

ABBOTT LABORATORIES
Form DEF 14A
March 15, 2019

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Abbott Laboratories

(Name of Registrant as Specified In Its Charter)

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

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(4) Date Filed:

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

On the Cover: *Sadie Rutenberg*

Seattle, Washington

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

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

YOUR VOTE IS IMPORTANT

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

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

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

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

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

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

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

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

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

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

Abbott's 2019 Proxy Statement and 2018 Annual Report to Shareholders are available at www.abbott.com/proxy.

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

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

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

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

By order of the Board of Directors.

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Hubert L. Allen
Secretary

March 15, 2019

2 Abbott Laboratories

PROXY SUMMARY

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

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

2018 PERFORMANCE

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

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

Primary performance metric for long-term incentive program

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

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

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

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

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

EXECUTIVE COMPENSATION

SHAREHOLDER OUTREACH

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

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

KEY FEATURES OF OUR EXECUTIVE COMPENSATION PROGRAM

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

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

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

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

DIRECTOR NOMINEES

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

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

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

CORPORATE GOVERNANCE

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

Governance Highlights:

Three new independent directors appointed since 2017

Lead Independent Director with clearly defined responsibilities

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

All directors elected annually by majority vote

Board conducts annual succession planning review for management

Lead Independent Director with distinct responsibilities

Consults and engages directly with major shareholders

Elected annually by independent directors

Liaises between chairman and independent directors

Authority to call meetings of independent directors

Reviews matters such as meeting topics and schedules

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

SUSTAINABILITY

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

Ethical Business Practices

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

Environmental

Active management of our environmental impact across several areas

Access

Accessibility incorporated into product design and commercialization strategy

Cybersecurity

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

Supply Chain

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

R&D / Pipeline

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

Talent Management

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

Product Quality

Head of Quality Assurance reports regularly to the CEO and Board

SELECT RECOGNITION BY THIRD-PARTY ORGANIZATIONS

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

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

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

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

To learn more about Abbott's sustainability efforts, please visit www.abbott.com/citizenship.

VOTING MATTERS AND BOARD RECOMMENDATIONS

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

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

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

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

Independent firm with significant industry and financial reporting expertise.

See pages 64 to 65 for more information.

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

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

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

The Board recommends a vote *AGAINST*:

Proposal 4: Independent Board Chairman

See pages 67 to 70 for more information.

INFORMATION ABOUT THE ANNUAL MEETING

WHO CAN VOTE

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

NOTICE AND ACCESS

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

CUMULATIVE VOTING

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

VOTING BY PROXY

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

REVOKING A PROXY

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

by delivering a written notice to the Secretary of Abbott,

by delivering an authorized proxy with a later date, or

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

DISCRETIONARY VOTING AUTHORITY

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

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

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

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

QUORUM AND VOTE REQUIRED TO APPROVE EACH ITEM ON THE PROXY

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

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

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

INSPECTORS OF ELECTION

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

COST OF SOLICITING PROXIES

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

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

ABBOTT LABORATORIES STOCK RETIREMENT PLAN

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

CONFIDENTIAL VOTING

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

where disclosure may be required by law or regulation,

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

where a shareholder provides comments with a proxy,

where a shareholder expressly requests disclosure,

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

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

HOUSEHOLDING OF PROXY MATERIALS

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

NOMINEES FOR ELECTION AS DIRECTORS

ROBERT J. ALPERN, M.D.

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

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

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

ROXANNE S. AUSTIN

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

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

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

SALLY E. BLOUNT, PH.D.

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

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

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

MICHELLE A. KUMBIER

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

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

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

EDWARD M. LIDDY

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

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

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

NANCY MCKINSTRY

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

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

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

PHEBE N. NOVAKOVIC

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

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

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

WILLIAM A. OSBORN

Lead Independent Director

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

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

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

SAMUEL C. SCOTT III

Director since 2007 Age 74

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

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

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

DANIEL J. STARKS

Director since 2017 Age 64

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

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

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

JOHN G. STRATTON

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

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

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

GLENN F. TILTON

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

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

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

MILES D. WHITE

Director since 1998 Age 64

Chairman of the Board and Chief Executive Officer,
Abbott Laboratories

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

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

THE BOARD OF DIRECTORS AND ITS COMMITTEES

THE BOARD OF DIRECTORS

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

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

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

LEADERSHIP STRUCTURE

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

Chairman/Chief Executive Officer

Cohesive leadership and direction for the Board and executive management

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

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

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

Lead Independent Director

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

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

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

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

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

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

DIRECTOR SELECTION

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

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

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

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

BOARD DIVERSITY AND COMPOSITION

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

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

Global business perspective

Successful track record

Innovative thinking

Knowledge of corporate governance requirements and practices

High integrity

Commitment to good corporate citizenship

Board Composition Metrics

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

Abbott Business Characteristic

Board Attributes, Skills, and Experience

**A Broad and Diverse Company
with Different Healthcare
Businesses**

Senior Leadership Experience with Diverse Business Models

Extensive Knowledge of Healthcare and Medical Devices Industries

A Multinational Company

Director or Senior Leadership Experience with Multinational Corporations

Global Perspective

Senior Leadership Experience with Global Supply Chain Operations

A Consumer-facing Company

Academic and Senior Leadership Experience with Consumer Products

**Financial Expertise and Risk
Management**

Extensive Financial Expertise, Including Public Company Financial Experience

Data and Cybersecurity Oversight/Management Expertise

Regulated Industry

Senior Leadership Experience in Regulated Industries

Senior Level Government Experience

Corporate Governance

Director or Senior Leadership Experience with Multinational Corporations

BOARD EVALUATION PROCESS

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

COMMITTEES OF THE BOARD OF DIRECTORS

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

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

*

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

Audit Committee

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

Compensation Committee

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

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

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

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

Nominations and Governance Committee

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

Public Policy Committee

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

Executive Committee

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

COMMUNICATING WITH THE BOARD OF DIRECTORS

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

CORPORATE GOVERNANCE MATERIALS

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

2018 DIRECTOR COMPENSATION

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

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

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

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

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

- (2) The amounts reported in this column represent the aggregate grant date fair value of the awards in accordance with Financial Accounting Standards Board ASC Topic 718. Abbott determines the grant date fair value of stock unit awards by multiplying the number of restricted stock units granted by the average of the high and low market prices of an Abbott common share on the date of grant. In addition to the fees described in footnote 1, each non-employee director elected to the Board of Directors at the annual shareholders meeting receives vested restricted stock units having a value of \$175,000 (rounded down) under the Abbott Laboratories 2017 Incentive Stock Program). In 2018, this was 2,945 units. The non-employee directors receive cash payments equal to the dividends paid on the shares covered by the units at the same rate as other shareholders. Upon termination, retirement from the Board, death, or a change in control of Abbott, a non-employee director will receive one share of common stock for each restricted stock unit outstanding under the Incentive Stock Program. Each director is required to own, within five years of becoming a director, the number of shares of Abbott stock having a fair market value equal to four times the annual director fees earned or paid in cash. All directors with 5 years tenure meet or exceed the guidelines. The following Abbott restricted stock units were outstanding as of December 31, 2018: R. J. Alpern, 28,165; R. S. Austin, 35,828; S. E. Blount, 21,425; E. M. Liddy, 23,592; N. McKinstry, 21,425; P. N. Novakovic, 23,592; W. A. Osborn, 30,082; S. C. Scott III, 31,812; D. J. Starks, 6,382; J. G. Stratton, 2,945; and G. F. Tilton, 31,812.
- (3) The following options were outstanding as of December 31, 2018: R. S. Austin, 36,200; E. M. Liddy, 35,137; N. McKinstry, 37,756; P. N. Novakovic, 92,106; W. A. Osborn, 37,200; and S. C. Scott III, 31,476.
- (4) The totals in this column include reportable interest credited under Abbott Laboratories Non-Employee Directors' Fee Plan during the year.
- (5) Charitable contributions made by Abbott's non-employee directors are eligible for a matching contribution (up to \$25,000 annually). The amounts reported in this column include charitable matching grant contributions, as follows: R. J. Alpern, \$25,000; S. E. Blount, \$25,000; N. McKinstry, \$10,000; S. C. Scott III, \$25,000; and G. F. Tilton, \$25,000.

SECURITY OWNERSHIP OF EXECUTIVE OFFICERS AND DIRECTORS

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

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

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

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

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

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

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

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

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

INTRODUCTION

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

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

2018 PERFORMANCE

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

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

CHANGES BASED ON SHAREHOLDER FEEDBACK AND MARKET PRACTICES

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

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

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

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

RECENT EXECUTIVE COMPENSATION CHANGES

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

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

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ABBOTT'S PEER GROUP FOR PAY AND COMPANY PERFORMANCE BENCHMARKING

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

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

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

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

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

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

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

BASIS FOR COMPENSATION DECISIONS

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

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

COMPENSATION PROGRAM IS MARKET-BASED

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

Base Salary

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

Annual Incentive Plan

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

Long-Term Incentive Plan (LTI)

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

COMPENSATION OUTCOMES ARE PERFORMANCE-BASED

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

Annual Incentive Plan

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

For example:

$$\$252,000 \quad \times \quad 90\% \quad \times \quad 95\% \quad = \quad \$448,875$$

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

Long-Term Incentive Plan

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

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

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

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

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

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

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

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

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

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

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

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

IMPACT OF ABBOTT/ABBVIE SEPARATION

Summary of LTI Process

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

COMPENSATION PROGRAM IS DIRECTLY LINKED TO BUSINESS STRATEGY

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

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

METRIC

STRATEGIC LINK

Our annual incentive plan is aligned to the following drivers of shareholder value:

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