance of participation***:  A Participant may discontinue participation in the ESPP during a Purchase Cycle and his or her accumulated payroll deductions will be refunded without interest (unless otherwise required under local law) as soon as administratively practicable. A Participant who discontinues participation during a Purchase Cycle will be ineligible to participate in the ESPP until he or she re-enrols in the ESPP for a subsequent Purchase Cycle in accordance with the terms of the ESPP.

***Termination of employment***:  If a Participant terminates employment with his or her Participating Employer for any reason prior to the expiration of a Purchase Cycle, then the Participant's participation in the ESPP will immediately terminate and the amount credited to the Participant's account will be refunded as soon as reasonably practicable without interest (unless otherwise required under local law).

***Restrictions on transfer***:  No Purchase Rights are assignable or transferable by the Participant.

***Retention of shares***:  Before the commencement of any Purchase Cycle, the Administrator may require that any shares purchased during a Purchase Cycle be retained with a designated broker for a designated period of time (and may restrict dispositions during that period) and/or may establish other procedures to restrict transfer of such shares and/or require that shares purchased under the ESPP automatically participate in a dividend reinvestment plan or program maintained by Abbott.

***Liquidation or dissolution***:  In the event of the proposed liquidation or dissolution of Abbott, the Purchase Cycle then in progress will terminate immediately prior to the consummation of such proposed liquidation or dissolution, unless otherwise provided by the Administrator in its sole discretion, and all outstanding Purchase Rights will automatically terminate and the amounts of all payroll deductions will be refunded without interest (unless otherwise required under local law) to the Participants as soon as reasonably practicable.

***Change in control***:  In the event of a proposed sale of all or substantially all of the assets of Abbott, or the merger or consolidation of Abbott with or into another entity, then in the sole discretion of the Administrator, (i) each Purchase Right will be assumed, or an equivalent Purchase Right will be substituted, by the successor corporation or parent or subsidiary of such successor corporation, or (ii) a new purchase date will be established by the Administrator on or before the date of the consummation of such merger, consolidation or sale, and all outstanding Purchase Rights will be automatically exercised on such new date.

***Amendment or termination of the ESPP***:  The Board may amend the ESPP at any time without shareholder approval; however, shareholder approval must be obtained if shareholder approval is required by Rule 16b-3 of the United States Securities Exchange Act of 1934, as amended, applicable NYSE or other stock exchange rules, or other applicable laws or regulations. On 28 April 2017, the shareholders voted to approve the 2017 ESPP at Abbott's Annual Meeting of Shareholders. The 2017 ESPP is an amendment and restatement of the ESPP, with a term extending through 31 July 2027. The 2017 ESPP will be effective on 1 August 2017 and terminate on 31 July 2027, unless terminated earlier by the Board of Directors in its sole discretion.

***Governing law***:  The ESPP is construed in accordance with the laws of Illinois, USA, without regard to conflicts of law principles.

**Abbott Laboratories Employee Share Ownership Plan**

The ESOP is a share incentive scheme intended to qualify for UK tax advantages under Schedule 2 to the UK Income Tax (Earnings and Pensions) Act 2003. The ESOP is designed to enable eligible employees of the Company and of designated UK subsidiaries and jointly owned companies of the Company to obtain share benefits similar to those under ESPP but with more favourable UK tax treatment, subject to the applicable statutory conditions. This ESOP is not generally used for employees outside the UK.

***Employee Eligibility***: The ESOP allows share benefits to be structured in different ways, including allowing eligible employees to purchase Common Shares from their pre-tax salary ("Partnership Shares"), and providing additional shares for free in proportion to those bought by employees ("Matching Shares") at the rate specified in the Partnership Share Agreement. ESOP shares are held by Trustees on behalf of Participants, and the payroll deductions are paid to the Trustees.

The Compensation Committee of the Board has the discretion to decide when and how the ESOP is operated. Whenever the ESOP is operated, all eligible employees must have an opportunity to participate on similar terms. Eligible employees are UK-resident taxpayers who, at the relevant date, have been employed throughout the relevant qualifying period by a company which is participating in the ESOP, and such other employees as the Company may invite to participate.

***Application Process***: Invitations to join the ESOP may be electronic or in writing.

Employees who are eligible to participate in the ESOP may enrol in the ESOP at any time by submitting an online or hard copy application form to the Trustees of the ESOP. An application must be received by 28th of the month for salary deductions to commence under the ESOP in the next month.

Eligible employees who apply to join the ESOP must enter into a Partnership Share Agreement agreeing to the ESOP terms and authorising the deductions from their salary. The Partnership Share Agreements operate on a rolling basis until Participants change their instructions, or withdraw from the ESOP, or until the Company decides to close the ESOP.

***Principal Features***

***Partnership Shares***: The Company may invite eligible employees to acquire Partnership Shares through a Partnership Share Agreement which will bind the participating employee to allocate partnership share money by deduction from his or her pre-tax salary for the purchase of Partnership Shares at market value on the relevant acquisition date. The level of deductions is currently subject to a statutory maximum of the lower of £1,800 per tax year and 10% of the Participant's salary. The Company may determine that there shall be an accumulation period not exceeding 12 months during which the Trustees may accumulate deductions from a Participant's salary pending the acquisition of Partnership Shares on his or her behalf. Currently, the Company does not operate accumulation periods and Partnership Shares are purchased by the ESOP Trustee on a monthly basis. Participants may stop, re-start or vary their deductions under the ESOP within the applicable statutory limits, or withdraw from the ESOP, at any time by contacting the ESOP administrator.

***Matching Shares***: The Company may, on any issue of Partnership Shares, offer Matching Shares to eligible employees under a Partnership Share Agreement. The Company must specify a Matching Ratio and the circumstances and manner in which it may be changed by the Company. The ratio of Matching Shares to Partnership Shares cannot exceed 2:1. The ratio currently adopted by the Company is 1 Matching Share for every 1 Partnership Share, subject to a limit of the lower of 1.75% of the Participant's earnings (as defined in the Partnership Share Agreement) and £1,500 per tax year. A holding period of no fewer than 3 and no more than 5 years must apply to Matching Shares, during which time the Matching Shares cannot be sold or transferred except in limited circumstances. Currently, the Company specifies a holding period of 3 years for Matching Shares.

***Dividend Shares***: The Company may give Participants the option to reinvest cash dividends received on their ESOP shares in the purchase of additional Common Shares through the ESOP, ("**Dividend Shares**"). Currently dividends on ESOP shares may be reinvested into Dividend Shares, and in the event a Participant elects to reinvest dividends into Dividend Shares, all dividends received by that Participant on their ESOP shares must be reinvested into Dividend Shares. A holding period of 3 years applies to Dividend Shares, during which time the Dividend Shares cannot be sold or transferred except in limited circumstances.

***Free Shares***: The ESOP enables the Company to offer eligible employees the opportunity to acquire Common Shares within statutory limits at no cost and on a similar terms basis ("**Free Shares**"). Currently the Company does not offer Free Shares.

When awarding Free Shares to eligible employees under the ESOP, the Company must issue an invitation specifying the basis on which they will be awarded and must enclose a Participation Contract including a deadline by which it must be completed. The initial market value of the Free Shares awarded to an eligible employee in any tax year is subject to a statutory maximum of £3,600. Free Shares comprised in an award may be determined by reference to participants' remuneration, length of service or hours worked. The Company may determine that the Free Shares may be awarded according to employee performance. A holding period of no fewer than 3 and no more than 5 years must apply to Free Shares, during which time the Matching Shares cannot be sold or transferred except in limited circumstances.

***All Shares***: Common Shares must be held in the ESOP by the Trustees on behalf of Participants for certain periods set by statute in order to qualify for UK tax advantages.

***Termination of Service and Forfeiture***: Forfeiture does not apply to Partnership Shares. However the Company may determine that Participants shall forfeit their entitlement to Free Shares and/or Matching Shares during the specified holding period applicable to such shares, provided a specific forfeiture provision is included in the Partnership Share Agreement and Participants have been notified of the provision in advance.

Whatever the reason for leaving, participation in the ESOP will terminate upon cessation of relevant employment. Common Shares cease to be subject to the ESOP upon the cessation of relevant employment, and the Trustee must transfer these out of the ESOP within 90 days of the cessation.

The ESOP provides for payment of or disposal of Common Shares to cover tax and social security amounts where applicable in accordance with UK law.

***Overall Limits***: The Company may from time to time determine the maximum number of Common Shares that may be awarded under the ESOP.

**Ireland Revenue-approved Share Participation Schemes**

The Irish Share Plans are Irish Revenue-approved share plans. The Irish Share Plans are designed to enable eligible employees of designated Irish subsidiaries of Abbott Laboratories (and, in the case of the Abbott Laboratories Share Participation Scheme, eligible employees of Abbott Laboratories) to obtain share benefits that are intended to qualify for favourable Irish tax treatment, subject to the applicable statutory conditions. The Irish Share Plans are not generally used for employees outside of Ireland.

The Irish Share Plans allow eligible employees to purchase Common Shares at market value at the relevant appropriation date using some or all of their annual lump sum entitlement/bonus and/or a portion of their pre-tax salary, subject to set limits and the discretions afforded to the relevant Irish Share Plan organiser ("**Plan Organiser**") under the relevant Irish Share Plan rules. If a Participant elects to forgo a portion of their salary to purchase Common Shares, salary deductions are usually made in equal instalments over a period specified by the Plan Organiser. Common Shares are purchased and held by Trustees on behalf of Participants using the payroll deductions combined with the Participants' lump sum/bonus election.

***Employee Eligibility:*** The Plan Organiser has the discretion to decide when and how the relevant Irish Share Plan is operated. Whenever the Irish Share Plans are operated, all eligible employees must have an opportunity to participate on similar terms. Eligible employees are Irish income tax payers who, at the relevant date, are employees or full-time directors of a participating company. The Plan Organiser may set a qualifying period of employment, and may invite other employees and employed directors of a participating subsidiary to participate, subject to statutory limitations.

***Application Process:*** Invitations to join the Irish Share Plans may be issued in writing to all eligible employees following the relevant cut-off date established by the Plan Organiser. Currently, a cut-off date is set annually for each of the Irish Share Plans but a different cut-off date or dates may be set. An invitation must set out details of the eligible employee's lump sum entitlement and ask whether the employee wishes to participate in the Irish Share Plan. Eligible employees are provided a minimum of two weeks to accept the invitation to participate for the relevant period, by completing an application form and a form of acceptance and contract of participation either online or by paper copy.

***Principal Features:***

The Plan Organiser may invite eligible employees to acquire Common Shares through a form of acceptance and contract of participation which will bind the participating employee to allocate money to purchase Common Shares by deduction from his or her annual lump sum payment and/or a portion of his or her pre-tax salary.

The amount of pre-tax salary that may be forgone for investment into Common Shares is currently subject to a statutory maximum of the lower of 7.5% of the employee's annual basic salary and the equivalent of the annual lump sum payment that the employee chooses to invest in Common Shares, subject to a total statutory limit of EUR 12,700 per year of assessment. Employees are not permitted to carry forward any lump sum payment or salary forgone in a year for investment in a subsequent year.

Common Shares are acquired by the Trustees on behalf of Participants and are appropriated to the Participants as soon as reasonably practicable after the Trustees receive the funds to purchase them. A holding period (typically three years) applies to Common Shares, after which time Participants may instruct the Trustees to sell or transfer Common Shares from the relevant Irish Share Plan. Common Shares must be held in the relevant Irish Share Plan by the Trustees on behalf of Participants for certain periods set by statute in order to qualify for Irish tax advantages. Common Shares must be transferred or sold from the relevant Irish Share Plan after the third anniversary of the acquisition of the Common Shares.

Participants have voting rights (via the Trustee) and rights to receive dividends on their Common Shares while they are held in the relevant Irish Share Plan.

**Termination of Service and Forfeiture**: If a Participant reaches State Pensionable Age or leaves employment with a participating company by reason of disability, injury or redundancy, the holding period for Common Shares no longer applies and the individual may choose for the Trustees to continue to hold the Common Shares until the third anniversary of the acquisition of the Common Shares or instruct the Trustees to transfer the shares into the individual's own name or to sell the shares. However, to retain the tax advantages , the Participant must continue to hold the shares until the third anniversary.

If a Participant leaves employment with a participating company for any other reason, his or her Common Shares will continue to be held in the relevant Irish Share Plan as if the Participant had remained in relevant employment until the third anniversary of the acquisition of the Common Shares, after which time the individual is required to sell the shares or transfer them to a broker's account in his or her own name.

In the event of a Participant's death, the Common Shares may be transferred to the individual's personal representatives or sold and the proceeds paid to the individual's personal representatives.

Forfeiture does not apply to Common Shares.

**Overall Limits**: The initial market value of shares allocated to any one Participant in any year of assessment must not exceed the statutory annual limit. Common Shares purchased under the Irish Share Plans are purchased on the open market and there is no maximum number of Common Shares reserved for issuance under the Irish Share Plans.