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C. 20549\n\n\n\n\n\n\n\n \n\n\n\n\n\nFORM 10-K \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n(MARK ONE)\n\n\n\n\n\n\nANNUAL REPORT PURSUANT TO SECTION13 OR 15(d) OF\nTHE SECURITIES EXCHANGE ACT OF1934\n\n\n OR\n\n\no\n\nTRANSITION REPORT PURSUANT TO SECTION13 OR 15(d) OF\nTHE SECURITIES EXCHANGE ACT OF1934\n\n\n\n \n \n\n\n\n\n\n \n\n\n\n\n\n \n\n \n \n\n\n\n\n\n\n\n\n\n\nFor the fiscal year ended December31, 2017\n\nCommission file number1-2189\n\n\n\n \n Abbott Laboratories \n \n\n \n \n\n\n\n\n\n\n\n\n\n\nAn Illinois Corporation\n\n 36-0698440\n\n\n100 Abbott Park Road\nAbbott Park, Illinois 60064-6400\n\n (I.R.S. employer identification number) (224)667-6100 (telephone number)\n\n\n\n \n Securities Registered Pursuant to Section12(b) of the Act: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\nTitle of Each Class\n\nName of Each Exchange on Which Registered\n\n\n\n\n\nCommon Shares, Without Par Value\n\n\n New York Stock Exchange\nChicago Stock Exchange\n\n\n\n\n\n\n \n Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule405 of the Securities Act. \n\nYes No o \n\nIndicate by check mark if the registrant is not required to file reports pursuant to Section13 or 15(d) of the Act. \n\nYes oNo \n\nIndicate by check mark whether the registrant (1)has filed all reports required to be filed by Section13 or 15(d) of the Securities\nExchange Act of 1934 during the preceding 12months (or for such shorter period that the registrant was required to file such reports), and (2)has been subject to such filing\nrequirements for the past 90days. \n\nYes No o \n\nIndicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File\nrequired to be submitted and posted pursuant to Rule405 of RegulationS-T during the preceding 12months (or for such shorter period that the registrant was required to submit\nand post such files). \n\nYes No o \n\nIndicate by check mark if disclosure of delinquent filers pursuant to Item405 of RegulationS-K is not contained herein, and will not be\ncontained, to the best of registrant\'s knowledge, in definitive proxy or information statements incorporated by reference in PartIII of this Form10-K or any amendment to this\nForm10-K. o \n\nIndicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or\nan emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule12b-2 of the Exchange Act. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\nLargeAcceleratedFiler\n\nAcceleratedFilero\n\nNon-AcceleratedFilero (Do not check if a\nsmallerreportingcompany)\n\n\n\n\n\n\n\n\n Smallerreportingcompanyo Emerging growth companyo\n\n\n\n \n If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial\naccounting standards provided pursuant to Section13(a) of the Exchange Act.o \n\n\nIndicate by check mark whether the registrant is a shell company (as defined in Rule12b-2 of the Act). \n\nYes oNo \n\nThe aggregate market value of the 1,692,434,068 shares of voting stock held by nonaffiliates of the registrant, computed by reference to the closing price\nas reported on the New York Stock Exchange, as of the last business day of Abbott Laboratories\' most recently completed second fiscal quarter (June30, 2017), was $82,269,220,045. Abbott has no\nnon-voting common equity. Number of common shares outstanding as of January31, 2018: 1,746,333,892 \n\n DOCUMENTS INCORPORATED BY REFERENCE \n\nPortions of the 2018 Abbott Laboratories Proxy Statement are incorporated by reference into PartIII. The Proxy Statement will be filed on or about\nMarch16, 2018. \n\n \n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n PART I \n\n \n ITEM 1.BUSINESS \n\n \n GENERAL DEVELOPMENT OF BUSINESS \n\nAbbott Laboratories is an Illinois corporation, incorporated in 1900. Abbott\'s\* principal business is the discovery, development, manufacture,\nand sale of a broad and diversified line of health care products. \n\n \n \n FINANCIAL INFORMATION RELATING TO INDUSTRY SEGMENTS, GEOGRAPHIC AREAS, AND CLASSES OF SIMILAR PRODUCTS \n\n\nIncorporated herein by reference is Note15 entitled "Segment and Geographic Area Information" of the Notes to Consolidated Financial\nStatements included under Item8, "Financial Statements and Supplementary Data." \n\n \n \n NARRATIVE DESCRIPTION OF BUSINESS \n\nAbbott has four reportable segments: Established Pharmaceutical Products, Diagnostic Products, Nutritional Products, and Cardiovascular and\nNeuromodulation Products. \n\nOn\nOctober3, 2017, Abbott completed the acquisition of Alere,Inc., a diagnostic device and service provider, for an aggregate consideration of approximately\n$4.5billion in cash. \n\nOn\nFebruary27, 2017, Abbott completed the sale of Abbott Medical Optics, its vision care business, to Johnson& Johnson for $4.325billion in cash. \n\nOn\nJanuary4, 2017, Abbott completed the acquisition of St.Jude Medical,Inc., a global medical device manufacturer. Based on the closing Abbott share price on\nJanuary4, 2017, the aggregate implied value of the consideration paid in connection with the acquisition was approximately $23.6billion, including approximately $13.6billion in\ncash and approximately $10billion in Abbott common shares. \n\nOn\nFebruary27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business, which was previously included in the Established Pharmaceutical\nProducts segment, to MylanInc. for 110million shares of MylanN.V., a newly formed entity that combined Mylan\'s existing business with Abbott\'s developed markets branded\ngenerics pharmaceuticals business. Abbott retained the branded generics pharmaceuticals business and products of its Established Pharmaceutical Products segment in emerging markets. Abbott has since\nsold all of its 110million MylanN.V. ordinary shares. \n\n\n\n\n\n\n\nEstablished Pharmaceutical Products \n\nThese products include a broad line of branded generic pharmaceuticals manufactured worldwide and marketed and sold outside the United States in\nemerging markets. These products are generally sold directly to wholesalers, distributors, government agencies, health care facilities, pharmacies, and independent retailers from Abbott-owned\ndistribution centers and public warehouses, depending on the market served. Certain products are co-marketed or co-promoted with, or licensed from, other companies. \n \n\n\n \n\n \n\*As\nused throughout the text of this report on Form10-K, the term "Abbott" refers to Abbott Laboratories, an Illinois corporation, or Abbott Laboratories and\nits consolidated subsidiaries, as the context requires. \n1\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\nThe\nprincipal products included in the broad therapeutic area portfolios of the Established Pharmaceutical Products segment are:\n\n\n\n gastroenterology products, including Creon, for the treatment of pancreatic exocrine insufficiency associated with several\nunderlying conditions, including cystic fibrosis and chronic pancreatitis; Duspatal and Dicetel, for the treatment of irritable bowel syndrome or biliary spasm;\nHeptral, Transmetil, and Samyr, for the treatment of intrahepatic cholestasis (associated with liver disease) or depressive symptoms; and Duphalac,\nfor regulation of the physiological rhythm of the colon; \n women\'s health products, including Duphaston, for the treatment of many different gynecological disorders; and\nFemoston, a hormone replacement therapy for postmenopausal women; \n cardiovascular and metabolic products, including Lipanthyl and TriCor, for the treatment of dyslipidemia;\nTeveten and Teveten Plus, for the treatment of essential hypertension, and Physiotens, for the treatment of hypertension; and Synthroid, for the\ntreatment of hypothyroidism; \n pain and central nervous system products, including Serc, for the treatment of Mnire\'s disease and\nvestibular vertigo; Brufen, for the treatment of pain, fever, and inflammation, and Sevedol, for the treatment of severe migraines; and \n respiratory drugs and vaccines, including the anti-infective clarithromycin (sold under the trademarks Biaxin,\nKlacid, and Klaricid); and Influvac, an influenza vaccine. \n\n\n\nThe\nEstablished Pharmaceutical Products segment directs its primary marketing efforts toward building a strong brand with key stakeholders, including consumers, pharmacists, physicians,\nand other healthcare providers. Government agencies are also important customers. \n\nCompetition\nin the Established Pharmaceutical Products segment is generally from other health care and pharmaceutical companies. In addition, the substitution of generic drugs for the\nbrand prescribed and introduction of additional forms of already marketed established products by generic or branded competitors have increased competitive pressures. \n\n\n\n\n\n\n\n\nDiagnostic Products \n\nThese products include a broad line of diagnostic systems and tests manufactured, marketed, and sold worldwide. These products are generally\nmarketed and sold directly to blood banks, hospitals, commercial laboratories, clinics, physicians\' offices, government agencies, alternate care testing sites, and plasma protein therapeutic companies\nfrom Abbott owned distribution centers, public warehouses or third party distributors. \n\nThe\nprincipal products included in the Diagnostic Products segment are:\n\n\n\n core laboratory systems in the areas of immunoassay, clinical chemistry, hematology, and transfusion, including ARCHITECT, ABBOTT\nPRISM, Cell-Dyn, and the next-generation Alinity family of instruments, with assays used for screening and/or diagnosis for cancer, cardiac, metabolics, drugs of\nabuse, fertility, general chemistries, infectious diseases such as hepatitis and HIV, and therapeutic drug monitoring; \n molecular diagnostics systems, including the m2000, an instrument that automates the extraction, purification, and preparation of\nDNA and RNA from patient samples, and detects and measures infectious agents including HIV, HBV, HCV, HPV, and CT/NG; and the Vysis FISH product line of genomic-based tests; \n point of care systems, including the i-STAT and next-generation i-STAT Alinity and cartridges for blood analysis; **\n\n**2\n\n\n\n\n \n\n\n rapid diagnostics systems, including benchtop systems and rapid tests in the areas of infectious disease including HIV, malaria, dengue fever\nand many other tropical diseases; molecular point-of-care testing for influenza A& B, RSV and strep A; cardiometabolic testing including Afinion and Cholestech\nplatforms and tests; a toxicology business for drug and alcohol testing, remote patient monitoring and consumer self-testing; and \n informatics and automation solutions for use in laboratories, including ACCELERATOR a3600, the RALS point of care solution,\nand AlinIQ, a suite of informatics tools and professional services. \n\n\nThe\nDiagnostic Products segment\'s products are subject to competition in technological innovation, price, convenience of use, service, instrument warranty provisions, product\nperformance, laboratory efficiency, long-term supply contracts, and product potential for overall cost-effectiveness and productivity gains. Some products in this segment can be subject to rapid\nproduct obsolescence or regulatory changes. Although Abbott has benefited from technological advantages of certain of its current products, these advantages may be reduced or eliminated as competitors\nintroduce new products. \n\n\n\n\n\n\n\n\nNutritional Products \n\nThese products include a broad line of pediatric and adult nutritional products manufactured, marketed, and sold worldwide. These products are\ngenerally marketed and sold directly to consumers and to institutions, wholesalers, retailers, health care facilities, government agencies, and third-party distributors from Abbott-owned distribution\ncenters or third-party distributors. \n\nThe\nprincipal products included in the Nutritional Products segment are:\n\n\n\n various forms of prepared infant formula and follow-on formula, including Similac, Similac Pro-Advance,\nSimilac Advance, Similac Advance Non-GMO, Similac Pro-Sensitive, Similac Sensitive, Similac Sensitive\nNon-GMO, Go&Grow by Similac, Similac NeoSure, Similac Organic, Similac Special Care, Similac Total Comfort,\nSimilac For Supplementation, Isomil Advance, Isomil, Alimentum, Gain, Grow, Similac Qinti, and\nEleva; \n adult and other pediatric nutritional products, including Ensure, Ensure Plus, Ensure\nEnlive, Ensure (with NutriVigor), Ensure Complete, Ensure High Protein, Glucerna, Glucerna Hunger Smart,\nProSure, PediaSure, PediaSure SideKicks, PediaSure Peptide, EleCare, Juven, Abound, and\nPedialyte; \n nutritional products used in enteral feeding in health care institutions, including Jevity, Glucerna 1.2 Cal,\nGlucerna 1.5 Cal, Osmolite, Oxepa, Freego (Enteral Pump) and Freego sets, Nepro, and Vital; and \n Zone Perfect bars and the EAS family of nutritional brands, including Myoplex and\nAdvantEdge. \n\n\nPrimary\nmarketing efforts for nutritional products are directed toward consumers or to securing the recommendation of Abbott\'s brand of products by physicians or other health care\nprofessionals. In addition, certain nutritional products sold as Similac, Gain, Grow, Eleva, PediaSure, PediaSure\nSideKicks, Pedialyte, Ensure, Zone Perfect, EAS/Myoplex, and Glucerna are also promoted directly to the\npublic by consumer marketing efforts in select markets where appropriate. \n\nCompetition\nfor nutritional products in the segment is generally from other diversified consumer and health care manufacturers. Competitive factors include consumer advertising,\nformulation, packaging, scientific innovation, intellectual property, price, retail distribution, and availability of product forms. A significant aspect of competition is the search for ingredient\ninnovations. The introduction of new products by competitors, changes in medical practices and procedures, and regulatory changes can result in product \n\n3\n\n\n\n\n \n\nobsolescence.\nIn addition, private label and local manufacturers\' products may increase competitive pressure. \n\n\n\n\n\n\n\nCardiovascular and Neuromodulation Products \n\nThese products include a broad line of rhythm management, electrophysiology, heart failure, vascular and structural heart devices for the\ntreatment of cardiovascular diseases, as well as neuromodulation devices for the management of chronic pain and movement disorders. These products are manufactured, marketed and sold worldwide. In the\nUnited States, these products are generally marketed and sold directly to hospitals, ambulatory surgery centers, and physicians offices from Abbott-owned distribution centers and public warehouses.\nOutside the United States, sales are made either directly to customers or through distributors, depending on the market served. \n\nThe\nprincipal products included in the Cardiovascular and Neuromodulation Products segment are:\n\n\n\n rhythm management products, including Assurity MRI and Endurity MRI pacemaker systems; Ellipse and\nFortify Assura implantable cardioverter defibrillators and Quadra Assura MP implantable cardioverter defibrillator with cardiac resynchronization therapy and\nMultiPoint Pacing technology; \n electrophysiology products, including TactiCath ablation catheter and FlexAbility irrigated ablation catheters;\nAmpere RF ablation generator; and EnSite Precision cardiac mapping system; and Confirm Rx implantable cardiac monitors; \n heart failure related products, including the HeartMate left ventricular device family and the CardioMEMS HF System\npulmonary artery sensor, a heart failure monitoring system; \n vascular products, including the XIENCE family of drug-eluting coronary stent systems developed on the Multi-Link\nVision platform; StarClose SE and Perclose ProGlide vessel closure devices, TREK coronary balloon dilatation products, Hi-Torque Balance\nMiddleweight Universal guidewires, Supera Peripheral Stent System, a peripheral vascular stent system; Acculink/Accunet and\nXact/Emboshield NAV6, carotid stent systems; and the OPTIS integrated system with the Dragonfly OPTIS imaging catheter and\nPressureWire FFR measurement systems; \n structural heart products, including MitraClip, a percutaneous mitral valve repair system; Trifecta Valve with\nGlide Technology, a surgical tissue heart valve; Portico transcatheter aortic heart valve, SJM Regent mechanical heart valve, and AMPLATZER\noccluders; and \n neuromodulation products, including spinal cord stimulators Proclaim Elite Recharge-free IPG and Prodigy MRI IPG,\nboth with BurstDR stimulation, and Proclaim DRG IPG, a neurostimulation device designed for dorsal root ganglion therapy, for the treatment of chronic pain disorders; and the\nSt.Jude Medical Infinity Deep Brain Stimulation System with directional lead technology for the treatment of movement disorders. \n\n\nThe\nCardiovascular and Neuromodulation Products segment\'s products are subject to competition in technological innovation, price, convenience of use, service, product performance,\nlong-term supply contracts, and product potential for overall cost-effectiveness and productivity gains. Some products in this segment can be subject to rapid product obsolescence or regulatory\nchanges. Although Abbott has benefited from technological advantages of certain of its current products, these advantages may be reduced or eliminated as competitors introduce new products. \n\n\n\n\n\n\n\n\nOther Products \n\nThe principal products in Abbott\'s other businesses include blood glucose and continuous glucose monitoring systems, including test strips,\nsensors, data management decision software, and accessories for people with diabetes, under the FreeStyle brand. These products are marketed worldwide and generally \n\n4\n\n\n\n\n \n\nsold\ndirectly to wholesalers, government agencies, private health care organizations, health care facilities, mail order pharmacies, and independent retailers from Abbott-owned distribution centers\nand public warehouses. Some of these products are also marketed and distributed through distributors. Blood and continuous glucose monitoring systems are also marketed and sold to consumers. These\nproducts are subject to regulatory changes and competition in technological innovation, price, convenience of use, service, and product performance. \n\n \n \n INFORMATION WITH RESPECT TO ABBOTT\'S BUSINESS IN GENERAL \n\n\n\n\n\n\n\nSources and Availability of Raw Materials \n\nAbbott purchases, in the ordinary course of business, raw materials and supplies essential to Abbott\'s operations from numerous suppliers in the\nUnited States and around the world. There have been no recent significant availability problems or supply shortages for raw materials or supplies. \n\n\n\n\n\n\n\nPatents, Trademarks, and Licenses \n\nAbbott is aware of the desirability for patent and trademark protection for its products. Accordingly, where possible, patents and trademarks\nare 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.\nPrincipal trademarks and the products they cover are discussed in the Narrative Description of Business on pages 1 through 5. These, and various patents which expire during the period 2018 to 2038, in\nthe 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\nbusiness as a whole. \n\n\n\n\n\n\n\nSeasonal Aspects, Customers, Backlog, and Renegotiation \n\nThere are no significant seasonal aspects to Abbott\'s business. Abbott has no single customer that, if the customer were lost, would have a\nmaterial adverse effect on Abbott. Orders for Abbott\'s products are generally filled on a current basis, and order backlog is not material to Abbott\'s business. No material portion of Abbott\'s\nbusiness is subject to renegotiation of profits or termination of contracts at the election of a government. \n\n\n\n\n\n\n\nResearch and Development \n\nAbbott spent approximately $2.2billion in 2017, $1.4billion in 2016, and $1.4billion in 2015 on research to discover and\ndevelop new products and processes and to improve existing products and processes. \n\n\n\n\n\n\n\nEnvironmental Matters \n\nAbbott believes that its operations comply in all material respects with applicable laws and regulations concerning environmental protection.\nRegulations under federal and state environmental laws impose stringent limitations on emissions and discharges to the environment from various manufacturing operations. Abbott\'s capital and operating\nexpenditures for pollution control in 2017 were approximately $11million and $37million, respectively. Capital and operating expenditures for pollution control in 2018 are estimated to\nbe $11million and $39million, respectively. \n\nAbbott\nhas been identified as one of many potentially responsible parties in investigations and/or remediations at several locations in the United States, including Puerto Rico, under\nthe Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund. Abbott is also engaged in remediation at several other sites, some of which are owned by Abbott,\nin cooperation with the Environmental Protection Agency or similar agencies. While it is not feasible to predict with certainty the \n\n5\n\n\n\n\n \n\nfinal\ncosts related to those investigations and remediation activities, Abbott believes that such costs, together with other expenditures to maintain compliance with applicable laws and regulations\nconcerning environmental protection, should not have a material adverse effect on Abbott\'s financial position, cash flows, or results of operations. \n\n\n\n\n\n\n\n\nEmployees \n\nAbbott employed approximately 99,000 people as of December31, 2017. \n\n\n\n\n\n\n\nRegulation \n\nThe development, manufacture, marketing, sale, promotion, and distribution of Abbott\'s products are subject to comprehensive government\nregulation by the U.S. Food and Drug Administration and similar international regulatory agencies. Government regulation by various international, supranational, federal and state agencies addresses\n(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\napprovals and manufacturing, labeling, packaging, supply chains, marketing and promotion, pricing and reimbursement, sampling, distribution, quality control, post-market surveillance, record keeping,\nstorage, and disposal practices. In addition, Abbott\'s clinical laboratories and associated testing services are subject to comprehensive government regulation, including registration, certification,\nand licensure, by federal, state, and local agencies, such as the Centers for Medicare& Medicaid Services, the Drug Enforcement Adminstration, the Substance Abuse and Mental Health Services\nAdministration, and their respective foreign counterparts. Certain of these agencies require our clinical laboratories to meet quality assurance, quality control, and personnel standards and undergo\ninspections. \n\nAbbott\'s\ninternational operations are also affected by trade and investment regulations in many countries. These may require local investment, restrict Abbott\'s investments, or limit the\nimport of raw materials and finished products. \n\nAbbott\'s\nhome monitoring services and related products that provide Abbott and third-party medical devices to consumers in the United States are subject to additional federal, state, and\nlocal laws and regulations applicable to health care providers and suppliers that submit claims for reimbursement to third-party payors. Medicare, Medicaid, and other third-party payors may from time\nto time conduct inquiries, claims audits, investigations, and enforcement actions relating to the claims or enrollment criteria. \n\nFurther,\nAbbott is subject to laws and regulations pertaining to health care fraud and abuse, including state and federal anti-kickback, anti-self-referral, and false claims laws in the\nUnited 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.\nGovernmental agencies can also invalidate intellectual property rights. \n\nCompliance\nwith these laws and regulations is costly and materially affects Abbott\'s business. Among other effects, health care regulations substantially increase the time, difficulty,\nand 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\nexpertise 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\nsuspension or revocation of the authority necessary for a product\'s production and sale, suspension or revocation of billing privileges, and other civil or criminal sanctions, including fines and\npenalties. Similarly, compliance with\nthe laws and regulations governing clinical laboratories and testing services requires specialized expertise. Failure to comply with these regulatory requirements can result in sanctions, including\nsuspension, revocation, or limitation of a laboratory\'s certification, which is necessary to conduct business, as well as significant fines or criminal penalties. \n\n6\n\n\n\n\n \n\nAbbott\'s\nbusiness can also be affected by ongoing studies of the utilization, safety, efficacy, and outcomes of health care products and their components that are regularly conducted by\nindustry participants, government agencies, and others. These studies can call into question the utilization, safety, and efficacy of previously marketed products. In some cases, these studies have\nresulted, 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\ninjured as a result of their use. \n\nAccess\nto human health care products continues to be a subject of investigation and action by governmental agencies, legislative bodies, and private organizations in many countries. A\nmajor 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\nreduction and containment measures. Abbott expects insurers and providers will continue attempts to reduce the cost or utilization of health care products. Many countries control the price of health\ncare products directly or indirectly, through reimbursement, payment, pricing, or coverage limitations. Budgetary pressures on health care payors may also heighten the scope and severity of pricing\npressures on Abbott\'s products for the foreseeable future. \n\nIn\nthe United States, the federal government regularly evaluates reimbursement for medical devices, diagnostics, supplies, and other products, as well as the procedures in which these\nproducts 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\npayment 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\nand/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. Other payment\nmethodology changes have been proposed and implemented from time to time. For example, Medicare implemented a competitive bidding system for certain durable medical equipment (including diabetes\nproducts), enteral nutrition products, and supplies. Additionally, the Protecting Access to Medicare Act establishes a new payment system for clinical laboratory tests, which became effective on\nJanuary1, 2018. \n\nIn\n2010, 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\nAbbott and other medical device manufacturers and importers. The excise tax was subsequently suspended\nfrom January1, 2016 through December31, 2017 as part of the Consolidated Appropriations Act of 2016. In January 2018, the excise tax was suspended for an additional two years. \n\nThe\nAffordable Care Act also includes provisions known as the Physician Payments Sunshine Act, which require manufacturers of drugs, devices, and medical supplies covered under Medicare\nand Medicaid to record any transfers of value to physicians and teaching hospitals and to report this data to the Centers for Medicare& Medicaid Services for subsequent public disclosure.\nSimilar 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\ntransparency of interactions with health care professionals. Failure to report appropriate data may result in civil or criminal fines and/or penalties. \n\nPolicy\nchanges, 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\nchanges to the health care system. \n\nThe\nregulation of data privacy and security, and the protection of the confidentiality of certain personal information (including patient health information and financial information),\nis 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\nU.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\nguidance concerning \n\n7\n\n\n\n\n \n\ncybersecurity\nfor medical devices. In addition, certain countries have issued or are considering "data localization" laws, which limit companies\' ability to transfer protected data across country\nborders. 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\ninformation will become more challenging as laws and regulations are enacted or amended, and Abbott expects there will be increasing complexity in this area. \n\n\nGovernmental\ncost containment efforts also affect Abbott\'s nutritional products business. In the United States, for example, under regulations governing the federally funded Special\nSupplemental 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\nmanufacturers of infant formula whose products are used in the program. \n\nAbbott\nexpects debate to continue at all government levels worldwide over the marketing, manufacture, availability, method of delivery, and payment for health care products and services,\nas 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\nprices 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,\ndiagnostic, 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\naffected by the matters discussed above. \n\n \n \n INTERNATIONAL OPERATIONS \n\nAs discussed in greater detail in the section captioned, "Narrative Description of Business," Abbott markets products worldwide through\naffiliates and distributors. Most of the products discussed in the preceding sections of this report are also sold outside the United States. In addition, certain products of a local nature and\nvariations of product lines that meet local regulatory requirements and marketing preferences are manufactured and marketed to customers outside the United States. International operations are subject\nto certain additional risks inherent in conducting business outside the United States, including price and currency exchange controls, changes in currency exchange rates, limitations on foreign\nparticipation in local enterprises, expropriation, nationalization, and other governmental action. \n\n \n \n INTERNET INFORMATION \n\nCopies of Abbott\'s Annual Report on Form10-K, Quarterly Reports on Form10-Q, Current Reports on Form8-K, and amendments\nto those reports filed or furnished pursuant to Section13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through Abbott\'s investor relations website\n(www.abbottinvestor.com) as soon as reasonably practicable after Abbott electronically files the material with, or furnishes it to, the Securities and\nExchange Commission. \n\nAbbott\'s\ncorporate governance guidelines, outline of directorship qualifications, code of business conduct and the charters of Abbott\'s audit committee, compensation committee,\nnominations and governance committee, and public policy committee are all available on Abbott\'s investor relations\nwebsite(www.abbottinvestor.com). \n\n8\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n \n ITEM 1A.RISK FACTORS \n\nIn addition to the other information in this report, the following risk factors should be considered before deciding to invest in any of\nAbbott\'s securities. 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,\nfinancial condition, results of operations, or prospects could be materially adversely affected by any of these risks. \n\n\n\n\n\n\n\nAbbott may acquire other businesses, license rights to technologies or products, form alliances, or dispose\nof or spin-off businesses, which could cause it to incur significant expenses and could negatively affect profitability. \n\nAbbott may pursue acquisitions, licensing arrangements, and strategic alliances, or dispose of or spin-off some of its businesses, as part of\nits business strategy. Abbott may not complete these transactions in a timely manner, on a cost-effective basis, or at all, and may not realize the expected benefits. If Abbott is successful in making\nan 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\nto integrate acquisitions successfully into its existing business or transition disposed businesses efficiently, and could incur or assume significant debt and unknown or contingent liabilities.\nAbbott could also experience negative effects on its reported results of operations from acquisition or disposition-related charges, amortization of expenses related to intangibles and charges for\nimpairment of long-term assets. These effects could cause a deterioration of Abbott\'s credit rating, result in increased borrowing costs and interest expense, and decrease liquidity. \n\n\n\n\n\n\n\nAbbott is subject to cost containment efforts that could cause a reduction in future revenues and operating\nincome. \n\nIn the United States and other countries, Abbott\'s businesses have experienced downward pressure on product pricing. Cost containment efforts by\ngovernments and private organizations are described in greater detail in the section captioned "Regulation." To the extent these cost containment efforts are not offset by greater patient access to\nhealth care or other factors, Abbott\'s future revenues and operating income will be reduced. \n\n\n\n\n\n\n\nAbbott is subject to numerous governmental regulations and it can be costly to comply with these regulations\nand to develop compliant products and processes. \n\nAbbott\'s products are subject to rigorous regulation by the U.S. Food and Drug Administration (FDA) and numerous international, supranational,\nfederal, 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\nproducts, 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\nuses, could result in delayed realization of product revenues, reduction in revenues, and in substantial additional costs. \n\nIn\naddition, no assurance can be given that Abbott will remain in compliance with applicable FDA and other regulatory requirements once approval or marketing authorization has been\nobtained for a product. These requirements include, among other things, regulations regarding manufacturing practices, product labeling, and advertising and postmarketing reporting, including adverse\nevent 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\nregulatory 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\nletters, fines, damages, injunctions, civil penalties, recalls, seizures of Abbott\'s products, and criminal prosecution. \n\n9\n\n\n\n\n \n\nThese\nactions 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\npartial 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\nauthorizations; 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,\nprofitability and financial condition. \n\n\n\n\n\n\n\nLaws and regulations affecting government benefit programs could impose new obligations on Abbott, require\nAbbott to change its business practices, and restrict its operations in the future. \n\nAbbott\'s industry is subject to various international, supranational, federal, and state laws and regulations pertaining to government benefit\nprogram 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\nand 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\nparticipation 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\nsubject 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,\nviolations 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. \n\n\n\n\n\n\n\nChanges in the health care regulatory environment may adversely affect Abbott\'s business. \n\nBoth in the U.S. and internationally, government authorities may enact changes in regulatory requirements, make legislative or administrative\nreforms to existing reimbursement programs, make adverse decisions relating to our products\' coverage or reimbursement, or make changes to patient access to health care, all of which could adversely\nimpact the demand for and usage of Abbott\'s products or the prices that Abbott\'s customers are willing to pay for them. \n\n\nFurther,\nin 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 address access to\nhealth 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\nrulemaking 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\nfuture rulemaking or changes in the law. \n\nFor\nadditional information concerning health care regulation, see the discussion in "Regulation" under Item1, "Business." \n\n\n\n\n\n\n\nAbbott incurred and assumed significant indebtedness in connection with the acquisitions of St.Jude\nMedical and Alere, which could decrease business flexibility and increase consolidated interest expense. \n\nFollowing the acquisitions of St.Jude Medical and Alere, Abbott\'s consolidated indebtedness as of December31, 2017 was\napproximately $28billion. This consolidated indebtedness could have the effect, among other things, of reducing Abbott\'s flexibility to respond to changing business and economic conditions,\nincreasing Abbott\'s consolidated interest expense, and reducing funds available for working capital, capital expenditures, acquisitions, and other general corporate purposes. \n\nFurther,\nAbbott may be required to raise additional financing for working capital, capital expenditures, future acquisitions or other general corporate purposes. Abbott\'s ability to\narrange 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\ncontrol. Consequently, Abbott cannot assure that it will be able to obtain additional financing or refinancing on \n\n10\n\n\n\n\n \n\nterms\nacceptable to Abbott or at all, which could adversely impact Abbott\'s ability to make scheduled payments with respect to its consolidated indebtedness and its profitability and financial\ncondition. \n\nAdditionally,\nfurther borrowing could cause a deterioration of Abbott\'s credit rating. Abbott\'s credit ratings reflect each credit rating agency\'s then opinion of Abbott\'s financial\nstrength, 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\nborrowing 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. \n\n\n\n\n\n\n\nAbbott depends on sophisticated information technology systems and a cyber attack or other breach of these\nsystems could have a material adverse effect on Abbott\'s results of operations. \n\nSimilar to other large multi-national companies, the size and complexity of the information technology systems on which Abbott relies for both\nits 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\nand 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,\nprotected 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\nproduct functionality, damage to customer relations, lost revenue, and legal or regulatory penalties. \n\nAbbott\ninvests 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\nan 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\nattacks 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\nAbbott\'s systems or products could have a material adverse effect on Abbott\'s business. \n\n\n\n\n\n\n\nThe expiration or loss of patent protection and licenses may affect Abbott\'s future revenues and operating\nincome. \n\nMany of Abbott\'s businesses rely on patent and trademark and other intellectual property protection. Although most of the challenges to Abbott\'s\nintellectual property have come from other businesses, governments may also challenge intellectual property protections. To the extent Abbott\'s intellectual property is successfully challenged,\ninvalidated, 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\nproperty rights, Abbott\'s future revenues and operating income could be reduced. Any material litigation regarding Abbott\'s patents and trademarks is described in the section captioned "Legal\nProceedings." \n\n\n\n\n\n\n\nCompetitors\' intellectual property may prevent Abbott from selling its products or have a material adverse\neffect on Abbott\'s future profitability and financial condition. \n\nCompetitors may claim that an Abbott product infringes upon their intellectual property. Resolving an intellectual property infringement claim\ncan 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\nsuccessful 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.\nAny of these events could have a material adverse effect on Abbott\'s profitability and financial condition. \n\n11\n\n\n\n\n \n\n\n\n\n\n\n\nAbbott\'s research and development efforts may not succeed in developing commercially successful products and\ntechnologies, which may cause Abbott\'s revenue and profitability to decline. \n\nTo remain competitive, Abbott must continue to launch new products and technologies. To accomplish this, Abbott commits substantial efforts,\nfunds, and other resources to research and development. A risk of failure is inherent in the research and development of new products and technologies. Abbott must make ongoing substantial\nexpenditures without any assurance\nthat its efforts will be commercially successful. Failure can occur at any point in the process, including after significant funds have been invested. \n\nPromising\nnew 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\nclinical outcomes, inability to obtain necessary regulatory approvals, limited scope of approved uses, excessive costs to manufacture, failure to establish or maintain intellectual property rights, or\ninfringement 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\nrendered 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,\nentrenched 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,\nwhether 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\ntechnologies, 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. \n\n\n\n\n\n\n\nNew products and technological advances by Abbott\'s competitors may negatively affect Abbott\'s results of\noperations. \n\nAbbott\'s products face intense competition from its competitors\' products. Competitors\' products may be safer, more effective, more effectively\nmarketed 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. \n\n\n\n\n\n\n\n\nThe manufacture of many of Abbott\'s products is a highly exacting and complex process, and if Abbott or one\nof its suppliers encounters problems manufacturing products, Abbott\'s business could suffer. \n\nThe manufacture of many of Abbott\'s products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems\nmay 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\nenvironmental factors. In addition, single suppliers are currently used for certain products and materials. If problems arise during the production of a lot or batch of product, those products may\nhave 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,\nsimilar losses with respect to other lots, 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\nthe extent Abbott or one of its suppliers experiences significant\nmanufacturing problems, this could have a material adverse effect on Abbott\'s revenues and profitability. \n\n\n\n\n\n\n\nSignificant safety concerns could arise for Abbott\'s products, which could have a material adverse effect on\nAbbott\'s revenues and financial condition. \n\nHealth care products typically receive regulatory approval based on data obtained in controlled clinical trials of limited duration. Following\nregulatory approval, these products will be used over longer periods of time in many patients. Investigators may also conduct additional, and perhaps more extensive, \n\n12\n\n\n\n\n \n\nstudies.\nIf 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\nor 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\nor by regulatory authorities. Safety issues affecting suppliers\' or competitors\' products also may reduce the market acceptance of Abbott\'s products. \n\nIn\naddition, 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\npromotes 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\nsafety 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\ncustomers. 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\nliability claims could have a material adverse effect on Abbott\'s profitability and financial condition. \n\n\n\n\n\n\n\nFluctuation in foreign currency exchange rates may adversely affect our financial statements and Abbott\'s\nability to realize projected sales and earnings. \n\nAlthough Abbott\'s financial statements are denominated in U.S. dollars, a significant portion of Abbott\'s revenues and costs are realized in\nother currencies. Sales outside of the United States in 2017 made up approximately 65percent of Abbott\'s net sales. Abbott\'s profitability is affected by movement of the U.S. dollar against\nother currencies. Fluctuations in exchange rates between the U.S. dollar and other currencies may also affect the reported value of Abbott\'s assets and liabilities, as well as its cash flows. Some\nforeign 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\ncertainty changes in foreign currency exchange rates or its ability to mitigate these risks. \n\nInformation\non the impact of foreign exchange rates on Abbott\'s financial results is contained in the "Financial Review Results of Operations" section in\nItem7, Management\'s Discussion and Analysis of Financial Condition and Results of Operations of this report. A discussion of the steps taken to mitigate the impact of foreign exchange is\ncontained in Item7A, Quantitative and Qualitative Disclosures about Market Risk in Abbott\'s 2017 Form10-K. Information on Abbott\'s hedging arrangements is contained in Note11\nto the consolidated financial statements in this report. \n\n\n\n\n\n\n\nDeterioration in the economic condition and credit quality of certain countries may negatively affect\nAbbott\'s results of operations. \n\nUnfavorable economic conditions in certain countries may increase the time it takes to collect outstanding trade receivables. Financial\ninstability 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\ndowngrades, 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\non payment by government health care systems. \n\n\n\n\n\n\n\nThe international nature of Abbott\'s business subjects it to additional business risks that may cause its\nrevenue and profitability to decline. \n\nAbbott\'s business is subject to risks associated with managing a global supply chain and doing business internationally. Sales outside of the\nUnited States in 2017 made up\napproximately 65percent of Abbott\'s net sales. Additional risks associated with Abbott\'s international operations include:\n\n\n\n differing local product preferences and product requirements; \n trade protection measures and import or export licensing requirements; \n difficulty in establishing, staffing, and managing operations; \n\n13\n\n\n\n\n \n\n\n differing labor regulations; \n potentially negative consequences from changes in or interpretations of tax laws; \n political and economic instability, including sovereign debt issues; \n restrictions on local currency conversion and/or cash extraction; \n price controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action; \n inflation, recession, and fluctuations in interest rates; \n diminished protection of intellectual property; and \n potential penalties or other adverse consequences for violations of anti-corruption, anti-bribery, and other similar laws and regulations,\nincluding the Foreign Corrupt Practices Act and the U.K. Bribery Act. \n\n\nEvents\ncontemplated by these risks may, individually or in the aggregate, have a material adverse effect on Abbott\'s revenues and profitability. \n\n\n\n\n\n\n\n\nOther factors can have a material adverse effect on Abbott\'s future profitability and financial condition. \n\nMany other factors can affect Abbott\'s profitability and its financial condition, including:\n\n\n\n changes in or interpretations of laws and regulations, including changes in accounting standards, taxation requirements, product marketing\napplication standards, product labeling, source and use laws, and environmental laws; \n differences between the fair value measurement of assets and liabilities and their actual value, particularly for pensions, retiree health\ncare, 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\nminimum, compared to the actual amount; \n changes in the rate of inflation (including the cost of raw materials, commodities, and supplies), interest rates, market value of Abbott\'s\nequity investments, and the performance of investments held by Abbott or Abbott\'s employee benefit trusts; \n changes in the creditworthiness of counterparties that transact business with or provide services to Abbott or Abbott\'s employee benefit\ntrusts; \n changes in business, economic, and political conditions, including: war, political instability, terrorist attacks, the threat of future\nterrorist 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\nthe foregoing events; labor disputes, strikes, slow-downs, or other forms of labor or union activity; and pressure from third-party interest groups; \n changes in Abbott\'s business units and investments and changes in the relative and absolute contribution of each to earnings and cash flow\nresulting 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; \n changes in the buying patterns of a major distributor, retailer, or wholesale customer resulting from buyer purchasing decisions, pricing,\nseasonality, or other factors, or other problems with licensors, suppliers, distributors, and business partners; and \n legal difficulties, any of which could preclude or delay commercialization of products or adversely affect profitability, including claims\nasserting statutory or regulatory violations, and adverse litigation decisions. \n\n14\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS \n\nThis Form10-K contains forward-looking statements that are based on management\'s current expectations, estimates, and projections. Words\nsuch as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "forecasts," variations of these words, and similar expressions are intended to identify these forward-looking\nstatements. Certain factors, including but not limited to those identified under "Item1A. Risk Factors" of this Form10-K, may cause actual results to differ materially from current\nexpectations, 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\nor 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\nevents or developments, except as required by law. \n\n \n ITEM 1B.UNRESOLVED STAFF COMMENTS \n\n\nNone. \n\n \n ITEM 2.PROPERTIES \n\nAs of December31, 2017, Abbott owned or leased properties totaling approximately 42million square feet in 81 countries, of which\napproximately 70% is owned by Abbott. Abbott\'s principal corporate offices are located in Illinois and are owned by Abbott. \n\n\nAbbott\noperates 100 manufacturing facilities in 32 countries. Abbott\'s facilities are deemed suitable and provide adequate productive capacity. The manufacturing facilities are used by\nAbbott\'s reportable segments as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\nReportable Segments\n\n\n\n \n\nManufacturing\nSites \n\n\n\n Cardiovascular and Neuromodulation Products\n\n\n25\n\n\n\n Diagnostic Products\n\n\n28\n\n\n\n Established Pharmaceutical Products\n\n\n31\n\n\n\n Nutritional Products\n\n\n14\n\n\n\n Non-Reportable\n\n\n2 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Worldwide Total\n\n\n100 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n Abbott\'s\nresearch and development facilities in the United States are primarily located in California, Illinois, Minnesota, New Jersey, and Ohio. Abbott also has research and development\nfacilities in various other countries including China, Colombia, India, Singapore, Spain, and the United Kingdom. \n\n\nThere\nare no material encumbrances on the properties. \n\n \n ITEM 3.LEGAL PROCEEDINGS \n\nAbbott is involved in various claims, legal proceedings and investigations, including (as of January31, 2018) those described below.\nWhile it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution s，hould not have a\nmaterial adverse effect on Abbott\'s financial position, cash flows, or results of operations. \n\n\nIn\nMarch 2017, the U.S. Environmental Protection Agency (EPA) issued a letter to Alere Toxicology Services,Inc.\'s Austin, Texas facility identifying potential violations of the\nResources Conservation and Recovery Act and associated regulations. In November 2017, Alere Toxicology Services,Inc. reached an agreement with the EPA and agreed to pay a civil penalty of\n$186,225. \n\n \n ITEM 4.MINE SAFETY DISCLOSURES \n\n\nNot applicable. \n\n15\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n EXECUTIVE OFFICERS OF THE REGISTRANT \n\nExecutive officers of Abbott are elected annually by the board of directors. All other officers are elected by the board or appointed by the\nchairman 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.\nEach 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.\nAny 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\nchairman 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. \n\n\nAbbott\'s\nexecutive officers, their ages as of February16, 2018, and the dates of their first election as officers of Abbott are listed below. The executive officers\' principal\noccupations 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\nrelationships between any corporate officers or directors. \n\n\n\n\n\n\n\n\nMiles D. White, 62 \n\n\n\n1999\nto present Chairman of the Board and Chief Executive Officer, and Director. \n\nElected\nCorporate Officer 1993. \n\n\n\n\n\n\n\n\n\nHubert L. Allen, 52 \n\n\n\n\n2013\nto present Executive Vice President, General Counsel and Secretary. \n\nElected\nCorporate Officer 2012. \n\n\n\n\n\n\n\n\n\nBrian J. Blaser, 53 \n\n\n\n2012\nto present Executive Vice President, Diagnostics Products. \n\n\nElected\nCorporate Officer 2008. \n\n\n\n\n\n\n\n\n\nJohn M. Capek, 56 \n\n\n\n2015\nto present Executive Vice President, Ventures. \n\n2007\nto 2015 Executive Vice President, Medical Devices. \n\nElected\nCorporate Officer 2006. \n\n\n\n\n\n\n\n\n\n\nRobert B. Ford, 44 \n\n\n\n2015\nto present Executive Vice President, Medical Devices. \n\n2014\nto 2015 Senior Vice President, Diabetes Care. \n\n2008\nto 2014 Vice President, Diabetes Care, Commercial Operations. \n\nElected\nCorporate Officer 2008. \n\n\n\n\n\n\n\n\n\n\nStephen R. Fussell, 60 \n\n\n\n2013\nto present Executive Vice President, Human Resources. \n\n2005\nto 2013 Senior Vice President, Human Resources. \n\nElected\nCorporate Officer 1999. \n\n\n16\n\n\n\n\n \n\n\n\n\n\n\n\nAndrew H. Lane, 47 \n\n\n\n2017\nto present Executive Vice President, Established Pharmaceuticals. \n\n2015\nto 2017 Senior Vice President, Established Pharmaceuticals, Emerging Markets. \n\n2014\nto 2015 Divisional Vice President, Established Pharmaceuticals, Asia Pacific. \n\n\n2011\nto 2014 Vice President, Asia Pacific, Takeda Pharmaceutical Company Limited (a Japanese pharmaceutical company). \n\nElected\nCorporate Officer 2015. \n\n\n\n\n\n\n\n\n\nDaniel Salvadori, 39 \n\n\n\n2017\nto present Executive Vice President, Nutritional Products. \n\n2014\nto 2017 Senior Vice President, Established Pharmaceuticals, Latin America. \n\n\n2013\nto 2014 Chief Executive Officer, Latin America, CFR PharmaceuticalsS.A. (a Latin American pharmaceutical company). \n\n2012\nto 2013 Executive President, Complex Therapeutics Division, CFR PharmaceuticalsS.A. \n\nElected\nCorporate Officer 2014. \n\n\n\n\n\n\n\n\n\nBrian B. Yoor, 48 \n\n\n\n2017\nto present Executive Vice President, Finance and Chief Financial Officer. \n\n2015\nto 2017 Senior Vice President, Finance and Chief Financial Officer. \n\n2013\nto 2015 Vice President, Investor Relations. \n\n2010\nto 2013 Divisional Vice President, Controller, Diagnostics. \n\nElected\nCorporate Officer 2013. \n\n\n\n\n\n\n\n\n\nRoger M. Bird, 61 \n\n\n\n2015\nto present Senior Vice President, U.S. Nutrition. \n\n2009\nto 2015 Divisional Vice President and General Manager, China and Hong Kong, Nutritional Products. \n\nElected\nCorporate Officer 2015. \n\n\n\n\n\n\n\n\n\nSharon J. Bracken, 47 \n\n\n\n2017\nto present Senior Vice President, Rapid Diagnostics. \n\n2013\nto 2017 Vice President, Diagnostics, Abbott Point of Care. \n\n2010\nto 2013 Divisional Vice President, ADD Global Operations. \n\nElected\nCorporate Officer 2013. \n\n\n17\n\n\n\n\n \n\n\n\n\n\n\n\nCharles R. Brynelsen, 61 \n\n\n\n2017\nto present Senior Vice President, Abbott Vascular. \n\n2016\nto 2017 Managing Director, CB Business Advisors,Inc. (a medical device consulting firm). \n\n2015\nto 2016 Senior Vice President and President, Medtronic Early Technologies, Medtronicplc (a global medical device company). \n\n2013\nto 2015 President, Early Technologies, Covidienplc (a global healthcare products company). \n\nElected\nCorporate Officer 2017. \n\n\n\n\n\n\n\n\n\nJaime Contreras, 61 \n\n\n\n2013\nto present Senior Vice President, Core Laboratory Diagnostics, Commercial Operations. \n\n2008\nto 2013 Vice President, Diagnostics, Global Commercial Operations. \n\nElected\nCorporate Officer 2003. \n\n\n\n\n\n\n\n\n\nJoseph Manning, 49 \n\n\n\n2017\nto present Senior Vice President, International Nutrition. \n\n2015\nto 2017 Vice President, Nutrition, Asia Pacific. \n\n\n2014\nto 2015 General Manager, Indonesia, Nutritional Products. \n\n2009\nto 2014 General Manager, Russia, Nutritional Products. \n\nElected\nCorporate Officer 2015. \n\n\n\n\n\n\n\n\n\nMichael J. Pederson, 56 \n\n\n\n2017\nto present Senior Vice President, CRM and AF/EP. \n\n2015\nto 2017 Divisional Vice President and General Manager, Abbott Electrophysiology. \n\n\n2011\nto 2015 Chief Executive Officer, VytronUS,Inc. (a medical device company focused on developing electrophysiology technologies). \n\nElected\nCorporate Officer 2017. \n\n\n\n\n\n\n\n\n\nSean Shrimpton, 51 \n\n\n\n2017\nto present Senior Vice President, Established Pharmaceuticals, Emerging Markets. \n\n\n2015\nto 2017 Divisional Vice President, Asia Pacific, Established Pharmaceuticals. \n\n2013\nto 2015 General Manager, Balkans, Takeda Pharmaceuticals (a Japanese pharmaceutical company). \n\n2011\nto 2013 Vice President Business Operations, South Asia Head of Commercial Operations, Philippines, Malaysia, Singapore, Takeda Pharmaceuticals. \n\nElected\nCorporate Officer 2017. \n\n\n18\n\n\n\n\n \n\n\n\n\n\n\n\nJared L. Watkin, 50 \n\n\n\n2015\nto present Senior Vice President, Diabetes Care. \n\n2010\nto 2015 Divisional Vice President, Technical Operations, Diabetes Care. \n\n\nElected\nCorporate Officer 2015. \n\n\n\n\n\n\n\n\n\nAlejandro D. Wellisch, 43 \n\n\n\n2017\nto present Senior Vice President, Established Pharmaceuticals, Latin America. \n\n2014\nto 2017 General Manager, Argentina, Bolivia, Paraguay and Uruguay, Established Pharmaceuticals. \n\n2012\nto 2014 General Manager, Argentina, Bolivia, Paraguay and Uruguay, CFR PharmaceuticalsS.A. (a Latin American pharmaceutical company). \n\n\nElected\nCorporate Officer 2017. \n\n\n\n\n\n\n\n\n\nRobert E. Funck, 56 \n\n\n\n2013\nto present Vice President, Controller. \n\n2009\nto 2013 Vice President, Chief Ethics and Compliance Officer. \n\nElected\nCorporate Officer 2005. \n\n\n19\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n PART II \n\n \n ITEM 5.MARKET FOR REGISTRANT\'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES \n\n\n\n\n\n\n\n\nPrincipal Market \n\nThe principal market for Abbott\'s common shares is the New York Stock Exchange. Shares are also listed on the Chicago Stock Exchange and traded\non various regional and electronic exchanges. Outside the United States, Abbott\'s shares are listed on the SIX Swiss Exchange. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nMarket Price Per Share \n\n\n\n\n\n2017 \n\n2016 \n\n\n\n\n\nhigh \n\nlow \n\nhigh \n\nlow \n\n\n\n First Quarter\n\n\n\n$\n45.84\n\n\n\n$\n38.34\n\n\n\n$\n44.05\n\n\n\n$\n36.00\n\n\n\n Second Quarter\n\n\n49.59\n\n\n42.31\n\n\n44.58\n\n\n36.76\n\n\n\n Third Quarter\n\n\n54.80\n\n\n47.83\n\n\n45.79\n\n\n39.16\n\n\n\n Fourth Quarter\n\n\n57.77\n\n\n53.20\n\n\n43.78\n\n\n37.38\n\n\n\n\n \n \n\n\n\n\n\nShareholders \n\nThere were 44,581 shareholders of record of Abbott common shares as of December31, 2017. \n\n\n\n\n\n\n\nDividends \n\nAbbott declared quarterly dividends of $0.265 per share on common shares in the first, second, and third quarters of 2017. In the fourth quarter\nof 2017, Abbott declared a quarterly dividend of $0.280 per share on common shares. \n\nAbbott\ndeclared quarterly dividends of $0.26 per share on common shares in the first, second, and third quarters of 2016. In the fourth quarter of 2016, Abbott declared a quarterly\ndividend of $0.265 per share on common shares. \n\n\n\n\n\n\n\n\nTax Information for Shareholders \n\nIn 2001, the Illinois Department of Commerce and Economic Opportunity designated Abbott as an Illinois High Impact Business (HIB) for a period\nnot to exceed twenty years. Dividends paid by a corporation that is designated as a HIB and conducts business in a foreign trade zone may be eligible for a subtraction from base income for Illinois\nincome tax purposes. Abbott certified that the HIB requirements were met for the calendar year ending December31, 2017. \n\n\nIf\nyou have any questions, please contact your tax advisor. \n\n20\n\n\n\n\n \n\n\n\n\n\n\n\nIssuer Purchases of Equity Securities \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nPeriod\n\n\n\n \n\n(a) Total Number\nof Shares\n(or Units)\nPurchased \n\n(b) Average Price\nPaid per Share\n(or Unit) \n\n(c) Total Number of\nShares (or Units)\nPurchased as Part of\nPublicly Announced\nPlans or Programs \n\n(d) Maximum Number (or\nApproximate Dollar Value) of\nShares (or Units) that May\nYet Be Purchased Under the\nPlans or Programs \n\n\n\n October1, 2017 October31, 2017\n\n\n1,489\n(1)\n\n\n$\n53.610\n\n\n0\n\n\n\n$\n925,131,209\n(2)\n\n\n November1, 2017 November30, 2017\n\n\n15,876\n(1)\n\n\n$\n54.740\n\n\n0\n\n\n\n$\n925,131,209\n(2)\n\n\n December1, 2017 December31, 2017\n\n\n12,126\n(1)\n\n\n$\n55.636\n\n\n0\n\n\n\n$\n925,131,209\n(2)\n\n\n Total\n\n\n29,491\n(1)\n\n\n$\n55.051\n\n\n0\n\n\n\n$\n925,131,209\n(2)\n\n\n\n\n\n\n\n \n\n \n(1)These\nshares include:\n\n\n(i)the\nshares deemed surrendered to Abbott to pay the exercise price in connection with the exercise of employee stock options 1,489 in October,\n1,568 in November, and 1,146 in December; and\n(ii)the\nshares purchased on the open market for the benefit of participants in the Abbott Laboratories, Limited Employee Stock Purchase Plan 0 in\nOctober, 14,308 in November, and 10,980 in December. \n\n\n\nThese\nshares do not include the shares surrendered to Abbott to satisfy tax withholding obligations in connection with the vesting of restricted stock or restricted stock units. \n\n\n\n(2)On\nSeptember11, 2014, Abbott announced that its board of directors approved the purchase of up to $3billion of its common shares, from time to time. \n \n \n ITEM 6.SELECTED FINANCIAL DATA \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n2014 \n\n2013 \n\n\n\n Net sales (1)\n\n\n\n$\n27,390\n\n\n\n$\n20,853\n\n\n\n$\n20,405\n\n\n\n$\n20,247\n\n\n\n$\n19,657\n\n\n\n Earnings from continuing operations(1)\n\n\n353\n\n\n1,063\n\n\n2,606\n\n\n1,721\n\n\n1,988\n\n\n\n Net earnings\n\n\n477\n\n\n1,400\n\n\n4,423\n\n\n2,284\n\n\n2,576\n\n\n\n Basic earnings per common share from continuing operations (1)\n\n\n0.20\n\n\n0.71\n\n\n1.73\n\n\n1.13\n\n\n1.27\n\n\n\n Basic earnings per common share\n\n\n0.27\n\n\n0.94\n\n\n2.94\n\n\n1.50\n\n\n1.64\n\n\n\n Diluted earnings per common share from continuing operations (1)\n\n\n0.20\n\n\n0.71\n\n\n1.72\n\n\n1.12\n\n\n1.26\n\n\n\n Diluted earnings per common share\n\n\n0.27\n\n\n0.94\n\n\n2.92\n\n\n1.49\n\n\n1.62\n\n\n\n Total assets\n\n\n76,250\n\n\n52,666\n\n\n41,247\n\n\n41,207\n\n\n42,937\n\n\n\n Long-term debt, including current portion\n\n\n27,718\n\n\n20,684\n\n\n5,874\n\n\n3,448\n\n\n3,381\n\n\n\n Cash dividends declared per common share\n\n\n1.075\n\n\n1.045\n\n\n0.98\n\n\n0.90\n\n\n0.64\n\n\n\n\n\n\n\n\n \n\n \n(1)Amounts\nreflect Abbott\'s developed markets branded generics pharmaceuticals, animal health and former research-based pharmaceuticals business as discontinued\noperations. \n \n 21\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n \n ITEM 7.MANAGEMENT\'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS \n\n \n Financial Review \n\nAbbott\'s revenues are derived primarily from the sale of a broad line of health care products under short-term receivable arrangements. Patent\nprotection 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\nimpact 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, diagnostic testing\nproducts, branded generic pharmaceuticals\nand cardiovascular and neuromodulation products. Sales in international markets comprise approximately 65percent of consolidated net sales. \n\nOn\nOctober3, 2017, Abbott acquired AlereInc. (Alere), a diagnostic device and service provider, for $51.00 per common share in cash, which equated to a purchase price of\napproximately $4.5billion. As part of the acquisition, Abbott tendered for Alere\'s preferred shares for a total value of approximately $0.7billion. In addition, approximately\n$3.0billion of Alere\'s debt was assumed and subsequently repaid. The acquisition establishes Abbott as a leader in point of care testing, expands Abbott\'s global diagnostics presence and\nprovides access to new products, channels and geographies. Abbott\'s Diagnostic Products reportable segment includes the results of Alere from the date of acquisition. \n\nOn\nJanuary4, 2017, Abbott completed the acquisition of St.Jude Medical,Inc. (St.Jude Medical), a global medical device manufacturer, for approximately\n$23.6billion, including approximately $13.6billion in cash and approximately $10billion in Abbott common shares, based on Abbott\'s closing stock price on the acquisition date.\nAs part of the acquisition, approximately $5.9billion of St.Jude Medical\'s debt was assumed, repaid or refinanced by Abbott. The acquisition provides expanded opportunities for future\ngrowth 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 business\ncompetes in nearly every area of the $30billion cardiovascular device market, as well as in neuromodulation which treats chronic pain and movement disorders. Abbott\'s Cardiovascular and\nNeuromodulation reportable segment includes the results of its historical Vascular Products segment and the results of the businesses acquired from St.Jude Medical from the date of\nacquisition. \n\nIn\nFebruary 2017, Abbott completed the sale of Abbott Medical Optics (AMO), its vision care business, to Johnson& Johnson for $4.325billion in cash. The decision to sell\nAMO reflected Abbott\'s proactive shaping of its portfolio in line with its strategic priorities. In 2017, Abbott recognized a pre-tax gain of $1.163billion and an after-tax gain of\n$728million related to the sale of AMO. The operating results of AMO were included in Earnings from Continuing Operations up to the date of sale as the business did not qualify for reporting\nas discontinued operations. \n\nOn\nFebruary27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business, which was previously included in the Established Pharmaceutical\nProducts segment, to MylanInc. for 110million ordinary shares of MylanN.V., a newly formed entity that combined Mylan\'s existing business with Abbott\'s developed markets\nbranded generics pharmaceuticals business. Abbott retained the branded generics pharmaceuticals business and products of its Established Pharmaceutical Products segment in emerging markets. In April\n2015, Abbott sold 40.25million of its MylanN.V. ordinary shares and in 2017, Abbott sold the remaining 69.75million ordinary shares. Proceeds from the sale of the\n110million ordinary shares totaled $5.0billion. \n\nThe\nsales increase over the last three years was driven primarily by the 2017 acquisitions of St.Jude Medical and Alere and sales growth in the established pharmaceuticals and\ndiagnostics businesses. In 2017, the acquisitions of St.Jude Medical and Alere, partially offset by the sale of AMO, contributed 26.5percentage points of Abbott\'s total sales growth.\nSales in emerging markets, which represent \n\n22\n\n\n\n\n \n\napproximately\n40percent of total company sales, increased 13.9percent in 2017 and 6.3percent in 2016, excluding the impact of foreign exchange. (Emerging markets include all\ncountries except the United States, Western Europe, Japan, Canada, Australia and New Zealand.) \n\n\nOver\nthe last three years, Abbott\'s operating margin was impacted by several factors. In 2017, Abbott\'s operating margin decreased by approximately 900 basis points primarily due to\ncosts associated with the acquisitions, including higher intangible amortization expense, inventory step-up amortization and integration costs, partially offset by operating margin improvement across\nvarious businesses. In 2016 and 2015, Abbott expanded its operating margin by approximately 120 basis points per year primarily due to margin improvement in the nutritional and diagnostics businesses. \n\nIn\nAbbott\'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\nchronic 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. These positive\nfactors were offset by challenging conditions in various markets over the last three years. In 2017, the nutritionals business experienced growth in the U.S. due to above-market performance in\nAbbott\'s infant and toddler brands, including PediaSure, Pedialyte and Similac. Increased 2017 sales in China and India were partially offset by challenging\nmarket conditions in the infant formula market in various emerging markets. With respect to the profitability of the nutritional products business, manufacturing and distribution process changes, as\nwell as other cost reductions drove margin improvements across the business over the last three years although such improvements were offset by increased commodity costs in 2017. The decrease in\noperating margins for this business from 25.0percent of sales in 2015 to 22.9percent in 2017 was almost entirely due to the negative impact of foreign exchange. \n\nIn\nAbbott\'s worldwide diagnostics business, sales growth over the last three years reflected the acquisition of Alere in October of 2017, as well as continued market penetration by the\nCore Laboratory business in the U.S. and China, and growth in other emerging markets. In addition, the Point of Care diagnostics business experienced sales growth led by the continued adoption of\nAbbott\'s i-STAT handheld system. Worldwide diagnostic sales increased 16.7percent in 2017 and 5.5percent in 2016, excluding the impact of foreign exchange. Excluding the\nimpact of the Alere acquisition, as well as the impact of foreign exchange, sales in the Diagnostics Products segment increased 5.5percent in 2017. In 2017, Abbott continued the international\nroll-out of its recently launched Alinity systems for the core laboratory, including "Alinity c" for clinical chemistry, "Alinity i" for immunoassay diagnostics and "Alinity s" for blood and plasma\nscreening. In the fourth quarter of 2017, Abbott received FDA approval in the U.S. for the "Alinity c" and "Alinity i" instruments for clinical chemistry and immunoassay diagnostics. Alinity is an\nintegrated 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 minimizing human\nerrors while continuing to provide quality results. \n\nMargin\nimprovement continued to be a key focus for the diagnostics business in 2017 although such improvements were partially offset by the negative impact of foreign exchange. Operating\nmargins increased from 25.2percent of sales in 2015 to 26.1percent in 2017 as the business continued to execute on efficiency initiatives in the manufacturing and supply chain\nfunctions. \n\nThe\nEstablished Pharmaceutical Products segment focuses on the sale of its products in emerging markets after the sale of its developed markets business to Mylan on February27,\n2015. Excluding the impact of foreign exchange, Established Pharmaceutical sales from continuing operations increased 9.5percent in 2017 and 10.5percent in 2016. The sales increase in\n2017 was driven by double-digit growth in China and various countries in Latin America. Operating margins increased from 17.7percent of sales in 2015 to 19.8percent in 2017. \n\nSince\nthe beginning of the first quarter of 2017, the results of Abbott\'s Cardiovascular and Neuromodulation Products segment includes Abbott\'s historical Vascular Products segment and \n\n23\n\n\n\n\n \n\nSt.JudeMedical\nfrom the date of acquisition. Excluding the impact of foreign exchange, sales in the Cardiovascular and Neuromodulation Products segment increased 207.4percent\nin 2017 and 4.5percent in 2016. The sales increase in 2017 was driven by the acquisition of St.Jude Medical. Excluding the impact of the acquisition, as well as the impact of foreign\nexchange, sales in the Cardiovascular and Neuromodulation Products segment were essentially unchanged in 2017 versus the prior year. In 2017, higher Structural Heart and endovascular sales were offset\nby lower coronary stent sales and the comparison impact from the favorable 2016 resolution of a third-party royalty agreement. In 2016, sales growth was driven by double-digit growth in Abbott\'s sales\nof its MitraClip structural heart device for the treatment of mitral regurgitation, as well as endovascular franchise sales growth. These increases were partially offset by pricing pressures primarily\nrelated to drug-eluting stents (DES) and lower market share for Abbott\'s XIENCE DES franchise in certain geographies. In 2017, operating earnings for this segment increased over 160percent;\nthe operating margin profile declined from 38.0percent of sales in 2015 to 30.5percent in 2017 primarily due to the mix of business resulting from the acquisition of St.Jude\nMedical and ongoing pricing pressures in the coronary business. \n\nIn\n2017, Abbott obtained regulatory approval for various products in addition to the approvals described above in the diagnostics business. In its Cardiovascular and Neuromodulation\nProducts segment, Abbott received U.S. FDA approvals for magnetic resonance (MR) conditional labeling across its full suite of pacemaker, implantable cardioverter defibrillator (ICD), and cardiac\nresynchronization therapy defibrillator (CRT-D) devices. Abbott announced CE Mark and received U.S. FDA clearance for its Confirm Rx Insertable Cardiac Monitor (ICM), the first and only\nsmartphone-compatible ICM designed to help physicians remotely identify cardiac arrhythmias. Abbott received U.S. FDA approval for its HeartMate 3 system, which helps a weak heart pump blood through\nthe body for advanced heart\nfailure patients in need of short-term hemodynamic support (bridge-to-transplant or bridge to myocardial recovery). Abbott obtained CE Mark for its XIENCE Sierra product, which is the next generation\nof its drug-eluting coronary stent system. In its diabetes business, Abbott received U.S. FDA approval for its FreeStyle Libre system, which is the only continuous glucose monitoring system that does\nnot require any user calibration. \n\nAbbott\'s\nshort- and long-term debt totaled $27.9billion and $22.0billion at December31, 2017 and 2016, respectively. At December31, 2017, Abbott\'s\nlong-term debt rating was BBB by Standard and Poor\'s Corporation and Baa3 by Moody\'s Investors Service (Moody\'s). In February 2018, Moody\'s raised Abbott\'s rating to Baa2 with a positive outlook.\nAbbott is committed to reducing its debt levels following the recent acquisitions of St.Jude Medical and Alere. In January 2018, Abbott repaid $3.95billion of debt and anticipates\nadditional debt repayments throughout 2018. On February16, 2018, the board of directors authorized the additional redemption of up to $5billion of currently outstanding long-term\nnotes. \n\nIn\nthe first quarter of 2017, as part of the acquisition of St.Jude Medical, Abbott assumed outstanding debt previously issued by St.Jude Medical. Abbott exchanged\ncertain St.Jude Medical debt obligations with an aggregate principal amount of approximately $2.9billion for debt issued by Abbott which consists of: $473.8million of 2.00%\nSenior Notes due 2018; $483.7million of 2.80% Senior Notes due 2020; $818.4million of 3.25% Senior Notes due 2023; $490.7million of 3.875% Senior Notes due 2025; and\n$639.1million of 4.75% Senior Notes due 2043. Following this exchange, approximately $194.2million of existing St.Jude Medical notes remain outstanding across the five series\nof 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,\nAbbott assumed and subsequently repaid approximately $2.8billion of various St.Jude Medical debt obligations. \n\n\nOn\nJanuary4, 2017, as part of funding the cash portion of the St.Jude Medical acquisition, Abbott borrowed $2.0billion under a 120-day senior unsecured bridge\nterm loan facility. This facility was repaid during the first quarter of 2017. In 2017, Abbott also issued 364-day yen-denominated debt, of which $195million was outstanding at\nDecember31, 2017. Abbott also paid off a $479million yen-denominated short-term borrowing during the year. \n\n24\n\n\n\n\n \n\nOn\nJuly31, 2017, Abbott entered into a 5-year term loan agreement that allowed Abbott to borrow up to $2.8billion on an unsecured basis for the acquisition of Alere. On\nOctober3, 2017, Abbott borrowed $2.8billion under this term loan agreement to finance the acquisition of Alere, to repay certain indebtedness of Abbott and Alere, and to pay fees and\nexpenses in connection with the acquisition. Borrowings under the term loan bore interest based on a Eurodollar rate, plus an applicable margin based on Abbott\'s credit ratings. Abbott paid off this\nterm loan on January5, 2018. \n\nOn\nOctober3, 2017, Abbott borrowed $1.7billion under its lines of credit. Proceeds from such borrowing were used to finance the acquisition of Alere, to repay certain\nindebtedness of Abbott and Alere, and to pay fees and expenses in connection with the acquisition. The $1.7billion borrowing was payable on July10, 2019 and bore interest based on a\nEurodollar rate, plus an applicable margin based on Abbott\'s credit ratings. In the fourth quarter of 2017, Abbott paid off $550million on the revolving loan. Abbott paid off the remaining\nbalance on this revolving loan on January5, 2018. \n\nIn\nanticipation of the acquisition of St.Jude Medical, in November 2016, Abbott issued $15.1billion of long-term debt consisting of $2.85billion at 2.35% maturing\nin 2019; $2.85billion at 2.90% maturing in 2021; $1.50billion at 3.40% maturing in 2023; $3.00billion at 3.75% maturing in 2026; $1.65billion at 4.75% maturing in 2036;\nand $3.25billion at 4.90% maturing in 2046. In November 2016, Abbott also entered into interest rate swap contracts totaling $3.0billion related to the new debt, which have the effect\nof changing Abbott\'s obligation from a fixed interest rate to a variable interest rate obligation on the related debt instruments. \n\nAbbott\ndeclared dividends of $1.075 per share in 2017 compared to $1.045 per share in 2016, an increase of approximately 3%. Dividends paid were $1.849billion in 2017 compared to\n$1.539billion in 2016. The year-over-year change in dividends reflects the impact of the increase in the dividend rate and the additional shares issued to finance the St.Jude Medical\nacquisition. In December 2017, Abbott increased the company\'s quarterly dividend by approximately 6% to $0.280 per share from $0.265 per share, effective with the dividend paid in February 2018. \n\nIn\n2018, Abbott will focus on integrating Alere and paying down debt, as well as several other key initiatives. The focus of the integration will be to create an organization that\nexpands Abbott\'s diagnostics business into new products, channels and geographies. In the cardiovascular and neuromodulation business, Abbott will continue to build its product portfolio and focus on\nobtaining product approvals across numerous countries. \n\nIn\nthe 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\nadditional margin improvement initiatives. In the established pharmaceuticals business, Abbott will continue to focus on obtaining additional product approvals across numerous countries and increasing\nits penetration of emerging markets. In Abbott\'s other segments, Abbott will focus on developing differentiated technologies in higher growth markets. \n\n\n\n\n\n\n\nCritical Accounting Policies \n\n Sales Rebates In 2017, approximately 43percent of Abbott\'s consolidated gross revenues were subject to various forms of rebates\nand allowances that Abbott recorded as reductions of revenues at the time of sale. Most of these rebates and allowances in 2017 are in the Nutritional Products and Diabetes Care segments. Abbott\nprovides rebates to state agencies that administer the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), wholesalers, group purchasing organizations, and other government\nagencies and private entities. Rebate amounts are usually based upon the volume of purchases using contractual or statutory prices for a product. Factors used in the rebate calculations include the\nidentification of which products have been sold subject to a rebate, which customer or government agency price terms apply, and the estimated lag time between sale and payment of a rebate. Using\nhistorical trends, adjusted for current changes, Abbott estimates the amount of the rebate that will \n\n25\n\n\n\n\n \n\nbe\npaid, and records the liability as a reduction of gross sales when Abbott records its sale of the product. Settlement of the rebate generally occurs from one to six months after sale. Abbott\nregularly analyzes the historical rebate trends and makes adjustments to reserves for changes in trends and terms of rebate programs. Rebates and chargebacks charged against gross sales in 2017, 2016\nand 2015 amounted to approximately $2.8billion, $2.5billion and $2.2billion, respectively, or 20.5percent, 22.9percent and 21.6percent of gross sales,\nrespectively, based on gross sales of approximately $13.9billion, $10.7billion and $10.3billion, respectively, subject to rebate. A one-percentage point increase in the\npercentage of rebates to related gross sales would decrease net sales by approximately $139million in 2017. Abbott considers a one-percentage point increase to be a reasonably likely increase\nin the percentage of rebates to related gross sales. Other allowances charged against gross sales were approximately $199million, $160million and $124million for cash discounts\nin 2017, 2016 and 2015, respectively, and $204million, $242million and $238million for returns in 2017, 2016 and 2015, respectively. Cash discounts are known within 15 to\n30days of sale, and therefore can be reliably estimated. Returns can be reliably estimated because Abbott\'s historical returns are low, and because sales returns terms and other sales terms\nhave remained relatively unchanged for several periods. \n\nManagement\nanalyzes the adequacy of ending rebate accrual balances each quarter. In the domestic nutritional business, management uses both internal and external data available to\nestimate the level of inventory in the distribution channel. Management has access to several large customers\' inventory management data, and for other customers, utilizes data from a third party that\nmeasures time on the retail shelf. These sources allow management to make reliable estimates of inventory in the distribution channel. Except for a transition period before or after a change in the\nsupplier for the WIC business in a state, inventory in the distribution channel does not vary substantially. Management also estimates the states\' processing lag time based on claims data. In the WIC\nbusiness, the state where the sale is made, which is the determining factor for the applicable price, is reliably determinable. Estimates are required for the amount of WIC sales within each state\nwhere Abbott has the WIC business. External data sources utilized for that estimate are participant data from the U.S. Department of Agriculture (USDA), which administers the WIC program, participant\ndata from some of the states, and internally administered market research. The USDA has been making its data available for many years. Internal\ndata includes historical redemption rates and pricing data. At December31, 2017, Abbott had WIC business in 29 states. \n\n\nHistorically,\nadjustments to prior years\' rebate accruals have not been material to net income. Abbott employs various techniques to verify the accuracy of claims submitted to it, and\nwhere possible, works with the organizations submitting claims to gain insight into changes that might affect the rebate amounts. For government agency programs, the calculation of a rebate involves\ninterpretations of relevant regulations, which are subject to challenge or change in interpretation. \n\n Income Taxes Abbott operates in numerous countries where its income tax returns are subject to audits and adjustments. Because Abbott\noperates globally, the nature of the audit items is often very complex, and the objectives of the government auditors can result in a tax on the same income in more than one country. Abbott employs\ninternal and external tax professionals to minimize audit adjustment amounts where possible. In accordance with the accounting rules relating to the measurement of tax contingencies, in order to\nrecognize an uncertain tax benefit, the taxpayer must be more likely than not of sustaining the position, and the measurement of the benefit is calculated as the largest amount that is more than\n50percent likely to be realized upon resolution of the benefit. Application of these rules requires a significant amount of judgment. In the U.S., Abbott\'s federal income tax returns through\n2013 are settled except for the federal income tax returns of the former Alere consolidated group which are settled through 2012. No additional income taxes have been provided for any remaining\nundistributed foreign earnings not subject to the transition tax related to the U.S. Tax Cuts and Jobs Act, or any additional outside basis differences that exist, as these amounts continue to be\nindefinitely reinvested in foreign operations. \n\n Pension and Post-Employment Benefits Abbott offers pension benefits and post-employment health care to many of its employees. Abbott\nengages outside actuaries to assist in the determination of the \n\n26\n\n\n\n\n \n\nobligations\nand costs under these programs. Abbott must develop long-term assumptions, the most significant of which are the health care cost trend rates, discount rates and the expected return on\nplan assets. The discount rates used to measure liabilities were determined based on high-quality fixed income securities that match the duration of the expected retiree benefits. The health care cost\ntrend rates represent Abbott\'s expected annual rates of change in the cost of health care benefits and are a forward projection of health care costs as of the measurement date. A difference between\nthe assumed rates and the actual rates, which will not be known for years, can be significant in relation to the obligations and the annual cost recorded for these programs. Low interest rates have\nsignificantly\nincreased actuarial losses for these plans. At December31, 2017, pretax net actuarial losses and prior service costs and (credits) recognized in Accumulated other comprehensive income (loss)\nfor Abbott\'s defined benefit plans and medical and dental plans were losses of $3.5billion and $248million, respectively. Actuarial losses and gains are amortized over the remaining\nservice attribution periods of the employees under the corridor method, in accordance with the rules for accounting for post-employment benefits. Differences between the expected long-term return on\nplan assets and the actual annual return are amortized over a five-year period. Note13 to the consolidated financial statements describes the impact of a one-percentage point change in the\nhealth care cost trend rate; however, there can be no certainty that a change would be limited to only one percentage point. \n\n\nValuation of Intangible Assets Abbott has acquired and continues to acquire significant intangible assets that Abbott records at fair\nvalue at the acquisition date. Transactions involving the purchase or sale of intangible assets occur with some frequency between companies in the health care field and valuations are usually based on\na discounted cash flow analysis. The discounted cash flow model requires assumptions about the timing and amount of future net cash flows, risk, cost of capital, terminal values and market\nparticipants. Each of these factors can significantly affect the value of the intangible asset. Abbott engages independent valuation experts who review Abbott\'s critical assumptions and calculations\nfor acquisitions of significant intangibles. Abbott reviews definite-lived intangible assets for impairment each quarter using an undiscounted net cash flows approach. If the undiscounted cash flows\nof an intangible asset are less than the carrying value of an intangible asset, the intangible asset is written down to its fair value, which is usually the discounted cash flow amount. Where cash\nflows cannot be identified for an individual asset, the review is applied at the lowest group level for which cash flows are identifiable. Goodwill and indefinite-lived intangible assets, which relate\nto in-process research and development acquired in a business combination, are reviewed for impairment annually or when an event that could result in impairment occurs. At December31, 2017,\ngoodwill amounted to $24.0billion and intangibles amounted to $21.5billion. Amortization expense in continuing operations for intangible assets amounted to $2.0billion in 2017,\n$550million in 2016 and $601million in 2015. There was no significant reduction of goodwill relating to impairments in 2017, 2016 and 2015. \n\n Litigation Abbott accounts for litigation losses in accordance with FASB Accounting Standards Codification No.450,\n"Contingencies." Under ASC No.450, loss contingency provisions are recorded for probable losses at management\'s best estimate of a loss, or when a best estimate cannot be made, a minimum loss\ncontingency amount is recorded. These estimates are often initially developed substantially earlier than the ultimate loss is known, and the estimates are refined each accounting period as additional\ninformation becomes known. Accordingly, Abbott is often initially unable to develop a best estimate of loss, and therefore the minimum amount, which could be zero, is recorded. As information becomes\nknown, either the minimum loss amount is increased, resulting in additional loss provisions, or a best estimate can be made, also resulting in additional loss provisions. Occasionally, a best estimate\namount is changed to a lower amount when events result in an expectation of a more favorable outcome than previously expected. Abbott estimates the range of possible loss to be from approximately\n$115million to $160million for its legal proceedings and environmental exposures. Accruals of approximately $135million have been recorded at December31, 2017 for these\nproceedings and exposures. These accruals represent management\'s best estimate of probable loss, as defined by FASB ASC No.450, "Contingencies." \n\n27\n\n\n\n\n \n\n\n\n\n\n\n\nResults of Operations \n\n\n\n\n\n\n\nSales \n\nThe following table details the components of sales growth by reportable segment for the last two years: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nComponents of % Change \n\n\n\n\n\nTotal\n% Change \n\n2017\nBusiness\nAcquisitions/\nDivestitures \n\nPrice \n\nVolume \n\nExchange \n\n\n\n Total Net Sales\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2017 vs. 2016\n\n\n\n31.3\n\n\n\n26.5\n\n\n\n(0.6\n)\n\n\n5.1\n\n\n\n0.3\n\n\n\n 2016 vs. 2015\n\n\n2.2\n\n\n\n\n\n(1.1\n)\n\n5.9\n\n\n(2.6\n)\n\n\n Total U.S.\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2017 vs. 2016\n\n\n\n49.1\n\n\n\n46.9\n\n\n\n(0.9\n)\n\n\n3.1\n\n\n\n\n\n\n\n 2016 vs. 2015\n\n\n3.4\n\n\n\n\n\n(2.9\n)\n\n6.3\n\n\n\n\n\n\n Total International\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2017 vs. 2016\n\n\n\n23.3\n\n\n\n17.3\n\n\n\n(0.4\n)\n\n\n6.0\n\n\n\n0.4\n\n\n\n 2016 vs. 2015\n\n\n1.6\n\n\n\n\n\n(0.3\n)\n\n5.7\n\n\n(3.8\n)\n\n\n Established Pharmaceutical Products Segment\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2017 vs. 2016\n\n\n\n11.1\n\n\n\n\n\n\n\n2.3\n\n\n\n7.2\n\n\n\n1.6\n\n\n\n 2016 vs. 2015\n\n\n3.7\n\n\n\n\n\n3.0\n\n\n7.5\n\n\n(6.8\n)\n\n\n Nutritional Products Segment\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2017 vs. 2016\n\n\n\n0.4\n\n\n\n\n\n\n\n0.3\n\n\n\n0.3\n\n\n\n(0.2\n)\n\n\n 2016 vs. 2015\n\n\n(1.1\n)\n\n\n\n\n(0.4\n)\n\n1.6\n\n\n(2.3\n)\n\n\n Diagnostic Products Segment\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2017 vs. 2016\n\n\n\n16.7\n\n\n\n11.2\n\n\n\n(1.1\n)\n\n\n6.6\n\n\n\n\n\n\n\n 2016 vs. 2015\n\n\n3.6\n\n\n\n\n\n(1.2\n)\n\n6.7\n\n\n(1.9\n)\n\n\n Cardiovascular and Neuromodulation Products Segment\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2017 vs. 2016\n\n\n\n207.7\n\n\n\n207.2\n\n\n\n(4.3\n)\n\n\n4.5\n\n\n\n0.3\n\n\n\n 2016 vs. 2015\n\n\n3.7\n\n\n\n\n\n(5.3\n)\n\n9.8\n\n\n(0.8\n)\n\n\n\n \n The\nincrease in Total Net Sales in 2017 reflects the acquisitions of St.Jude Medical and Alere, as well as organic growth in the established pharmaceuticals and diagnostics\nbusinesses. The increase in 2016 reflects unit growth, partially offset by the impact of unfavorable foreign exchange. The price declines related to the Cardiovascular and Neuromodulation Products\nsegment in 2017 and 2016 primarily reflect pricing pressure on drug eluting stents (DES) as a result of market competition in the U.S. and other major markets. \n\n28\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\nA\ncomparison of significant product and product group sales is as follows. Percent changes are versus the prior year and are based on unrounded numbers. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(dollars in millions)\n\n2017 \n\nTotal\nChange \n\nImpact of\nExchange \n\nTotal\nChange\nExcl. Exchange \n\n\n\n Total Established Pharmaceuticals\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Key Emerging Markets\n\n\n\n\n$\n\n3,307\n\n\n\n14\n%\n\n\n2\n%\n\n\n12\n%\n\n\n Other\n\n\n980\n\n\n3\n\n\n1\n\n\n2\n\n\n\n Nutritionals\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n International Pediatric Nutritionals\n\n\n\n2,112\n\n\n\n(4\n)\n\n\n\n\n\n\n(4\n)\n\n\n U.S. Pediatric Nutritionals\n\n\n1,777\n\n\n6\n\n\n\n\n\n6\n\n\n\n International Adult Nutritionals\n\n\n1,782\n\n\n3\n\n\n(1\n)\n\n4\n\n\n\n U.S. Adult Nutritionals\n\n\n1,254\n\n\n(3\n)\n\n\n\n\n(3\n)\n\n\n Diagnostics\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Core Laboratory\n\n\n\n4,063\n\n\n\n6\n\n\n\n\n\n\n\n6\n\n\n\n Molecular\n\n\n463\n\n\n2\n\n\n1\n\n\n1\n\n\n\n Point of Care\n\n\n550\n\n\n7\n\n\n\n\n\n7\n\n\n\n Rapid Diagnostics\n\n\n540\n\n\nn/m\n\n\nn/m\n\n\nn/m\n\n\n\n Cardiovascular and Neuromodulation\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Rhythm Management\n\n\n\n2,103\n\n\n\nn/m\n\n\n\nn/m\n\n\n\nn/m\n\n\n\n Electrophysiology\n\n\n1,382\n\n\nn/m\n\n\nn/m\n\n\nn/m\n\n\n\n Heart Failure\n\n\n643\n\n\nn/m\n\n\nn/m\n\n\nn/m\n\n\n\n Vascular\n\n\n2,892\n\n\n14\n\n\n\n\n\n14\n\n\n\n Structural Heart\n\n\n1,083\n\n\n208\n\n\n1\n\n\n207\n\n\n\n Neuromodulation\n\n\n808\n\n\nn/m\n\n\nn/m\n\n\nn/m\n\n\n\n\n\n\n\n\n \n\n\nn/m=Percent\nchange is not meaningful. \n \n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(dollars in millions)\n\n2016 \n\nTotal\nChange \n\nImpact of\nExchange \n\nTotal\nChange\nExcl. Exchange \n\n\n\n Total Established Pharmaceuticals\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Key Emerging Markets\n\n\n\n\n$\n\n2,912\n\n\n\n5\n%\n\n\n(8\n)%\n\n\n13\n%\n\n\n Other\n\n\n947\n\n\n1\n\n\n(1\n)\n\n2\n\n\n\n Nutritionals\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n International Pediatric Nutritionals\n\n\n\n2,206\n\n\n\n(7\n)\n\n\n(4\n)\n\n\n(3\n)\n\n\n U.S. Pediatric Nutritionals\n\n\n1,677\n\n\n5\n\n\n\n\n\n5\n\n\n\n International Adult Nutritionals\n\n\n1,724\n\n\n\n\n\n(4\n)\n\n4\n\n\n\n U.S. Adult Nutritionals\n\n\n1,292\n\n\n1\n\n\n\n\n\n1\n\n\n\n Diagnostics\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Core Laboratory\n\n\n\n3,844\n\n\n\n4\n\n\n\n(2\n)\n\n\n6\n\n\n\n Molecular\n\n\n456\n\n\n(2\n)\n\n(1\n)\n\n(1\n)\n\n\n Point of Care\n\n\n513\n\n\n8\n\n\n\n\n\n8\n\n\n\n Rapid Diagnostics\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Cardiovascular and Neuromodulation\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Rhythm Management\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Electrophysiology\n\n\n12\n\n\n(17\n)\n\n\n\n\n(17\n)\n\n\n Heart Failure\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Vascular\n\n\n2,532\n\n\n1\n\n\n\n\n\n1\n\n\n\n Structural Heart\n\n\n352\n\n\n35\n\n\n(1\n)\n\n36\n\n\n\n Neuromodulation\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \nNote:In\norder to compute results excluding the impact of exchange rates, current year U.S. dollar sales are multiplied or divided, as appropriate, by the current year\naverage foreign exchange rates and then those amounts are multiplied or divided, as appropriate, by the prior year average foreign exchange rates. \n \n 29\n\n\n\n\n \n\nTotal\nEstablished Pharmaceutical Products sales increased 9.5percent in 2017 and 10.5percent in 2016, excluding the impact of foreign exchange. The Established\nPharmaceutical Products segment is focused on several key emerging markets including India, Russia, China and Brazil. Excluding the impact of foreign exchange, total sales in these key emerging\nmarkets increased 11.9percent in 2017 and 13.3percent in 2016. Excluding the impact of foreign exchange, 2017 sales in several geographies including China and various countries in\nLatin America experienced double-digit growth. Excluding the impact of foreign exchange, sales in Established Pharmaceuticals\' other emerging markets increased 2.2percent in 2017 and increased\n2.0percent in 2016. The 2017 sales growth for Established Pharmaceuticals\' other emerging markets includes the unfavorable impact of Venezuelan operations. Excluding Venezuela and the effect\nof foreign exchange, sales in other emerging markets increased 7.5percent. \n\nTotal\nNutritional Products sales increased 0.6percent in 2017 and 1.2percent in 2016, excluding the unfavorable impact of foreign exchange. In Abbott\'s International\nPediatric Nutritional business, the 2017 decrease in sales was driven by challenging market conditions in the infant formula market in various emerging markets, partially offset by growth in China and\nIndia. The 2017 growth in China reflects a partial recovery from the 2016 sales decline in China. The 2016 decrease in sales was driven by challenging market conditions in China, including the impact\nof new food safety regulations, which contributed to an oversupply of product in the market. The 2016 sales decrease in China was partially offset by strong performance in several markets across Latin\nAmerica and Southeast Asia. \n\nThe\nincreases in U.S. Pediatric Nutritional 2017 and 2016 sales primarily reflect continued above-market performance in Abbott\'s infant and toddler brands, including\nPediaSure, Pedialyte and Similac. \n\nExcluding\nthe unfavorable impact of foreign exchange, the 2017 and 2016 increases in International Adult Nutritional sales are due primarily to growth in Ensure, Abbott\'s\nmarket-leading complete and balanced nutrition brand, as well as volume growth in emerging markets and continued expansion of the adult nutrition category internationally. U.S. Adult Nutritional\nrevenues decreased in 2017 due to competitive and market dynamics, while sales increased in 2016 driven by the growth of Ensure sales. \n\nTotal\nDiagnostic Products sales increased 16.7percent in 2017 and 5.5percent in 2016, excluding the impact of foreign exchange. The sales increase in 2017 included the\nacquisition of Alere, which was completed on October3, 2017. Excluding the impact of the acquisition, as well as the impact of foreign exchange, sales in the Diagnostics Products segment\nincreased 5.5percent primarily driven by share gains in the Core Laboratory markets globally, as well as strong performance in Point of Care led by the continued adoption of Abbott\'s\ni-STAT handheld system. The 2016 sales increase was primarily driven by share gains in the Core Laboratory and Point of Care markets in the U.S. and internationally. \n\nExcluding\nthe effect of foreign exchange, total Cardiovascular and Neuromodulation Products sales grew 207.4percent in 2017 and 4.5percent in 2016. The sales increase in\n2017 was primarily driven by the acquisition of St.Jude Medical which was completed on January4, 2017. Excluding the impact of the acquisition, as well as the impact of foreign\nexchange, sales in the vascular business were essentially flat in 2017 versus the prior year as lower coronary stent sales and the comparison impact from the favorable 2016 resolution of a third-party\nroyalty agreement were offset by higher Structural Heart and endovascular sales. In 2016, double-digit growth in sales of Abbott\'s MitraClip structural\nheart device for the treatment of mitral regurgitation was partially offset by lower sales of DES products. The increase in the Endovascular business was driven by higher Supera and vessel closure\nsales. Cardiovascular and Neuromodulation Products sales in 2016 were also favorably impacted by the resolution of previously\ndisputed third party royalty revenue related to the prior year. Excluding this royalty impact, worldwide sales of Cardiovascular and Neuromodulation Products would have increased 3.4percent in\n2016. \n\nAbbott\nhas periodically sold product rights to non-strategic products and has recorded the related gains in net sales in accordance with Abbott\'s revenue recognition policies as\ndiscussed in Note1 to the consolidated financial statements. Related net sales were not significant in 2017, 2016 and 2015. \n\n30\n\n\n\n\n \n\n\nThe\nexpiration of licenses and patent protection can affect the future revenues and operating income of Abbott. There are no significant patent or license expirations in the next three\nyears that are expected to materially affect Abbott. \n\nIn\nApril 2017, Abbott received a warning letter from the U.S. Food and Drug Administration (FDA) related to its manufacturing facility in Sylmar, CA which was acquired by Abbott on\nJanuary4, 2017 as part of the acquisition of St.Jude Medical. This facility manufactures implantable cardioverter defibrillators, cardiac resynchronization therapy defibrillators, and\nmonitors. The warning letter relates to the FDA\'s observations from an inspection of this facility. Abbott has prepared a comprehensive plan of corrective actions which has been provided to the FDA.\nExecution of the plan is progressing. \n\n\n\n\n\n\n\nOperating Earnings \n\nGross profit margins were 47.7percent of net sales in 2017, 54.1percent in 2016 and 54.2percent in 2015. In 2017, the\ndecrease primarily reflects higher intangible amortization expense and inventory step-up amortization related to the St.Jude Medical and Alere acquisitions, partially offset by margin\nimprovements in various businesses. In 2016, the unfavorable effect of foreign exchange offset continued underlying margin expansion, primarily in the Diagnostics and Nutritional segments. \n\nResearch\nand development expense was $2.235billion in 2017, $1.422billion in 2016, and $1.405billion in 2015 and represented a 57.2percent increase in\n2017, and a 1.2percent increase in 2016. The 2017 increase in research and development expenses was primarily due to the acquisition of the St.Jude Medical business. The 2016 increase\nin research and development expenses was primarily due to higher spending on various projects and the impairment of an in-process research and development asset related to a non-reportable segment,\npartially offset by lower restructuring costs in 2016. In 2017, research and development expenditures totaled $526million for the Diagnostics Products segment, $967million for the\nCardiovascular and Neuromodulation Products segment, $195million for the Nutritional Products segment, and $164million for the Established Pharmaceutical Products segment. \n\nSelling,\ngeneral and administrative expenses increased 36.6percent in 2017 and decreased 1.7percent in 2016 versus the respective prior year. The 2017 increase was\nprimarily due to the acquisition of the St.Jude Medical business, as well as the incremental expenses to integrate St.Jude Medical with Abbott\'s existing vascular business, partially\noffset by the impact of cost improvement initiatives across various functions and businesses. The 2016 decrease reflects the favorable impact of foreign exchange, continued efforts to reduce back\noffice costs, and lower restructuring charges compared to the prior year. \n\n\n\n\n\n\n\nBusiness Acquisitions \n\nOn January4, 2017, Abbott completed the acquisition of St.Jude Medical, a global medical device manufacturer, for approximately\n$23.6billion, including approximately $13.6billion in cash and approximately $10billion in Abbott common shares, which represented approximately 254million shares of\nAbbott common stock, based on Abbott\'s closing stock price on the acquisition date. As part of the acquisition, approximately $5.9billion of St.Jude Medical\'s debt was assumed, repaid\nor refinanced by Abbott. The acquisition 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,\ndiagnostics, nutritionals and branded generic pharmaceuticals. The combined business competes in nearly every area of the cardiovascular device market, as well as in the neuromodulation market. \n\nUnder\nthe 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\nAbbott stock price of $39.36, which reflects the closing price on January4, 2017, this represented a value of approximately $81 per St.Jude Medical common share and total purchase\nconsideration of $23.6billion. The cash portion of the acquisition was funded through a combination of medium and long-term debt issued in November 2016 and a $2.0billion 120-day\nsenior unsecured bridge term loan facility which was subsequently repaid. \n\n31\n\n\n\n\n \n\nThe\nfinal allocation of the fair value of the St.Jude Medical acquisition is shown in the table below. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in billions)\n\n\n\n\n\n Acquired intangible assets, non-deductible\n\n\n\n$\n15.5\n\n\n\n Goodwill, non-deductible\n\n\n13.1\n\n\n\n Acquired net tangible assets\n\n\n3.0\n\n\n\n Deferred income taxes recorded at acquisition\n\n\n(2.7\n)\n\n\n Net debt\n\n\n(5.3\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total final allocation of fair value\n\n\n\n$\n23.6 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n The\ngoodwill is primarily attributable to expected synergies from combining operations, as well as intangible assets that do not qualify for separate recognition. The goodwill is\nidentifiable to the Cardiovascular and Neuromodulation Products reportable segment. The acquired tangible assets consist primarily of trade accounts receivable of approximately $1.1billion,\ninventory of approximately $1.7billion, other current assets of $176million, property and equipment of approximately $1.5billion, and other long-term assets of approximately\n$455million. The acquired tangible liabilities consist of trade accounts payable and other current liabilities of approximately $1.1billion and other non-current liabilities of\napproximately $870million. \n\nIn\n2016, Abbott and St.Jude Medical agreed to sell certain businesses to Terumo Corporation (Terumo) for approximately $1.12billion. The sale included the St.Jude\nMedical Angio-Seal and Femoseal vascular closure and Abbott\'s Vado Steerable Sheath businesses. The sale closed on January20, 2017 and no gain or loss\nwas recorded in the Consolidated Statement of Earnings. \n\nOn\nOctober3, 2017, Abbott acquired AlereInc. (Alere), a diagnostic device and service provider, for $51.00 per common share in cash, which equated to a purchase price of\napproximately $4.5billion. As part of the acquisition, Abbott tendered for Alere\'s preferred shares for a total value of approximately $0.7billion. In addition, approximately\n$3.0billion of Alere\'s debt was assumed and subsequently repaid. The acquisition establishes Abbott as a leader in point of care testing, expands Abbott\'s global diagnostics presence and\nprovides access to new products, channels and geographies. Abbott utilized a combination of cash on hand and debt to fund the acquisition. See Note10 Debt and Lines of\nCredit for further details regarding the debt utilized for the acquisition. \n\nThe\npreliminary allocation of the fair value of the Alere acquisition is shown in the table below. The allocation of the fair value of the acquisition will be finalized when the\nvaluation is completed and differences between the preliminary and final allocation could be material. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in billions)\n\n\n\n\n\n Acquired intangible assets, non-deductible\n\n\n\n$\n3.5\n\n\n\n Goodwill, non-deductible\n\n\n4.1\n\n\n\n Acquired net tangible assets\n\n\n0.9\n\n\n\n Deferred income taxes recorded at acquisition\n\n\n(0.7\n)\n\n\n Net debt\n\n\n(2.6\n)\n\n\n Preferred stock\n\n\n(0.7\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Total preliminary allocation of fair value\n\n\n\n$\n4.5 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n The\ngoodwill is primarily attributable to expected synergies from combining operations, as well as intangible assets that do not qualify for separate recognition. The goodwill is\nidentifiable to the Diagnostic Products reportable segment. The acquired tangible assets consist primarily of trade accounts receivable of approximately $430million, inventory of approximately\n$425million, other current assets of $206million, property and equipment of approximately $540million, and other long-term assets of $112million. The \n\n32\n\n\n\n\n \n\nacquired\ntangible liabilities consist of trade accounts payable and other current liabilities of approximately $625million and other non-current liabilities of approximately\n$160million. \n\nIn\nthe third quarter of 2017, Alere entered into agreements to sell its Triage MeterPro cardiovascular and toxicology business and the assets and liabilities related to its B-type\nNatriuretic Peptide assay business run on Beckman Coulter analyzers to Quidel Corporation (Quidel). The transactions with Quidel reflect a total purchase price of $400million payable at the\nclose of the transaction, $240million payable in six annual installments beginning approximately six months after the close of the transaction, and contingent consideration with a maximum\nvalue of $40million. In the third quarter of 2017, Alere entered into an agreement with Siemens Diagnostics Holding IIB.V. (Siemens) to sell its subsidiary, EpocalInc., for\napproximately $200million payable at the close of the transaction. Alere agreed to divest these businesses in connection with the review by the Federal Trade Commission and the European\nCommission of Abbott\'s agreement to acquire Alere. The sale to Quidel closed on October6, 2017, and the sale to Siemens closed on October31, 2017. No gain or loss on these sales was\nrecorded in the Consolidated Statement of Earnings. \n\nIn\n2017, consolidated Abbott results include $6.5billion of sales and a pre-tax loss of approximately $1.3billion related to the St.Jude Medical and Alere\nacquisitions, including approximately $1.5billion of intangible amortization and $907million of inventory step-up amortization. The pre-tax loss excludes acquisition, integration and\nrestructuring-related costs. \n\nIf\nthe acquisitions of St.Jude Medical and Alere had occurred at the beginning of 2016, unaudited pro forma consolidated net sales would have been approximately\n$28.9billion and the unaudited pro forma consolidated net loss from continuing operations would have been approximately $485million in 2016. This includes amortization of approximately\n$940million of inventory step-up and $1.7billion of intangibles related to St.Jude Medical and Alere. For 2017, unaudited pro forma consolidated net sales would have been\napproximately $28.9billion and unaudited pro forma consolidated net earnings from continuing operations would have been approximately $750million, which includes $225million of\nintangible amortization related to Alere. The unaudited pro forma consolidated net earnings from continuing operations for 2017 exclude inventory step-up amortization related to St.Jude\nMedical and Alere of approximately $907million which was recorded in 2017 but included in the 2016 unaudited pro forma results as noted above. The unaudited pro forma information is not\nnecessarily indicative of the consolidated results of operations that would have been realized had the St.Jude Medical and Alere acquisitions been completed as of the beginning of 2016, nor is\nit meant to be indicative of future results of operations that the combined entity will experience. \n\nOn\nJuly17, 2017, Abbott commenced a tender offer to purchase for cash the 1.77million outstanding shares of Alere\'s SeriesB Convertible Perpetual Preferred Stock\nat a price of $402 per share, plus accrued but unpaid dividends to, but not including, the settlement date of the tender offer. This tender offer was subject to the satisfaction of certain conditions,\nincluding Abbott\'s acquisition of Alere and upon there being validly tendered (and not properly withdrawn) at the expiration date of the tender\noffer that number of shares of Preferred Stock that equaled at least a majority of the Preferred Stock issued and outstanding at the expiration of the tender offer. The tender offer expired on\nOctober3, 2017. All conditions to the offer were satisfied and Abbott accepted for payment the 1.748million shares of Preferred Stock that were validly tendered (and not properly\nwithdrawn). The remaining shares were cashed out for an amount equal to the $400.00 per share liquidation preference of such shares, plus accrued but unpaid dividends, without interest. Payment for\nall of the shares of Preferred Stock was made in the fourth quarter of 2017. \n\nIn\nAugust 2015, Abbott completed the acquisition of the equity of Tendyne Holdings,Inc. (Tendyne) that Abbott did not already own for approximately $225million in cash\nplus additional payments up to $150million to be made upon completion of certain regulatory milestones. The acquisition of Tendyne, which is focused on developing minimally invasive mitral\nvalve replacement therapies, allows Abbott to broaden its foundation in the treatment of mitral valve disease. The final allocation of the fair value of the \n\n33\n\n\n\n\n \n\nacquisition\nresulted in non-deductible acquired in-process research and development of approximately $220million, which is accounted for as an indefinite-lived intangible asset until\nregulatory approval or discontinuation, non-deductible goodwill of approximately $142million, deferred tax assets and other net assets of approximately $18million, deferred tax\nliabilities of approximately $85million, and contingent consideration of approximately $70million. The goodwill is identifiable to the Cardiovascular and Neuromodulation Products\nsegment. If the acquisition of Tendyne had taken place as of the beginning of the comparable prior annual reporting period, consolidated net sales and earnings would not have been significantly\ndifferent from reported amounts. \n\n\n\n\n\n\n\nRestructurings \n\nIn 2017, Abbott management approved restructuring plans as part of the integration of the acquisitions of St.Jude Medical into the\ncardiovascular and neuromodulation segment and Alere into the diagnostics segment, in order to leverage economies of scale and reduce costs. In 2017, charges of approximately $187million,\nincluding one-time employee termination benefits were recorded, of which approximately $5million is recorded in Cost of products sold and approximately $182million in Selling, general\nand administrative expense. \n\nFrom\n2014 to 2017, Abbott management approved plans to streamline operations in order to reduce costs and improve efficiencies in various Abbott businesses including the nutritional,\nestablished pharmaceuticals and vascular businesses. Abbott recorded employee-related severance and other\ncharges of approximately $120million in 2017, $33million in 2016 and $95million in 2015. Approximately $7million in 2017, $9million in 2016 and\n$18million in 2015 are recorded in Cost of products sold, approximately $77million in 2017, $5million in 2016 and $34million in 2015 are recorded in Research and\ndevelopment and approximately $36million in 2017, $19million in 2016 and $43million in 2015 are recorded in Selling, general and administrative expense. Additional charges of\napproximately $2million in 2017, $2million in 2016 and $45million in 2015 were recorded primarily for accelerated depreciation. \n\n\n\n\n\n\n\nInterest Expense and Interest (Income) \n\nIn 2017, interest expense increased primarily due to the $15.1billion of debt issued in November of 2016 related to the financing of the\nSt.Jude Medical acquisition which closed on January4, 2017. In 2016, interest expense increased primarily due to the amortization of bridge financing fees related to the financing of\nthe St.Jude Medical and Alere acquisitions. Interest expense in 2016 also increased due to the $15.1billion of debt issued in November 2016. In 2015, interest expense increased due to\nthe issuance of $2.5billion of long-term debt during the year. \n\n\n\n\n\n\n\nOther (Income) Expense, net \n\nOther (income) expense, net, for 2017 includes a pre-tax gain of $1.163billion on the sale of AMO to Johnson& Johnson. 2016\nincludes $947million of expense to adjust Abbott\'s holding of MylanN.V. ordinary shares due to a decline in the fair value of the securities which was considered by Abbott to be other\nthan temporary. 2015 includes a $207million pretax gain on the sale of a portion of the MylanN.V. ordinary shares received through the sale of the developed markets branded generics\npharmaceuticals business and income resulting from a decrease in the fair value of contingent consideration related to a business acquisition. \n\n\n\n\n\n\n\nTaxes on Earnings \n\nThe income tax rates on earnings from continuing operations were 84.2percent in 2017, 24.8percent in 2016 and\n18.1percent in 2015. \n\nThe\nTax Cuts and Jobs Act ("TCJA") was enacted in the U.S. on December22, 2017. The TCJA reduces the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a\none-time \n\n34\n\n\n\n\n \n\ntransition\ntax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. \n\n\nIn\nthe fourth quarter of 2017, Abbott recorded an estimate of net tax expense of $1.46billion for the impact of the TCJA, which is included in Taxes on Earnings from Continuing\nOperations in the Consolidated Statement of Earnings. The estimate is provisional and includes a charge of approximately $2.89billion for the transition tax, partially offset by a net benefit\nof approximately $1.42billion for the remeasurement of deferred tax assets and liabilities and a net benefit of approximately $10million related to certain other impacts of the TCJA. \n\nThe\none-time transition tax is based on Abbott\'s total post-1986 earnings and profits (E&P) that were previously deferred from U.S. income taxes. Abbott has not yet completed its\ncalculation of the total post-1986 E&P for its foreign subsidiaries. The tax computation also requires the determination of the amount of post-1986 E&P considered held in cash and other specified\nassets. This amount may change as Abbott finalizes the calculation of post-1986 foreign E&P previously deferred from U.S. federal taxation and finalizes the amounts held in cash and other specified\nassets. Abbott plans to elect to pay the transition tax over eight years as allowed by the TCJA. \n\nGiven\nthe significant complexity of the TCJA, Abbott will continue to evaluate and analyze the impact of this legislation. The $1.46billion estimate is provisional and is based\non Abbott\'s initial analysis of the TCJA and may be materially adjusted in future periods due to among other things, additional analysis performed by Abbott and additional guidance that may be issued\nby the U.S. Department of Treasury, the Securities and Exchange Commission or the Financial Accounting Standards Board. \n\nIn\n2017, taxes on earnings from continuing operations also include $435million of tax expense related to the gain on the sale of the AMO business. \n\nIn\n2016, taxes on earnings from continuing operations include the impact of a net tax benefit of approximately $225million, primarily as a result of the resolution of various tax\npositions from prior years, partially offset by the unfavorable impact of non-deductible foreign exchange losses related to Venezuela and the adjustment of the MylanN.V. equity investment, as\nwell as the recognition of deferred taxes associated with the then pending sale of AMO. In 2015, taxes on earnings from\ncontinuing operations include $71million of tax expense related to gain on the disposal of shares of MylanN.V. stock. The 2015 effective tax rate includes the impact of the R&D tax\ncredit that was made permanent in the U.S. by the Protecting Americans from Tax Hikes Act of 2015. \n\nExclusive\nof these discrete items, tax expense was favorably impacted by lower tax rates and tax exemptions on foreign income primarily derived from operations in Puerto Rico,\nSwitzerland, Ireland, the Netherlands, Costa Rica, and Singapore. Abbott benefits from a combination of favorable statutory tax rules, tax rulings, grants, and exemptions in these tax jurisdictions.\nSee Note14 to the consolidated financial statements for a full reconciliation of the effective tax rate to the U.S. federal statutory rate. \n\nEarnings\nfrom discontinued operations, net of tax, in 2017 and 2016 reflect the recognition of $109million and $325million, respectively, of net tax benefits primarily as\na result of the resolution of various tax positions related to prior years. 2015 tax expense related to discontinued operations includes $667million of tax expense on certain current-year\nincome earned outside of the U.S. that were not designated as permanently reinvested overseas. \n\n\n\n\n\n\n\nDiscontinued Operations \n\nOn February27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business to MylanInc.\n(Mylan) for equity ownership of a newly formed entity (MylanN.V.) that combined Mylan\'s existing business and Abbott\'s developed markets pharmaceuticals business. MylanN.V. is publicly\ntraded. Historically, this business was included in Abbott\'s Established Pharmaceutical Products segment. At the date of the closing, the 110million MylanN.V. ordinary shares \n\n35\n\n\n\n\n \n\nthat\nAbbott received were valued at $5.77billion and Abbott recorded an after-tax gain on the sale of the business of approximately $1.6billion. Abbott retained its branded generics\npharmaceuticals business in emerging markets. At the close of this transaction, Abbott and Mylan entered into a transition services agreement pursuant to which Abbott and Mylan provided various back\noffice support services to each other on an interim transitional basis for up to 2years. Certain services were extended for an additional five to ten months. Charges by Abbott under this\ntransition services agreement were recorded as a reduction of the costs to provide the respective service in the applicable expense category in the Consolidated Statement of Earnings. This\ntransitional support does not constitute significant continuing involvement in Mylan\'s operations. Abbott also entered into manufacturing supply agreements with Mylan related to certain products, with\nthe supply term ranging from 3 to 10years and\nrequiring a 2year notice prior to termination. The cash flows associated with these transition services and manufacturing supply agreements are not expected to be significant, and therefore,\nthese cash flows are not direct cash flows of the disposed component under Accounting Standards Codification 205. \n\nOn\nFebruary10, 2015, Abbott completed the sale of its animal health business to ZoetisInc. In the first quarter of 2016, Abbott received an additional $25million\nof proceeds due to the expiration of a holdback agreement associated with the sale of this business and reported an after-tax gain of $16million. \n\nAs\na result of the disposition of the above businesses, the prior years\' operating results of these businesses up to the date of sale are reported as part of discontinued operations on\nthe Earnings from Discontinued Operations, net of taxes line in the Consolidated Statement of Earnings. Discontinued operations include an allocation of interest expense assuming a uniform ratio of\nconsolidated debt to equity for all of Abbott\'s historical operations. \n\nOn\nJanuary1, 2013, Abbott completed the separation of AbbVieInc. (AbbVie), which was formed to hold Abbott\'s research-based proprietary pharmaceuticals business. Abbott\nhas retained all liabilities for all U.S. federal and foreign income taxes on income prior to the separation, as well as certain non-income taxes attributable to AbbVie\'s business. AbbVie generally\nwill be liable for all other taxes attributable to its business. In 2017, 2016 and 2015, discontinued operations include a favorable adjustment to tax expense of $109million,\n$318million and $3million, respectively, as a result of the resolution of various tax positions pertaining to AbbVie\'s operations. \n\n36\n\n\n\n\n \n\nThe\noperating results of Abbott\'s developed markets branded generics pharmaceuticals and animal health businesses, as well as the income tax benefit related to the businesses transferred\nto AbbVie, which are being reported as discontinued operations are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended\nDecember31 \n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Net Sales\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health\nbusinesses\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n$\n256\n\n\n\n AbbVie\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n$\n256 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Earnings (Loss) Before Tax\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health\nbusinesses\n\n\n\n$\n15\n\n\n\n$\n(4\n)\n\n\n$\n13\n\n\n\n AbbVie\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n15\n\n\n\n$\n(4\n)\n\n\n$\n13 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Net Earnings\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health\nbusinesses\n\n\n\n$\n15\n\n\n\n$\n3\n\n\n\n$\n62\n\n\n\n AbbVie\n\n\n109\n\n\n318\n\n\n3 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n124\n\n\n\n$\n321\n\n\n\n$\n65 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n \n\n\n\n\n\nAssets and Liabilities Held for Disposition \n\nIn September 2016, Abbott announced that it entered into a definitive agreement to sell Abbott Medical Optics (AMO), its vision care business,\nto Johnson& Johnson for $4.325billion in cash, subject to customary purchase price adjustments for cash, debt and working capital. The decision to sell AMO reflected Abbott\'s proactive\nshaping of its portfolio in line with its strategic priorities. In February 2017, Abbott completed the sale of AMO to Johnson& Johnson and recognized a pre-tax gain of $1.163billion\nincluding working capital adjustments, which was reported in the Other (income) expense, net line of the Consolidated Statement of Earnings in 2017. Abbott recorded an after-tax gain of\n$728million in 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 the business did not\nqualify for reporting as discontinued operations. For 2017, 2016 and 2015, the AMO earnings (losses) before taxes included in Abbott\'s consolidated earnings were $(18) million, $30million and\n$64million, respectively. Assets and liabilities of AMO were classified as held for disposition in Abbott\'s Consolidated Balance Sheet as of December31, 2016. \n\n\nAs\ndiscussed in the Business Acquisitions section, in conjunction with the acquisition of Alere, Abbott sold the Triage MeterPro cardiovascular and toxicology business and the assets and\nliabilities related to its B-type Natriuretic Peptide assay business run on Beckman Coulter analyzers to Quidel. The legal transfer of certain assets and liabilities related to these businesses did\nnot occur at the close of the sale\nto Quidel due to, among other factors, the time required to transfer marketing authorizations and other regulatory requirements in various countries. Under the terms of the sale agreement with Abbott,\nQuidel is subject to the risks and entitled to the benefits generated by these operations and assets. The assets and liabilities presented as held for disposition in the Consolidated Balance Sheet as\nof December31, 2017, primarily relate to the businesses sold to Quidel. \n\n37\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\nThe\nfollowing is a summary of the assets and liabilities held for disposition as of December31, 2017 and 2016: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\nDecember31,\n2017 \n\nDecember31,\n2016 \n\n\n\n Trade receivables, net\n\n\n\n$\n12\n\n\n\n$\n222\n\n\n\n Total inventories\n\n\n8\n\n\n240\n\n\n\n Prepaid expenses and other current assets\n\n\n\n\n\n51 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Current assets held for disposition\n\n\n20\n\n\n513 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net property and equipment\n\n\n56\n\n\n247\n\n\n\n Intangible assets, net of amortization\n\n\n18\n\n\n529\n\n\n\n Goodwill\n\n\n102\n\n\n1,966\n\n\n\n Deferred income taxes and other assets\n\n\n\n\n\n11 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Non-current assets held for disposition\n\n\n176\n\n\n2,753 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total assets held for disposition\n\n\n\n$\n196\n\n\n\n$\n3,266 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Trade accounts payable\n\n\n\n$\n\n\n\n\n$\n71\n\n\n\n Salaries, wages, commissions and other accrued liabilities\n\n\n\n\n\n174 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Current liabilities held for disposition\n\n\n\n\n\n245\n\n\n\n Post-employment obligations, deferred income taxes and other long-term liabilities\n\n\n\n\n\n59 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total liabilities held for disposition\n\n\n\n$\n\n\n\n\n$\n304 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n \n\n\n\n\n\nResearch and Development Programs \n\nAbbott currently has numerous pharmaceutical, medical devices, diagnostic and nutritional products in development. \n\n\n\n\n\n\n\n\nResearch and Development Process \n\nIn the Established Pharmaceuticals segment, the development process focuses on the geographic expansion and continuous improvement of the\nsegment\'s existing products to provide benefits to patients and customers. As Established Pharmaceuticals does not actively pursue primary research, development usually begins with work on existing\nproducts or after the acquisition of an advanced stage licensing opportunity. \n\n\nDepending\nupon the product, the phases of development may include:\n\n\n\n Drug product development. \n PhaseI bioequivalence studies to compare a future Established Pharmaceutical\'s brand with an already marketed compound with the same\nactive pharmaceutical ingredient (API). \n PhaseII studies to test the efficacy of benefits in a small group of patients. \n PhaseIII studies to broaden the testing to a wider population that reflects the actual medical use. \n PhaseIV and other post-marketing studies to obtain new clinical use data on existing products within approved indications. \n\n\nThe\nspecific requirements (e.g.,scope of clinical trials) for obtaining regulatory approval vary across different countries and geographic regions. The process may range from one\nyear for a bioequivalence study project to 6 or more years for complex formulations, new indications, or geographic expansion in specific countries, such as China. \n\n38\n\n\n\n\n \n\nIn\nthe Diagnostics segment, the phases of the research and development process include:\n\n\n\n Discovery which focuses on identification of a product that will address a specific therapeutic area, platform, or unmet clinical need. \n Concept/Feasibility during which the materials and manufacturing processes are evaluated, testing may include product characterization and\nanalysis is performed to confirm clinical utility. \n Development during which extensive testing is performed to demonstrate that the product meets specified design requirements and that the design\nspecifications conform to user needs and intended uses. \n\n\nThe\nregulatory requirements for diagnostic products vary across different countries and geographic regions. In the U.S., the FDA classifies diagnostic products into classes (I, II, or\nIII)and the classification determines the regulatory process for approval. While the Diagnostics segment has products in all three classes, the vast majority of its products are categorized as\nClassI or ClassII. Submission of a separate regulatory filing is not required for ClassI products. ClassII devices typically require pre-market notification to the FDA\nthrough a regulatory filing known as a 510(k) submission. Most ClassIII products are subject to the FDA\'s Pre-Marketing Approval (PMA) requirements. Other ClassIII products, such as\nthose used to screen blood, require the submission and approval of a Biological License Application (BLA). \n\nIn\nthe EU, diagnostic products are also categorized into different categories and the regulatory process, which is governed by the European In Vitro Diagnostic Medical Device Directive,\ndepends upon the category. Certain product categories require review and approval by an independent company, known as a Notified Body, before the manufacturer can affix a CE mark to the product to\nshow compliance with the Directive. Other products only require a self-certification process. \n\nIn\nthe Cardiovascular and Neuromodulation segment, the research and development process begins with research on a specific technology that is evaluated for feasibility and commercial\nviability. If the research program passes that hurdle, it moves forward into development. The development process includes evaluation, selection and qualification of a product design, completion of\napplicable clinical trials to test the product\'s safety and efficacy, and validation of the manufacturing process to demonstrate its repeatability and ability to consistently meet pre-determined\nspecifications. \n\nSimilar\nto the diagnostic products discussed above, in the U.S., cardiovascular and neuromodulation products are classified as ClassI, II, or III. Most of Abbott\'s cardiovascular\nand neuromodulation products are classified as ClassII devices that follow the 510(k) regulatory process or ClassIII devices that are subject to the PMA process. \n\nIn\nthe EU, cardiovascular and neuromodulation products are also categorized into different classes and the regulatory process, which is governed by the European Medical Device Directive\nand the Active Implantable Medical Device Directive, varies by class. Each product must bear a CE mark to show compliance with the Directive. Some products require submission of a design dossier to\nthe appropriate regulatory authority for review and approval prior to CE marking of the device. For other products, the company is required to prepare a technical file which includes testing results\nand clinical evaluations but can self-certify its ability to apply the CE mark to the product. Outside the U.S. and the EU, the regulatory requirements vary across different countries and regions. \n\nAfter\napproval and commercial launch of some cardiovascular and neuromodulation products, post-market trials may be conducted either due to a conditional requirement of the regulatory\nmarket approval or with the objective of proving product superiority. \n\nIn\nthe second quarter of 2017, the EU adopted the new Medical Devices Regulation (MDR) and the In Vitro Diagnostic Regulation(IVDR) which replace the existing directives in the\nEU for medical devices and in vitro diagnostic products. The MDR and IVDR will apply after a three-year and five-year transition \n\n39\n\n\n\n\n \n\nperiod,\nrespectively, and will impose additional regulatory requirements on manufacturers of such products. \n\nIn\nthe Nutritional segment, the research and development process generally focuses on identifying and developing ingredients and products that address the nutritional needs of particular\npopulations (e.g.,infants and adults) or patients (e.g.,people with diabetes). Depending upon the country and/or region, if claims regarding a product\'s efficacy will be made, clinical\nstudies typically must be conducted. \n\nIn\nthe U.S., the FDA requires that it be notified of proposed new formulations and formulation or packaging changes related to infant formula products. Prior to the launch of an infant\nformula or product packaging change, the company is required to obtain the FDA\'s confirmation that it has no objections to the proposed product or packaging. For other nutritional products,\nnotification or pre-approval from the FDA is not required unless the product includes a new food additive. In some countries, regulatory approval may be required for certain nutritional products,\nincluding infant formula and medical nutritional products. \n\n\n\n\n\n\n\nAreas of Focus \n\nIn 2018 and beyond, Abbott\'s significant areas of therapeutic focus will include the following: \n\nEstablished\nPharmaceuticals Abbott focuses on building country-specific portfolios made up of high-quality medicines that meet the needs of people in emerging markets. More than\n400 development projects are active for one or several emerging markets. Over the next several years, Abbott plans to expand its product portfolio in key therapeutic areas with the aim of being among\nthe first to launch new off-patent and differentiated medicines. In addition, Abbott continues to expand existing brands into new markets, implement product enhancements that provide value to patients\nand\nacquire strategic products and technology through licensing activities. Abbott is also actively working on the further development of several key brands such as Creon, Duphaston, Duphalac and\nInfluvac. Depending on the product, the activities focus on development of new data, markets, formulations, delivery systems, or indications. \n\n\nCardiovascular\nand Neuromodulation Abbott\'s research and development programs focus on:\n\n\n\n Cardiac Rhythm Management Development of next-generation rhythm management technologies, including enhanced patient\nengagement and expanded magnetic resonance (MR)-compatibility. \n Heart Failure Continued enhancements to Abbott\'s left ventricular assist systems and pulmonary artery heart failure\nsystem, including enhanced connectivity, user-interfaces and remote patient monitoring. \n Electrophysiology Development of next-generation technologies in the areas of ablation, diagnostic, mapping and\nvisualization and recording and monitoring. \n Vascular Development of next-generation technologies for use in coronary and peripheral vascular procedures. \n Structural Heart Development of minimally-invasive devices for the repair and replacement of heart valves and other\nstructural heart conditions. \n Neuromodulation Development of next-generation technologies with unique wave forms, enhanced patient and physician\nengagement and expanded MR-compatibility to treat chronic pain, movement disorders and other indications. \n\n\nDiabetes\nCare Develop enhancements and additional indications for the FreeStyle Libre continuous glucose monitoring system to help patients improve their ability to manage\ndiabetes. \n\n40\n\n\n\n\n \n\nCore\nLaboratory Diagnostics Abbott continues to commercialize its next-generation blood screening, immunoassay, clinical chemistry and hematology systems, along with assays in\nvarious areas including infectious disease, cardiac care, metabolics, oncology, as well as informatics and automation solutions to increase efficiency in laboratories. \n\nMolecular\nDiagnostics Several new molecular in vitro diagnostic (IVD) products and a next generation instrument system are in various stages of development and launch. \n\nRapid\nDiagnostics Abbott\'s research and development programs focus on the development of diagnostic products for cardiometabolic disease, infectious disease and toxicology. \n\n\nNutritionals\nAbbott is focusing its research and development spend on platforms that span the pediatric, adult and performance nutrition areas: gastro intestinal/immunity health,\nbrain health, mobility and metabolism, and user experience platforms. Numerous new products that build on advances in these platforms are currently under development, including clinical outcome\ntesting, and are expected to be launched over the coming years. \n\nGiven\nthe diversity of Abbott\'s business, its intention to remain a broad-based healthcare company and the numerous sources for potential future growth, no individual project is expected\nto be material to cash flows or results of operations over the next five years. Factors considered included research and development expenses projected to be incurred for the project over the next\nyear relative to Abbott\'s total research and development expenses, as well as qualitative factors, such as marketplace perceptions and impact of a new product on Abbott\'s overall market position.\nThere were no delays in Abbott\'s 2017 research and development activities that are expected to have a material impact on operations. \n\nWhile\nthe 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\nsuccessfully complete each project, the rate at which each project advances, and the ultimate timing for completion. Given the potential for significant delays and the risk of failure inherent in the\ndevelopment of pharmaceutical, medical device and diagnostic products and technologies, it is not possible to accurately estimate the total cost to complete all projects currently in development.\nAbbott plans to manage its portfolio of projects to achieve research and development spending that will be competitive in each of the businesses in which it participates, and such spending is expected\nto approximate 7.5percent of total Abbott sales in 2018. Abbott does not regularly accumulate or make management decisions based on the total expenses incurred for a particular development\nphase in a given period. \n\n\n\n\n\n\n\nGoodwill \n\nAt December31, 2017, goodwill recorded as a result of business combinations totaled $24.0billion. Goodwill is reviewed for\nimpairment annually in the third quarter or when an event that could result in an impairment occurs, using a quantitative assessment to determine whether it is more likely than not that the fair value\nof any reporting unit is less than its carrying amount. The income and market approaches are used to calculate the fair value of each reporting unit. The results of the last impairment test indicated\nthat the fair value of each reporting unit was substantially in excess of its carrying value. \n\n\n\n\n\n\n\nFinancial Condition \n\n\n\n\n\n\n\n\nCash Flow \n\nNet cash from operating activities amounted to $5.6billion, $3.2billion and $3.0billion in 2017, 2016 and 2015,\nrespectively. The increase in Net cash from operating activities in 2017 was primarily due to the favorable impact of improved working capital management, the acquisition of the St.Jude\nMedical businesses, and higher segment operating earnings. The increase in Net cash from operating activities in 2016 reflects additional focus on the management of working capital. The income tax\ncomponent of operating cash flow in 2017 includes the 2017 non-cash impact of $1.46billion of net tax expense related to \n\n41\n\n\n\n\n \n\nthe\nestimated impact of U.S. tax reform. The income tax component of operating cash flow in 2016 and 2015 includes $550million and $70million, respectively, of non-cash tax benefits\nprimarily related to the favorable resolution of various tax positions pertaining to prior years; 2015 reflects the non-cash impact of approximately $1.1billion of tax expense associated with\nthe gain on sale of businesses. \n\nThe\nforeign currency loss related to Venezuela reduced Abbott\'s cash by approximately $410million in 2016 and is included in the Effect of exchange rate changes on cash and cash\nequivalents line within the Consolidated Statement of Cash Flows. Future fluctuations in the strength of the U.S. dollar against foreign currencies are not expected to materially impact Abbott\'s\nliquidity. \n\nWhile\na significant portion of Abbott\'s cash and cash equivalents at December31, 2017, are reinvested in foreign subsidiaries, Abbott does not expect such reinvestment to affect\nits liquidity and capital resources. Due to the enactment of the TCJA, if these funds were needed for operations in the U.S., Abbott does not expect to incur significant additional income taxes in the\nfuture to repatriate these funds. \n\nAbbott\nfunded $645million in 2017, $582million in 2016 and $579million in 2015 to defined benefit pension plans. Abbott expects pension funding of approximately\n$114million in 2018 for its pension plans. Abbott expects annual cash flow from operating activities to continue to exceed Abbott\'s capital expenditures and cash dividends. \n\n\n\n\n\n\n\n\nDebt and Capital \n\nAt December31, 2017, Abbott\'s long-term debt rating was BBB by Standard& Poor\'s Corporation and Baa3 by Moody\'s Investors\nService (Moody\'s). In February 2018, Moody\'s raised Abbott\'s rating to Baa2 with a positive outlook. Abbott expects to maintain an investment grade rating. Abbott is committed to reducing its debt\nlevels following the recent acquisitions of St.Jude Medical and Alere. On February16, 2018, the board of directors authorized the redemption of up to $5billion of currently\noutstanding long-term notes in addition to the $3.95billion repaid in January 2018 discussed below. \n\n\nAbbott\nhas readily available financial resources, including lines of credit of $5.0billion which expire in 2019. These lines of credit are part of a 2014 revolving credit\nagreement that provides Abbott with the ability to borrow up to $5billion on an unsecured basis. Prior to October3, 2017, no amounts were previously drawn under the revolving credit\nagreement. On October3, 2017, in connection with the Alere acquisition, Abbott borrowed $1.7billion under these lines of credit. These borrowings were due to be repaid in July 2019 and\nbore interest based on a Eurodollar rate, plus an applicable margin based on Abbott\'s credit ratings. In the fourth quarter of 2017, Abbott paid off $550million of these borrowings. On\nJanuary5, 2018, Abbott paid off the remaining balance under these lines of credit ahead of the 2019 due date. \n\n\nOn\nJuly31, 2017, Abbott entered into a 5-year term loan agreement that allowed Abbott to borrow up to $2.8billion on an unsecured basis for the acquisition of Alere. On\nOctober3, 2017, Abbott borrowed $2.8billion under this term loan agreement to finance the acquisition of Alere, to repay certain indebtedness of Abbott and Alere, and to pay fees and\nexpenses in connection with the acquisition. Borrowings under the term loan bore interest based on a Eurodollar rate, plus an applicable margin based on Abbott\'s credit ratings. Abbott paid off this\nterm loan on January5, 2018, ahead of its 2022 due date. \n\nIn\nthe fourth quarter of 2017, in conjunction with the acquisition of Alere, Abbott assumed and subsequently repaid $3.0billion of Alere\'s debt. In 2017, Abbott also paid off a\n$479million yen-denominated short-term borrowing during the year and issued 364-day yen-denominated debt, of which $195million was outstanding at December31, 2017. \n\nIn\nthe first quarter of 2017, as part of the acquisition of St.Jude Medical, Abbott assumed outstanding debt previously issued by St.Jude Medical. Abbott exchanged\ncertain St.Jude Medical debt obligations with an aggregate principal amount of approximately $2.9billion for debt issued by Abbott which consists of: $473.8million of 2.00%\nSenior Notes due 2018; $483.7million of 2.80% Senior Notes due 2020; \n\n42\n\n\n\n\n \n\n$818.4million\nof 3.25% Senior Notes due 2023; $490.7million of 3.875% Senior Notes due 2025; and $639.1million of 4.75% Senior Notes due 2043. Following this exchange,\napproximately $194.2million 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\nabove. There were no significant costs associated with the exchange of debt. In addition, during the first quarter of 2017, Abbott assumed and subsequently repaid approximately $2.8billion of\nvarious St.Jude Medical debt obligations. \n\nIn\nNovember 2016, Abbott issued $15.1billion of medium and long-term debt to primarily fund the cash portion of the acquisition of St.Jude Medical. Abbott issued\n$2.85billion of 2.35% Senior Notes due\nNovember22, 2019; $2.85billion of 2.90% Senior Notes due November30, 2021; $1.50billion of 3.40% Senior Notes due November30, 2023; $3.00billion of\n3.75% Senior Notes due November30, 2026; $1.65billion of 4.75% Senior Notes due November30, 2036; and $3.25billion of 4.90% Senior Notes due November30, 2046.\nIn November 2016, Abbott also entered into interest rate swap contracts totaling $3.0billion related to the new debt; the swaps have the effect of changing Abbott\'s obligation from a fixed\ninterest rate to a variable interest rate obligation on the related debt instruments. \n\nIn\nApril 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $17.2billion, comprised of $15.2billion\nfor a 364-day bridge loan and $2.0billion for a 120-day bridge loan to provide financing for the acquisition of St.Jude Medical. The $15.2billion component of the commitment\nterminated in November 2016 when Abbott issued the $15.1billion of long-term debt. In December 2016, Abbott formalized the $2.0billion component and entered into a 120-day bridge term\nloan facility that provided Abbott the ability to borrow up to $2.0billion on an unsecured basis to partially fund the St.Jude Medical acquisition. On January4, 2017, as part\nof funding the cash portion of the St.Jude Medical acquisition, Abbott borrowed $2.0billion under the 120-day senior unsecured bridge term loan facility. This facility was repaid\nduring the first quarter of 2017. \n\nIn\nFebruary 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $9billion in conjunction with its pending\nacquisition of Alere. This commitment, which was automatically extended for up to 90days on January29, 2017, expired on April30, 2017 and was not renewed since Abbott did not\nneed this bridge facility to finance the Alere acquisition. The fees associated with the bridge facilities were recognized in interest expense. \n\nIn\nMarch 2015, Abbott issued $2.5billion of long-term debt consisting of $750million of 2.00% Senior Notes due March15, 2020; $750million of 2.55% Senior\nNotes due March15, 2022; and $1.0billion of 2.95% Senior Notes due March15, 2025. Proceeds from this debt were used to pay down short-term borrowings. In March 2015, Abbott\nalso entered into interest rate swap contracts totaling $2.5billion. These contracts have the effect of changing Abbott\'s obligation from a fixed interest rate to a variable interest rate\nobligation. \n\nIn\nSeptember 2014, the board of directors authorized the repurchase of up to $3.0billion of Abbott\'s common shares from time to time. The 2014 authorization was in addition to\nthe $512million unused portion of a previous program announced in June 2013. In 2016, Abbott repurchased 10.4million shares at a cost of $408million under the program\nauthorized in 2014. In 2015, Abbott repurchased 11.3million shares at a cost of $512million under the unused portion of the 2013 authorization and 36.2million shares at a cost\nof $1.7billion under the program authorized in 2014 for a total of 47.5million shares at a cost of $2.2billion. \n\n\nOn\nApril27, 2016, the board of directors authorized the issuance and sale for general corporate purposes of up to 75million common shares that would result in proceeds of\nup to $3billion. No shares have been issued under this authorization. \n\nAbbott\ndeclared dividends of $1.075 per share in 2017 compared to $1.045 per share in 2016, an increase of approximately 3%. Dividends paid were $1.849billion in 2017 compared to\n$1.539billion in 2016. The year-over-year change in dividends reflects the impact of the increase in the dividend rate and the additional shares issued to finance the St.Jude Medical\nacquisition. \n\n43\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\nWorking Capital \n\nWorking capital was $11.2billion at December31, 2017 and $20.1billion at December31, 2016. The decrease in\nworking capital in 2017 was due to a $9.2billion decrease in cash and cash equivalents. Approximately $13.6billion of the $18.6billion in cash and cash equivalents at\nDecember31, 2016 was used to fund the cash portion of the acquisition of St.Jude Medical on January4, 2017. \n\nAbbott\nmonitors the credit worthiness of customers and establishes an allowance against a trade receivable when it is probable that the balance will not be collected. In addition to\nclosely monitoring economic conditions and budgetary and other fiscal developments, Abbott regularly communicates with its customers regarding the status of receivable balances, including their\npayment plans and obtains positive confirmation of the validity of the receivables. Abbott also monitors the potential for and periodically has utilized factoring arrangements to mitigate credit risk\nalthough the receivables included in such arrangements have historically not been a material amount of total outstanding receivables. \n\n\n\n\n\n\n\nVenezuela Operations \n\nSince January 2010, Venezuela has been designated as a highly inflationary economy under U.S.GAAP. In 2014 and 2015, the government of\nVenezuela operated multiple mechanisms to exchange bolivars into U.S. dollars. These mechanisms included the CENCOEX, SICAD, and SIMADI rates, which stood at 6.3, 13.5, and approximately 200,\nrespectively, at December31, 2015. In 2015, Abbott continued to use the CENCOEX rate of 6.3 Venezuelan bolivars to the U.S. dollar to report the results, financial position, and cash flows\nrelated to its operations in Venezuela since Abbott continued to qualify for this exchange rate to pay for the import of various products into Venezuela. \n\nOn\nFebruary17, 2016, the Venezuelan government announced that the three-tier exchange rate system would be reduced to two rates renamed the DIPRO and DICOM rates. The DIPRO rate\nis the official rate for food and medicine imports and was adjusted from 6.3 to 10 bolivars per U.S. dollar. The DICOM rate is a floating market rate published daily by the Venezuelan central bank,\nwhich at the end of the first quarter of 2016 was approximately 263 bolivars per U.S. dollar. As a result of decreasing government approvals to convert bolivars to U.S. dollars to pay for intercompany\naccounts, as well as the accelerating deterioration of economic conditions in the country, Abbott concluded that it was appropriate to move to the DICOM rate at the end of the first quarter of 2016.\nAs a result, Abbott recorded a foreign currency exchange loss of $480million in 2016 to revalue its net monetary assets in Venezuela. Abbott is continuing to use the DICOM rate to report the\nresults of operations and to remeasure net monetary assets for Venezuela at the end of each quarter. As of December31, 2017, Abbott\'s investment in its Venezuelan operations was not\nsignificant. As a result, any additional future foreign currency losses related to Venezuela would not be material. \n\n\n\n\n\n\n\nCapital Expenditures \n\nCapital expenditures of $1.1billion in 2017, 2016 and 2015 were principally for upgrading and expanding manufacturing and research and\ndevelopment facilities and equipment in various segments, investments in information technology, and laboratory instruments placed with customers. \n\n44\n\n\n\n\n \n\n\n\n\n\n\n\nContractual Obligations \n\nThe table below summarizes Abbott\'s estimated contractual obligations as of December31, 2017. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nPayments Due By Period \n\n\n\n\n\nTotal \n\n2018 \n\n2019-2020 \n\n2021-2022 \n\n2023 and\nThereafter \n\n\n\n\n\n(in millions)\n\n\n\n Long-term debt, including current maturities (a)\n\n\n\n\n$\n27,970\n\n\n\n$\n508\n\n\n\n$\n6,802\n\n\n\n$\n6,404\n\n\n\n$\n14,256\n\n\n\n Interest on debt obligations (a)\n\n\n12,107\n\n\n1,013\n\n\n1,773\n\n\n1,488\n\n\n7,833\n\n\n\n Operating lease obligations\n\n\n1,141\n\n\n223\n\n\n317\n\n\n196\n\n\n405\n\n\n\n Capitalized auto lease obligations\n\n\n37\n\n\n12\n\n\n25\n\n\n\n\n\n\n\n\n\n Purchase commitments (b)\n\n\n2,242\n\n\n2,081\n\n\n124\n\n\n29\n\n\n8\n\n\n\n Other long-term liabilities (c)\n\n\n3,997\n\n\n\n\n\n1,439\n\n\n973\n\n\n1,585 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Total (d)\n\n\n\n$\n47,494\n\n\n\n$\n3,837\n\n\n\n$\n10,480\n\n\n\n$\n9,090\n\n\n\n$\n24,087 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(a)Amounts\nreported represent contractual obligations as of December31, 2017. On January5, 2018, Abbott repaid long term debt of $1.15billion\ndue July10, 2019 and $2.80billion due November3, 2022, which reduces future interest obligations on this debt by approximately $475million over the term of the debt.\n(b)Purchase\ncommitments are for purchases made in the normal course of business to meet operational and capital expenditure requirements.\n(c)Other\nlong-term liabilities include the estimated payments for the transition tax under the TCJA, net of applicable credits.\n(d)Net\nunrecognized tax benefits totaling approximately $835million are excluded from the table above as Abbott is unable to reasonably estimate the period of\ncash settlement with the respective taxing authorities on such items. See Note14 Taxes on Earnings from Continuing Operations for further details. The company has employee\nbenefit obligations consisting of pensions and other post-employment benefits, including medical and life, which have been excluded from the table. A discussion of the company\'s pension and\npost-retirement plans, including funding matters is included in Note13 Post-employment Benefits. \n \n \n\n\n\n\n\nContingent Obligations \n\nAbbott has periodically entered into agreements with other companies in the ordinary course of business, such as assignment of product rights,\nwhich has resulted in Abbott becoming secondarily liable for obligations that Abbott was previously primarily liable. Since Abbott no longer maintains a business relationship with the other parties,\nAbbott is unable to develop an estimate of the maximum potential amount of future payments, if any, under these obligations. Based upon past experience, the likelihood of payments under these\nagreements is remote. In addition, Abbott periodically acquires a business or product rights in which Abbott agrees to pay contingent consideration based on attaining certain thresholds or based on\nthe occurrence of certain events. \n\n\n\n\n\n\n\n\nLegislative Issues \n\nAbbott\'s primary markets are highly competitive and subject to substantial government regulations throughout the world. Abbott expects debate to\ncontinue over the availability, method of delivery, and payment for health care products and services. It is not possible to predict the extent to which Abbott or the health care industry in general\nmight be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item1, Business, and Item1A, Risk Factors. \n\n45\n\n\n\n\n \n\n\n\n\n\n\n\nRecently Issued Accounting Standards \n\nIn August 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-12, Targeted Improvements to Accounting for Hedging\nActivities, which makes changes to the designation and measurement guidance for qualifying hedging\nrelationships and the presentation of hedge results. The standard becomes effective for Abbott beginning in the first quarter of 2019 and early adoption is permitted. Abbott is currently evaluating\nthe effect that ASU 2017-12 will have on its consolidated financial statements. \n\nIn\nMarch 2017, the FASB issued ASU 2017-07, Compensation Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension\nCost and Net Periodic Postretirement Benefit Cost which changes the financial statement presentation requirements for pension and other postretirement benefit expense. While\nservice cost will continue to be reported in the same financial statement line items as other current employee compensation costs, the ASU requires all other components of pension and other\npostretirement benefit expense to be presented separately from service cost, and outside any subtotal of income from operations. The standard becomes effective for Abbott beginning in the first\nquarter of 2018. When the change in the presentation of the components of pension cost is applied retrospectively to Abbott\'s 2017 operating results, approximately $160million of net\npension-related income will be moved from the operating lines of the Consolidated Statement of Earnings to non-operating income. \n\nIn\nOctober 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory, which\nrequires the recognition of the income tax effects of intercompany sales and transfers of assets, other than inventory, in the period in which the transfer occurs. The standard becomes effective for\nAbbott beginning in the first quarter of 2018. Abbott does not expect the adoption of the new standard to have a material impact on its consolidated financial statements. \n\nIn\nFebruary 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize assets and liabilities for most leases on the\nbalance sheet. The standard becomes effective for Abbott beginning in the first quarter of 2019 and early adoption is permitted. Adoption requires application of the new guidance for all periods\npresented. Abbott is currently evaluating the impact the new guidance will have on its consolidated financial statements. \n\nIn\nJanuary 2016, the FASB issued ASU 2016-01, Financial Instruments Recognition and Measurement of Financial Assets and Financial\nLiabilities, which provides new guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. The standard becomes effective for\nAbbott beginning in the first quarter of 2018. Abbott does not expect the adoption of the new standard to have a material impact on its consolidated financial statements. \n\nIn\nMay 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which provides a single comprehensive model for\naccounting for revenue from contracts with customers and will supersede most existing revenue recognition guidance. The standard becomes effective for Abbott in the first quarter of 2018. Abbott\'s\nrevenues are primarily comprised of product sales. Abbott completed a thorough evaluation of the new standard including a detailed review of Abbott\'s revenue streams and contracts. Abbott does not\nexpect the adoption of the new standard to have a material impact on its consolidated financial statements. Abbott will use the modified retrospective method to adopt this standard. \n\n\n\n\n\n\n\nPrivate Securities Litigation Reform Act of 1995 A Caution Concerning\nForward-Looking Statements \n\nUnder the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Abbott cautions investors that any forward-looking\nstatements or projections made by Abbott, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected.\nEconomic, competitive, governmental, technological and other factors that may affect Abbott\'s operations are discussed in Item1A, Risk Factors. \n\n46\n\n\n\n\n \n\n\n \n ITEM 7A.QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK \n\n \n Financial Instruments and Risk Management \n\n\n\n\n\n\n\n\nMarket Price Sensitive Investments \n\nThe fair value of the available-for-sale equity securities held by Abbott was approximately $11million and $2.7billion as of\nDecember31, 2017 and 2016, respectively. The year-over-year decrease is primarily due to sale of the remaining ordinary shares of MylanN.V. that Abbott received in the sale of its\ndeveloped markets branded generics pharmaceuticals business. As of December31, 2017, Abbott no longer held an ownership interest in MylanN.V. All available-for-sale equity securities\nare subject to potential changes in fair value. A hypothetical 20percent decrease in the share prices of these investments would decrease their fair value at December31, 2017 by\napproximately $2million. Abbott monitors these investments for other than temporary declines in fair value, and charges impairment losses to income when an other than temporary decline in fair\nvalue occurs. Abbott also holds $363million of investments in mutual funds that are held in a rabbi trust for the purpose of paying benefits under a deferred compensation plan. These\ninvestments are classified as trading securities. \n\n\n\n\n\n\n\nNon-Publicly Traded Equity Securities \n\nAbbott holds equity securities from strategic technology acquisitions that are not traded on public stock exchanges. The carrying value of these\ninvestments was approximately $263million and $151million as of December31, 2017 and 2016, respectively. No individual investment is recorded at a value in excess of\n$67million. 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\nvalue occurs. \n\n\n\n\n\n\n\nInterest Rate Sensitive Financial Instruments \n\nAt December31, 2017 and 2016, Abbott had interest rate hedge contracts totaling $4.0billion and $5.5billion,\nrespectively, 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\nhedged. 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. The fair value of\nlong-term debt at December31, 2017 and 2016 amounted to $29.0billion and $21.1billion, respectively (average interest rates of 3.6% and 3.8% as of December31, 2017 and\n2016, respectively) with maturities through 2046. At December31, 2017 and 2016, the fair value of current and long-term investment securities amounted to approximately $1.1billion and\n$3.1billion, respectively. A hypothetical\n100-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\nin rates.) \n\n\n\n\n\n\n\nForeign Currency Sensitive Financial Instruments \n\nCertain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange\nrates 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\ncash 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\nwill be included in Cost of products sold at the time the products are sold, generally within the next twelve to eighteen months. At December31, 2017 and 2016, Abbott held $3.3billion\nand $2.6billion, respectively, of such contracts. Contracts held at December31, 2017 will mature in 2018 or 2019 depending upon the contract. Contracts held at December31, 2016\nmatured in 2017 or will mature in 2018 depending upon the contract. At December31, 2016, $107million of the notional amount related to AMO, a business that was divested in the first\nquarter of 2017. \n\n47\n\n\n\n\n \n\nAbbott\nenters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated intercompany loans and trade payables and third-party trade payables\nand 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.\nAt December31, 2017 and 2016, Abbott held $20.1billion and $14.9billion, respectively, of such contracts, which generally mature in the next twelve months. At\nDecember31, 2016, $1.2billion of the contracts related to AMO, a business that was divested in the first quarter of 2017. \n\nIn\nMarch 2017, Abbott repaid its $479million foreign denominated short-term debt which was designated as a hedge of the net investment in a foreign subsidiary. At\nDecember31, 2016 and 2015, the value of this short-term debt was $454million and $439million, respectively, and changes in the fair value of the debt up through the date of\nrepayment due to changes in exchange rates were recorded in Accumulated other comprehensive income (loss), net of tax. \n\nThe\nfollowing table reflects the total foreign currency forward contracts outstanding at December31, 2017 and 2016: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n\n\n\n\nContract\nAmount \n\nWeighted\nAverage\nExchange\nRate \n\nFair and\nCarrying Value\nReceivable/\n(Payable) \n\nContract\nAmount \n\nWeighted\nAverage\nExchange\nRate \n\nFair and\nCarrying Value\nReceivable/\n(Payable) \n\n\n\n\n\n(dollars in millions)\n\n\n\n Primarily U.S. Dollars\nto be exchanged for\nthe following currencies:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Euro\n\n\n\n$\n16,877\n\n\n1.1861\n\n\n\n$\n(24\n)\n\n\n$\n11,110\n\n\n1.0570\n\n\n\n$\n28\n\n\n\n British Pound\n\n\n609\n\n\n1.3300\n\n\n(5\n)\n\n514\n\n\n1.2817\n\n\n15\n\n\n\n Japanese Yen\n\n\n1,109\n\n\n110.5370\n\n\n15\n\n\n1,024\n\n\n110.6955\n\n\n44\n\n\n\n Canadian Dollar\n\n\n597\n\n\n1.2799\n\n\n(4\n)\n\n639\n\n\n1.3378\n\n\n3\n\n\n\n All other currencies\n\n\n4,245\n\n\nN/A\n\n\n(49\n)\n\n4,166\n\n\nN/A\n\n\n104 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n23,437\n\n\n\n\n\n\n$\n(67\n)\n\n\n$\n17,453\n\n\n\n\n\n\n$\n194 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 48\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n ITEM 8.FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA \n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nPage \n\n\n\n Consolidated Statement of Earnings\n\n\n50\n\n\n\n Consolidated Statement of Comprehensive Income\n\n\n51\n\n\n\n Consolidated Statement of Cash Flows\n\n\n52\n\n\n\n Consolidated Balance Sheet\n\n\n53\n\n\n\n Consolidated Statement of Shareholders\' Investment\n\n\n55\n\n\n\n Notes to Consolidated Financial Statements\n\n\n56\n\n\n\n Management Report on Internal Control Over Financial Reporting\n\n\n94\n\n\n\n Report of Independent Registered Public Accounting Firm\n\n\n95\n\n\n\n Report of Independent Registered Public Accounting Firm\n\n\n96\n\n\n\n\n\n \n 49\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Consolidated Statement of Earnings\n(in millions except per share data) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Net Sales\n\n\n\n$\n27,390\n\n\n\n$\n20,853\n\n\n\n$\n20,405 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Cost of products sold, excluding amortization of intangible assets\n\n\n12,337\n\n\n9,024\n\n\n8,747\n\n\n\n Amortization of intangible assets\n\n\n1,975\n\n\n550\n\n\n601\n\n\n\n Research and development\n\n\n2,235\n\n\n1,422\n\n\n1,405\n\n\n\n Selling, general and administrative\n\n\n9,117\n\n\n6,672\n\n\n6,785 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Operating Cost and Expenses\n\n\n25,664\n\n\n17,668\n\n\n17,538 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Operating Earnings\n\n\n1,726\n\n\n3,185\n\n\n2,867\n\n\n\n Interest expense\n\n\n904\n\n\n431\n\n\n163\n\n\n\n Interest income\n\n\n(124\n)\n\n(99\n)\n\n(105\n)\n\n\n Net foreign exchange (gain) loss\n\n\n(34\n)\n\n495\n\n\n(93\n)\n\n\n Other (income) expense, net\n\n\n(1,251\n)\n\n945\n\n\n(281\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Earnings from Continuing Operations Before Taxes\n\n\n2,231\n\n\n1,413\n\n\n3,183\n\n\n\n Taxes on Earnings from Continuing Operations\n\n\n1,878\n\n\n350\n\n\n577 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Earnings from Continuing Operations\n\n\n353\n\n\n1,063\n\n\n2,606\n\n\n\n Earnings from Discontinued Operations, net of taxes\n\n\n\n124\n\n\n\n321\n\n\n\n65\n\n\n\n Gain on sale of Discontinued Operations, net of taxes\n\n\n\n\n\n16\n\n\n1,752 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Earnings from Discontinued Operations, net of taxes\n\n\n\n124\n\n\n\n337\n\n\n\n1,817 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Earnings\n\n\n\n$\n477\n\n\n\n$\n1,400\n\n\n\n$\n4,423 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Basic Earnings Per Common Share\n\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations\n\n\n\n$\n0.20\n\n\n\n$\n0.71\n\n\n\n\n$\n1.73\n\n\n\n Discontinued Operations\n\n\n0.07\n\n\n0.23\n\n\n1.21\n\n\n\n Net Earnings\n\n\n\n$\n0.27\n\n\n\n$\n0.94\n\n\n\n$\n2.94\n\n\n\n Diluted Earnings Per Common Share\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations\n\n\n\n$\n0.20\n\n\n\n$\n0.71\n\n\n\n$\n1.72\n\n\n\n Discontinued Operations\n\n\n0.07\n\n\n0.23\n\n\n1.20\n\n\n\n Net Earnings\n\n\n\n$\n0.27\n\n\n\n$\n0.94\n\n\n\n$\n2.92\n\n\n\n Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share\n\n\n\n1,740\n\n\n\n1,477\n\n\n\n1,496\n\n\n\n Dilutive Common Stock Options\n\n\n9\n\n\n6\n\n\n10 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options\n\n\n1,749\n\n\n1,483\n\n\n1,506 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Outstanding Common Stock Options Having No Dilutive Effect\n\n\n\n\n\n5\n\n\n1 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n50\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Consolidated Statement of Comprehensive Income\n(in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Net Earnings\n\n\n\n$\n477\n\n\n\n$\n1,400\n\n\n\n$\n4,423 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Foreign currency translation gain (loss) adjustments\n\n\n1,365\n\n\n(130\n)\n\n(2,013\n)\n\n\n Net actuarial gains (losses) and prior service cost and credits and amortization of net actuarial losses and prior service cost and credits, net of taxes\nof $(61) in 2017, $(125)in 2016 and $101 in 2015\n\n\n(243\n)\n\n(326\n)\n\n252\n\n\n\n Unrealized gains (losses) on marketable equity securities, net of taxes of $(76) in 2017, $(28) in 2016 and $104 in 2015\n\n\n64\n\n\n(134\n)\n\n64\n\n\n\n Net (losses) gains on derivative instruments designated as cash flow hedges, net of taxes of $(43) in 2017, $(4) in 2016 and $(9) in 2015\n\n\n(134\n)\n\n(15\n)\n\n(35\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Other Comprehensive Income (Loss)\n\n\n1,052\n\n\n(605\n)\n\n(1,732\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Comprehensive Income\n\n\n\n$\n1,529\n\n\n\n$\n795\n\n\n\n$\n2,691 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Supplemental Accumulated Other Comprehensive Income (Loss) Information, net of tax as of December31:\n\n\n\n\n\n\n\n\n\n\n\n\n Cumulative foreign currency translation (loss) adjustments\n\n\n\n$\n(3,452\n)\n\n\n$\n(4,959\n)\n\n\n$\n(4,829\n)\n\n\n Net actuarial (losses) and prior service (cost) and credits\n\n\n(2,521\n)\n\n(2,284\n)\n\n(1,958\n)\n\n\n Cumulative unrealized (losses) gains on marketable equity securities\n\n\n(5\n)\n\n(69\n)\n\n65\n\n\n\n Cumulative (losses) gains on derivative instruments designated as cash flow hedges\n\n\n(84\n)\n\n49\n\n\n64 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Accumulated other comprehensive income (loss)\n\n\n\n$\n(6,062\n)\n\n\n$\n(7,263\n)\n\n\n$\n(6,658\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n51\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Consolidated Statement of Cash Flows\n(in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Cash Flow From (Used in) Operating Activities:\n\n\n\n\n\n\n\n\n\n\n\n\n Net earnings\n\n\n\n$\n477\n\n\n\n$\n1,400\n\n\n\n$\n4,423\n\n\n\n Adjustments to reconcile earnings to net cash from operating activities\n\n\n\n\n\n\n\n\n\n\n\n\n Depreciation\n\n\n1,046\n\n\n803\n\n\n871\n\n\n\n Amortization of intangible assets\n\n\n1,975\n\n\n550\n\n\n601\n\n\n\n Share-based compensation\n\n\n406\n\n\n310\n\n\n292\n\n\n\n Impact of currency devaluation\n\n\n\n\n\n480\n\n\n\n\n\n\n Amortization of inventory step-up\n\n\n907\n\n\n\n\n\n\n\n\n\n Investing and financing (gains) losses, net\n\n\n47\n\n\n86\n\n\n(18\n)\n\n\n Amortization of bridge financing fees\n\n\n5\n\n\n165\n\n\n\n\n\n\n Gains on sale of businesses\n\n\n(1,163\n)\n\n(25\n)\n\n(2,840\n)\n\n\n MylanN.V. equity investment adjustment\n\n\n\n\n\n947\n\n\n\n\n\n\n Gain on sale of MylanN.V. shares\n\n\n(45\n)\n\n\n\n\n(207\n)\n\n\n Trade receivables\n\n\n(207\n)\n\n(177\n)\n\n(171\n)\n\n\n Inventories\n\n\n249\n\n\n(98\n)\n\n(257\n)\n\n\n Prepaid expenses and other assets\n\n\n109\n\n\n113\n\n\n57\n\n\n\n Trade accounts payable and other liabilities\n\n\n615\n\n\n(652\n)\n\n(742\n)\n\n\n Income taxes\n\n\n1,149\n\n\n(699\n)\n\n957 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Cash From Operating Activities\n\n\n5,570\n\n\n3,203\n\n\n2,966 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Cash Flow From (Used in) Investing Activities:\n\n\n\n\n\n\n\n\n\n\n\n\n Acquisitions of property and equipment\n\n\n(1,135\n)\n\n(1,121\n)\n\n(1,110\n)\n\n\n Acquisitions of businesses and technologies, net of cash acquired\n\n\n(17,183\n)\n\n(80\n)\n\n(235\n)\n\n\n Proceeds from business dispositions\n\n\n6,042\n\n\n25\n\n\n230\n\n\n\n Proceeds from the sale of MylanN.V. shares\n\n\n2,704\n\n\n\n\n\n2,290\n\n\n\n Purchases of investment securities\n\n\n(210\n)\n\n(2,823\n)\n\n(4,933\n)\n\n\n Proceeds from sales of investment securities\n\n\n129\n\n\n3,709\n\n\n4,112\n\n\n\n Other\n\n\n35\n\n\n42\n\n\n52 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Cash From (Used in) Investing Activities\n\n\n(9,618\n)\n\n(248\n)\n\n406 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Cash Flow From (Used in) Financing Activities:\n\n\n\n\n\n\n\n\n\n\n\n\n Proceeds from issuance of (repayments of) short-term debt and other\n\n\n(1,034\n)\n\n(1,767\n)\n\n(1,281\n)\n\n\n Proceeds from issuance of long-term debt and debt with maturities over 3months\n\n\n6,742\n\n\n14,934\n\n\n2,485\n\n\n\n Repayments of long-term debt and debt with maturities over 3months\n\n\n(8,650\n)\n\n(12\n)\n\n(57\n)\n\n\n Payment of bridge financing fees\n\n\n\n\n\n(170\n)\n\n\n\n\n\n Purchase of Alere preferred stock\n\n\n(710\n)\n\n\n\n\n\n\n\n\n Acquisition and contingent consideration payments related to business acquisitions\n\n\n(13\n)\n\n(25\n)\n\n(17\n)\n\n\n Purchases of common shares\n\n\n(117\n)\n\n(522\n)\n\n(2,237\n)\n\n\n Proceeds from stock options exercised\n\n\n350\n\n\n248\n\n\n314\n\n\n\n Dividends paid\n\n\n(1,849\n)\n\n(1,539\n)\n\n(1,443\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Cash From (Used in) Financing Activities\n\n\n(5,281\n)\n\n11,147\n\n\n(2,236\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Effect of exchange rate changes on cash and cash equivalents\n\n\n116\n\n\n(483\n)\n\n(198\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net (Decrease) Increase in Cash and Cash Equivalents\n\n\n(9,213\n)\n\n13,619\n\n\n938\n\n\n\n Cash and Cash Equivalents, Beginning of Year\n\n\n18,620\n\n\n5,001\n\n\n4,063 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Cash and Cash Equivalents, End of Year\n\n\n\n$\n9,407\n\n\n\n$\n18,620\n\n\n\n$\n5,001 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Supplemental Cash Flow Information:\n\n\n\n\n\n\n\n\n\n\n\n\n Income taxes paid\n\n\n\n$\n570\n\n\n\n$\n620\n\n\n\n$\n631\n\n\n\n Interest paid\n\n\n917\n\n\n181\n\n\n166\n\n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n52\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Consolidated Balance Sheet\n(dollars in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDecember31 \n\n\n\n\n\n2017 \n\n2016 \n\n\n\n Assets\n\n\n\n\n\n\n\n\n\n Current Assets:\n\n\n\n\n\n\n\n\n\n Cash and cash equivalents\n\n\n\n$\n9,407\n\n\n\n$\n18,620\n\n\n\n Investments, primarily bank time deposits and U.S. treasury bills\n\n\n203\n\n\n155\n\n\n\n Trade receivables, less allowances of 2017: $294; 2016: $250\n\n\n5,249\n\n\n3,248\n\n\n\n Inventories:\n\n\n\n\n\n\n\n\n\n Finished products\n\n\n2,339\n\n\n1,624\n\n\n\n Work in process\n\n\n472\n\n\n294\n\n\n\n Materials\n\n\n790\n\n\n516 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total inventories\n\n\n3,601\n\n\n2,434\n\n\n\n Other prepaid expenses and receivables\n\n\n1,667\n\n\n1,806\n\n\n\n Current assets held for disposition\n\n\n20\n\n\n513 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Current Assets\n\n\n20,147\n\n\n26,776 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Investments\n\n\n883\n\n\n2,947\n\n\n\n Property and Equipment, at Cost:\n\n\n\n\n\n\n\n\n\n Land\n\n\n526\n\n\n408\n\n\n\n Buildings\n\n\n3,613\n\n\n2,602\n\n\n\n Equipment\n\n\n10,394\n\n\n8,394\n\n\n\n Construction in progress\n\n\n732\n\n\n962 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n15,265\n\n\n12,366\n\n\n\n Less: accumulated depreciation and amortization\n\n\n7,658\n\n\n6,661 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Property and Equipment\n\n\n7,607\n\n\n5,705 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Intangible Assets, net of amortization\n\n\n21,473\n\n\n4,539\n\n\n\n Goodwill\n\n\n24,020\n\n\n7,683\n\n\n\n Deferred Income Taxes and Other Assets\n\n\n1,944\n\n\n2,263\n\n\n\n Non-current Assets Held for Disposition\n\n\n176\n\n\n2,753 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n$\n76,250\n\n\n\n$\n52,666 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 53\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n Abbott Laboratories and Subsidiaries Consolidated Balance Sheet (dollars in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDecember31 \n\n\n\n\n\n2017 \n\n2016 \n\n\n\n Liabilities and Shareholders\' Investment\n\n\n\n\n\n\n\n\n\n Current Liabilities:\n\n\n\n\n\n\n\n\n\n Short-term borrowings\n\n\n\n$\n206\n\n\n\n$\n1,322\n\n\n\n Trade accounts payable\n\n\n2,402\n\n\n1,178\n\n\n\n Salaries, wages and commissions\n\n\n1,187\n\n\n752\n\n\n\n Other accrued liabilities\n\n\n3,811\n\n\n2,581\n\n\n\n Dividends payable\n\n\n489\n\n\n391\n\n\n\n Income taxes payable\n\n\n309\n\n\n188\n\n\n\n Current portion of long-term debt\n\n\n508\n\n\n3\n\n\n\n Current liabilities held for disposition\n\n\n\n\n\n245 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Current Liabilities\n\n\n8,912\n\n\n6,660 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Long-term Debt\n\n\n27,210\n\n\n20,681\n\n\n\n Post-employment obligations and other long-term liabilities\n\n\n9,030\n\n\n4,549\n\n\n\n Non-current liabilities held for disposition\n\n\n\n\n\n59\n\n\n\n Commitments and Contingencies\n\n\n\n\n\n\n\n\n\n Shareholders\' Investment:\n\n\n\n\n\n\n\n\n\n Preferred shares, one dollar par value Authorized 1,000,000 shares, none issued\n\n\n\n\n\n\n\n\n\n Common shares, without par value Authorized 2,400,000,000 shares Issued at stated capital amount Shares: 2017: 1,965,908,188;\n2016: 1,707,475,455\n\n\n23,206\n\n\n13,027\n\n\n\n Common shares held in treasury, at cost Shares: 2017: 222,305,719; 2016: 234,606,250\n\n\n(10,225\n)\n\n(10,791\n)\n\n\n Earnings employed in the business\n\n\n23,978\n\n\n25,565\n\n\n\n Accumulated other comprehensive income (loss)\n\n\n(6,062\n)\n\n(7,263\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Abbott Shareholders\' Investment\n\n\n30,897\n\n\n20,538\n\n\n\n Noncontrolling Interests in Subsidiaries\n\n\n201\n\n\n179 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Shareholders\' Investment\n\n\n31,098\n\n\n20,717 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n$\n76,250\n\n\n\n$\n52,666 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n54\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Consolidated Statement of Shareholders\' Investment\n(in millions except shares and per share data) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Common Shares:\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2017: 1,707,475,455; 2016: 1,702,017,390; 2015: 1,694,929,949\n\n\n\n$\n13,027\n\n\n\n$\n12,734\n\n\n\n$\n12,383\n\n\n\n Issued under incentive stock programs\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2017: 8,834,924; 2016: 5,458,065; 2015: 7,087,441\n\n\n242\n\n\n222\n\n\n289\n\n\n\n Issued for St.Jude Medical acquisition\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2017: 249,597,809\n\n\n9,835\n\n\n\n\n\n\n\n\n\n Share-based compensation\n\n\n406\n\n\n311\n\n\n292\n\n\n\n Issuance of restricted stock awards\n\n\n(304\n)\n\n(240\n)\n\n(230\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2017: 1,965,908,188; 2016: 1,707,475,455; 2015: 1,702,017,390\n\n\n\n$\n23,206\n\n\n\n$\n13,027\n\n\n\n$\n12,734 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Common Shares Held in Treasury:\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2017: 234,606,250; 2016: 229,352,338; 2015: 186,894,515\n\n\n\n$\n(10,791\n)\n\n\n$\n(10,622\n)\n\n\n$\n(8,678\n)\n\n\n Issued under incentive stock programs\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2017: 8,696,320; 2016: 5,398,469; 2015: 5,381,586\n\n\n400\n\n\n250\n\n\n250\n\n\n\n Issued for St.Jude Medical acquisition\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2017: 3,906,848\n\n\n180\n\n\n\n\n\n\n\n\n\n Purchased\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2017: 302,637; 2016: 10,652,381; 2015: 47,839,409\n\n\n(14\n)\n\n(419\n)\n\n(2,194\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2017: 222,305,719; 2016: 234,606,250; 2015: 229,352,338\n\n\n\n$\n(10,225\n)\n\n\n$\n(10,791\n)\n\n\n$\n(10,622\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Earnings Employed in the Business:\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n$\n25,565\n\n\n\n$\n25,757\n\n\n\n$\n22,874\n\n\n\n Net earnings\n\n\n477\n\n\n1,400\n\n\n4,423\n\n\n\n Cash dividends declared on common shares (per share 2017: $1.075; 2016: $1.045; 2015: $0.98)\n\n\n(1,947\n)\n\n(1,547\n)\n\n(1,464\n)\n\n\n Effect of common and treasury share transactions\n\n\n(117\n)\n\n(45\n)\n\n(76\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n$\n23,978\n\n\n\n$\n25,565\n\n\n\n$\n25,757 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Accumulated Other Comprehensive Income (Loss):\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n$\n(7,263\n)\n\n\n$\n(6,658\n)\n\n\n\n$\n(5,053\n)\n\n\n Business dispositions / separation\n\n\n149\n\n\n\n\n\n127\n\n\n\n Other comprehensive income (loss)\n\n\n1,052\n\n\n(605\n)\n\n(1,732\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n$\n(6,062\n)\n\n\n$\n(7,263\n)\n\n\n$\n(6,658\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Noncontrolling Interests in Subsidiaries:\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n$\n179\n\n\n\n$\n115\n\n\n\n$\n113\n\n\n\n Noncontrolling Interests\' share of income, business combinations, net of distributions and share repurchases\n\n\n22\n\n\n64\n\n\n2 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n$\n201\n\n\n\n$\n179\n\n\n\n$\n115 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n55\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements \n\n\n\n\n\n\n\nNote1 Summary of Significant Accounting Policies \n\n\nNATURE OF BUSINESS Abbott\'s principal business is the discovery, development, manufacture and sale of a broad line of health care products. \n\nCHANGES\nIN PRESENTATION In September 2016, Abbott announced that it had entered into an agreement to sell Abbott Medical Optics (AMO), its vision care business, to\nJohnson& Johnson. The transaction closed in February 2017. The operating results of AMO up to the date of sale were reported as part of continuing operations as AMO did not qualify for\nreporting as a discontinued\noperation. The assets and liabilities of AMO are reported as held for disposition in Abbott\'s Consolidated Balance Sheet at December31, 2016. \n\n\nOn\nFebruary27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business to MylanInc. (Mylan) for equity ownership of a newly\nformed entity that combined Mylan\'s existing business and Abbott\'s developed markets pharmaceuticals business. On February10, 2015, Abbott completed the sale of its animal health business to\nZoetisInc. The historical operating results of these two businesses up to the date of sale are excluded from Earnings from Continuing Operations and are presented on the Earnings from\nDiscontinued Operations, net of taxes line in Abbott\'s Consolidated Statement of Earnings. The cash flows of these businesses are included in Abbott\'s Consolidated Statement of Cash Flows up to the\ndate of disposition. See Note2 Discontinued Operations for additional information. \n\n\nBASIS\nOF CONSOLIDATION The consolidated financial statements include the accounts of the parent company and subsidiaries, after elimination of intercompany\ntransactions. \n\nUSE\nOF ESTIMATES The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States and\nnecessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts. Significant estimates include amounts for sales rebates; income taxes;\npension and other post-employment benefits, including certain asset values that are based on significant unobservable inputs; valuation of intangible assets; litigation; derivative financial\ninstruments; and inventory and accounts receivable exposures. \n\nFOREIGN\nCURRENCY TRANSLATION The statements of earnings of foreign subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S.\ndollars using average exchange rates for the period. The net assets of foreign subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S. dollars using exchange\nrates as of the balance sheet date. The U.S. dollar effects that arise from translating the net assets of these subsidiaries at changing rates are recorded in the foreign currency translation\nadjustment account, which is included in equity as a component of Accumulated other comprehensive income (loss). Transaction gains and losses are recorded on the Net foreign exchange (gain) loss line\nof the Consolidated Statement of Earnings. \n\nREVENUE\nRECOGNITION Revenue from product sales is recognized upon passage of title and risk of loss to customers. Provisions for discounts, rebates and sales\nincentives to customers, and returns and other adjustments are provided for in the period the related sales are recorded. Sales incentives to customers are not material. Historical data is readily\navailable and reliable, and is used for estimating the amount of the reduction in gross sales. Revenue from the launch of a new product, from an improved version of an existing product, or for\nshipments in excess of a customer\'s normal requirements are recorded when the conditions noted above are met. In those situations, management records a returns reserve for such revenue, if necessary.\nIn certain of Abbott\'s businesses, primarily within diagnostics and medical optics, prior to its divestiture, Abbott participates in selling arrangements that include multiple \n\n56\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote1 Summary of Significant Accounting Policies (Continued) \n\ndeliverables\n(e.g.,instruments, reagents, procedures, and service agreements). Under these arrangements, Abbott recognizes revenue upon delivery of the product or performance of the service\nand allocates the revenue based on the relative selling price of each deliverable, which is based primarily on vendor specific objective evidence. Sales of product rights for marketable products are\nrecorded as revenue upon disposition of the rights. Revenue from license of product rights, or for performance of research or selling activities, is recorded over the periods earned. \n\nIn\nMay 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with\nCustomers, which provides a single comprehensive model for accounting for revenue from contracts with customers and will supersede most existing revenue recognition guidance.\nThe standard becomes effective for Abbott in the first quarter of 2018. Abbott\'s revenues are primarily comprised of product sales. Abbott completed a thorough evaluation of the new standard including\na detailed review of Abbott\'s revenue streams and contracts. Abbott does not expect the adoption of the new standard to have a material impact on its consolidated financial statements. Abbott will use\nthe modified retrospective method to adopt this standard. \n\nINCOME\nTAXES Deferred income taxes are provided for the tax effect of differences between the tax bases of assets and liabilities and their reported amounts in the\nfinancial statements at the enacted statutory rate to be in effect when the taxes are paid. No additional income taxes have been provided for any remaining undistributed foreign earnings not subject\nto the transition tax related to the U.S. Tax Cuts and Jobs Act, or any additional outside basis differences that exist, as these amounts continue to be indefinitely reinvested in foreign operations.\nInterest and penalties on income tax obligations are included in taxes on income. \n\nEARNINGS\nPER SHARE Unvested restricted stock units and awards that contain non-forfeitable rights to dividends are treated as participating securities and are\nincluded in the computation of earnings per share under the two-class method. Under the two-class method, net earnings are allocated between common shares and participating securities. Earnings from\nContinuing Operations allocated to common shares in 2017, 2016 and 2015 were $346million, $1.057billion and $2.595billion, respectively. Net earnings allocated to common shares\nin 2017, 2016 and 2015 were $468million, $1.393billion and $4.403billion, respectively. \n\nPENSION\nAND POST-EMPLOYMENT BENEFITS Abbott accrues for the actuarially determined cost of pension and post-employment benefits over the service attribution periods\nof the employees. Abbott must develop long-term assumptions, the most significant of which are the health care cost trend rates, discount rates and the expected return on plan assets. Differences\nbetween the expected long-term return on plan assets and the actual return are amortized over a five-year period.\nActuarial losses and gains are amortized over the remaining service attribution periods of the employees under the corridor method. \n\nFAIR\nVALUE MEASUREMENTS For assets and liabilities that are measured using quoted prices in active markets, total fair value is the published market price per unit\nmultiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are valued by reference to similar\nassets or liabilities, adjusted for contract restrictions and other terms specific to that asset or liability. For these items, a significant portion of fair value is derived by reference to quoted\nprices of similar assets or liabilities in active markets. For all remaining assets and liabilities, fair value is derived using a fair value model, such as a discounted cash flow model or\nBlack-Scholes model. Purchased intangible assets are recorded at fair value. The fair value of \n\n57\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote1 Summary of Significant Accounting Policies (Continued) \n\nsignificant\npurchased intangible assets is based on independent appraisals. Abbott uses a discounted cash flow model to value intangible assets. The discounted cash flow model requires assumptions\nabout the timing and amount of future net cash flows, risk, the cost of capital, terminal values and market participants. Intangible assets are reviewed for impairment on a quarterly basis. Goodwill\nand indefinite-lived intangible assets are tested for impairment at least annually. \n\n\nSHARE-BASED\nCOMPENSATION The fair value of stock options and restricted stock awards and units are amortized over their requisite service period, which could be\nshorter than the vesting period if an employee is retirement eligible, with a charge to compensation expense. \n\nIn\nMarch 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 modifies several aspects\nof the accounting for share-based payment transactions, including the accounting for income taxes and classification on the statement of cash flows. Abbott adopted the standard in the first quarter of\n2017 and the following changes were made to the presentation of Abbott\'s financial statements:\n\n\n\n All excess tax benefits or tax deficiencies are now recognized as income tax benefit or expense as applicable. Previously, Abbott recorded the\nbenefits to Shareholders\' Investment. The tax benefit recorded in Abbott\'s Consolidated Statement of Earnings for 2017 was $120million. The standard does not permit retrospective presentation\nof this benefit in prior years. \n The tax benefit or deficiency is required to be classified as an operating activity in the statement of cash flows. Previously, it was required\nto be classified within financing activities. Abbott has adopted this standard on a prospective basis and has not revised the classification of the excess tax benefit in the prior year\'s Consolidated\nStatement of Cash Flows. \n\n\nLITIGATION\nAbbott accounts for litigation losses in accordance with FASB ASC No.450, "Contingencies." Under ASC No.450, loss contingency provisions\nare recorded for probable losses at management\'s best estimate of a loss, or when a best estimate cannot be made, a minimum loss contingency amount is recorded. Legal fees are recorded as incurred. \n\nCASH,\nCASH EQUIVALENTS AND INVESTMENTS Cash equivalents consist of bank time deposits, U.S. government securities money market funds and U.S. treasury bills with\noriginal maturities of three months or less. Abbott holds certain investments with a carrying value of approximately $235million that are accounted for under the equity method of accounting.\nInvestments held in a rabbi trust are accounted for as trading securities. All other investments in marketable equity securities are classified as available-for-sale and are recorded at fair value\nwith any unrealized holding gains or losses, net of tax, included in Accumulated other comprehensive income (loss). Investments in equity securities that are not traded on public stock exchanges are\nrecorded at cost. Investments in debt securities are classified as held-to-maturity, as management has both the intent and ability to hold these securities to maturity, and are reported at cost, net\nof any unamortized premium or discount. Income relating to these securities is reported as interest income. \n\n\nAbbott\nreviews the carrying value of investments each quarter to determine whether an other than temporary decline in fair value exists. Abbott considers factors affecting the investee,\nfactors affecting the industry the investee operates in and general equity market trends. Abbott considers the length of time an investment\'s fair value has been below carrying value and the near-term\nprospects for recovery to carrying value. When Abbott determines that an other than temporary decline has occurred, the investment is written down with a charge to Other (income) expense, net. \n\n58\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote1 Summary of Significant Accounting Policies (Continued) \n\n\nTRADE\nRECEIVABLE VALUATIONS Accounts receivable are stated at their net realizable value. The allowance against gross trade receivables reflects the best estimate of\nprobable losses inherent in the receivables portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other currently available information.\nAccounts receivable are charged off after all reasonable means to collect the full amount (including litigation, where appropriate) have been exhausted. \n\nINVENTORIES\nInventories are stated at the lower of cost (first-in, first-out basis) or market. Cost includes material and conversion costs. \n\n\nPROPERTY\nAND EQUIPMENT Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. The following table shows\nestimated useful lives of property and equipment: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\nClassification\n\n\n\n \n\nEstimated Useful Lives \n\n\n Buildings\n\n10 to 50years (average 27years)\n\n\n Equipment\n\n3 to 20years (average 11years)\n\n\n\n \n PRODUCT\nLIABILITY Abbott accrues for product liability claims when it is probable that a liability has been incurred and the amount of the liability can be\nreasonably estimated based on existing information. The liabilities are adjusted quarterly as additional information becomes available. Receivables for insurance recoveries for product liability\nclaims are recorded as assets, on an undiscounted basis, when it is probable that a recovery will be realized. Product liability losses are self-insured. \n\n\nRESEARCH\nAND DEVELOPMENT COSTS Internal research and development costs are expensed as incurred. Clinical trial costs incurred by third parties are expensed as the\ncontracted work is performed. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the\nmilestone results are achieved. \n\nACQUIRED\nIN-PROCESS AND COLLABORATIONS RESEARCH AND DEVELOPMENT (IPR&D) The initial costs of rights to IPR&D projects obtained in an asset acquisition are expensed\nas IPR&D unless the project has an alternative future use. These costs include initial payments incurred prior to regulatory approval in connection with research and development collaboration\nagreements that provide rights to develop, manufacture, market and/or sell pharmaceutical products. The fair value of IPR&D projects acquired in a business combination are capitalized and accounted\nfor as indefinite-lived intangible assets until completed and are then amortized over the remaining useful life. Collaborations are not significant. \n\nCONCENTRATION\nOF RISK AND GUARANTEES Due to the nature of its operations, Abbott is not subject to significant concentration risks relating to customers, products or\ngeographic locations. Product warranties are not significant. \n\nAbbott\nhas no material exposures to off-balance sheet arrangements; no special purpose entities; nor activities that include non-exchange-traded contracts accounted for at fair value.\nAbbott has periodically entered into agreements in the ordinary course of business, such as assignment of product rights, with other companies, which has resulted in Abbott becoming secondarily liable\nfor obligations that Abbott was previously primarily liable. Since Abbott no longer maintains a business relationship with the other parties, Abbott is unable to develop an estimate of the maximum\npotential amount of future payments, if any, under these obligations. Based upon past experience, the likelihood of payments under these agreements is \n\n59\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote1 Summary of Significant Accounting Policies (Continued) \n\n\nremote.\nAbbott periodically acquires a business or product rights in which Abbott agrees to pay contingent consideration based on attaining certain thresholds or based on the occurrence of certain\nevents. \n\n\n\n\n\n\n\nNote2 Discontinued Operations \n\n\nOn February27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business to MylanInc. (Mylan) for 110million ordinary\nshares (or approximately 22%) of a newly formed entity (MylanN.V.) that combined Mylan\'s existing business and Abbott\'s developed markets branded generics pharmaceuticals business.\nMylanN.V. is publicly traded. Historically, this\nbusiness was included in Abbott\'s Established Pharmaceutical Products segment. Abbott retained its branded generics pharmaceuticals business in emerging markets. At the date of closing, the\n110million MylanN.V. ordinary shares that Abbott received were valued at $5.77billion and Abbott recorded an after-tax gain on the sale of the business of approximately\n$1.6billion. The shareholder agreement with MylanN.V. includes voting and other restrictions that prevent Abbott from exercising significant influence over the operating and financial\npolicies of MylanN.V. \n\nAt\nthe close of this transaction Abbott and Mylan entered into a transition services agreement pursuant to which Abbott and Mylan provided various back office support services to each\nother on an interim transitional basis for up to 2years. Certain services were extended for an additional five to ten months. Charges by Abbott under this transition services agreement were\nrecorded as a reduction of the costs to provide the respective service in the applicable expense category in the Consolidated Statement of Earnings. This transition support did not constitute\nsignificant continuing involvement in Mylan\'s operations. Abbott also entered into manufacturing supply agreements with Mylan related to certain products, with the supply term ranging from 3 to\n10years and requiring a 2year notice prior to termination. The cash flows associated with these transition services and manufacturing supply agreements are not expected to be\nsignificant, and therefore, these cash flows are not direct cash flows of the disposed component under Accounting Standards Codification 205. \n\n\nIn\nApril 2015, Abbott sold 40.25million of the 110million ordinary shares of MylanN.V. received in the sale of the developed markets branded generics\npharmaceuticals business to Mylan. Abbott recorded a pretax gain of $207million on $2.29billion in net proceeds from the sale of these shares. The gain is recognized in the Other\n(income) expense line of the 2015 Consolidated Statement of Earnings. As a result of this sale, Abbott\'s ownership interest in MylanN.V. decreased to approximately 14%. \n\nIn\n2017, Abbott sold 69.75million ordinary shares of MylanN.V. and received $2.704billion in proceeds. Abbott recorded a $45million gain from the sale of\nthese ordinary shares in 2017, which was recognized in the Other (income) expense, net line of the Consolidated Statement of Earnings. Abbott no longer has an ownership interest in MylanN.V. \n\nOn\nFebruary10, 2015, Abbott completed the sale of its animal health business to ZoetisInc. Abbott received cash proceeds of $230million and reported an after tax\ngain on the sale of approximately $130million. In the first quarter of 2016, Abbott received an additional $25million of proceeds due to the expiration of a holdback agreement\nassociated with the sale of this business and reported an after-tax gain of $16million. \n\n\nAs\na result of the disposition of the above businesses, the operating results of these businesses up to the date of sale are reported as part of discontinued operations on the Earnings\nfrom Discontinued Operations, net of taxes line in the Consolidated Statement of Earnings. Discontinued operations include \n\n60\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote2 Discontinued Operations (Continued) \n\nan\nallocation of interest expense assuming a uniform ratio of consolidated debt to equity for all of Abbott\'s historical operations. \n\nOn\nJanuary1, 2013, Abbott completed the separation of AbbVieInc. (AbbVie), which was formed to hold Abbott\'s research-based proprietary pharmaceuticals business. Abbott\nhas retained all liabilities for all U.S. federal and foreign income taxes on income prior to the separation, as well as certain non-income taxes attributable to AbbVie\'s business. AbbVie generally\nwill be liable for all other taxes attributable to its business. \n\nThe\noperating results of Abbott\'s developed markets branded generics pharmaceuticals and animal health businesses, as well as the income tax benefit related to the businesses transferred\nto AbbVie, which are being reported as discontinued operations are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended\nDecember31 \n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Net Sales\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health businesses\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n$\n256\n\n\n\n AbbVie\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n$\n256 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Earnings (Loss) Before Tax\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health businesses\n\n\n\n$\n15\n\n\n\n$\n(4\n)\n\n\n$\n13\n\n\n\n AbbVie\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n\n$\n15\n\n\n\n$\n(4\n)\n\n\n$\n13 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Net Earnings\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health businesses\n\n\n\n$\n15\n\n\n\n$\n3\n\n\n\n$\n62\n\n\n\n AbbVie\n\n\n109\n\n\n318\n\n\n3 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n\n$\n124\n\n\n\n$\n321\n\n\n\n$\n65 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\nnet earnings of discontinued operations include income tax benefits of $109million in 2017, $325million in 2016 and $52million in 2015. The tax benefits in\n2017 and 2016 primarily relate to the resolution of various tax positions related to AbbVie\'s operations for years prior to the separation. 2015 includes $48million of tax benefits related to\nthe resolution of various tax positions related to prior years. \n\nThe\nsale of the developed markets branded generics pharmaceuticals and animal health business in 2015 resulted in the recognition of a pretax gain of $2.840billion, tax expense\nof $1.088billion and an after tax gain of $1.752billion. The 2015 tax provision included $667million of tax expense on certain prior year income earned outside the U.S. related\nto the developed markets branded generics pharmaceuticals businesses that were not designated as permanently reinvested overseas. \n\n\n\n\n\n\n\nNote3 Assets and Liabilities Held for Disposition \n\n\nIn September 2016, Abbott announced that it entered into a definitive agreement to sell Abbott Medical Optics (AMO), its vision care business, to Johnson& Johnson for\n$4.325billion in cash, subject to customary purchase price adjustments for cash, debt and working capital. The decision to sell AMO reflected Abbott\'s proactive shaping of its portfolio in\nline with its strategic priorities. In February 2017, \n\n61\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote3 Assets and Liabilities Held for Disposition (Continued) \n\nAbbott\ncompleted the sale of AMO to Johnson& Johnson and recognized a pre-tax gain of $1.163billion including working capital adjustments, which was reported in the Other (income)\nexpense, net line of the Consolidated Statement of Earnings in 2017. Abbott recorded an after-tax gain of $728million in 2017 related to the sale of AMO. The operating results of AMO up to the\ndate of sale continued to be included in Earnings from continuing operations as the business did not qualify for reporting as discontinued operations. For 2017, 2016 and 2015, the AMO earnings\n(losses) before taxes included in Abbott\'s consolidated earnings were $(18) million, $30million and $64million, respectively. Assets and liabilities of AMO were classified as held for\ndisposition in Abbott\'s Consolidated Balance Sheet as of December31, 2016. \n\nAs\ndiscussed in Note6 Business Acquisitions, in conjunction with the acquisition of AlereInc. (Alere), Abbott sold the Triage MeterPro cardiovascular\nand toxicology business and the assets and liabilities related to its B-type Natriuretic Peptide assay business run on Beckman Coulter analyzers to Quidel Corporation (Quidel). The legal transfer of\ncertain assets and liabilities related to these businesses did not occur at the close of the sale to Quidel due to, among other factors, the time required to transfer marketing authorizations and\nother regulatory requirements in various countries. Under the terms of the sale agreement with Abbott, Quidel is subject to the risks and entitled to the benefits generated by these operations and\nassets. The assets and liabilities presented as held for disposition in the Consolidated Balance Sheet as of December31, 2017, primarily relate to the businesses sold to Quidel. \n\n\nThe\nfollowing is a summary of the assets and liabilities held for disposition as of December31, 2017 and 2016: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\nDecember31,\n2017 \n\nDecember31,\n2016 \n\n\n\n Trade receivables, net\n\n\n\n$\n12\n\n\n\n$\n222\n\n\n\n Total inventories\n\n\n8\n\n\n240\n\n\n\n Prepaid expenses and other current assets\n\n\n\n\n\n51 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Current assets held for disposition\n\n\n20\n\n\n513 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net property and equipment\n\n\n56\n\n\n247\n\n\n\n Intangible assets, net of amortization\n\n\n18\n\n\n529\n\n\n\n Goodwill\n\n\n102\n\n\n1,966\n\n\n\n Deferred income taxes and other assets\n\n\n\n\n\n11 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Non-current assets held for disposition\n\n\n176\n\n\n2,753 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total assets held for disposition\n\n\n\n$\n196\n\n\n\n$\n3,266 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Trade accounts payable\n\n\n\n$\n\n\n\n\n$\n71\n\n\n\n Salaries, wages, commissions and other accrued liabilities\n\n\n\n\n\n174 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Current liabilities held for disposition\n\n\n\n\n\n245\n\n\n\n Post-employment obligations, deferred income taxes and other long-term liabilities\n\n\n\n\n\n59 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total liabilities held for disposition\n\n\n\n$\n\n\n\n\n$\n304 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 62\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote4 Supplemental Financial Information \n\n\nOther (income) expense, net, for 2017 includes a pre-tax gain of $1.163billion related to the sale of AMO to Jonhson& Johnson. See Note3\nAssets and Liabilities Held for Disposition for further details. Other (income) expense, net, for 2016 includes expense of $947million to adjust Abbott\'s holding of MylanN.V. ordinary\nshares due to a decline in the fair value of the securities which was considered by Abbott to be other than temporary. Other (income) expense, net, for 2015 primarily relates to a $207million\ngain on the sale of a portion of Abbott\'s position in MylanN.V. stock and $79million of income resulting from a decrease in the fair value of contingent consideration related to a\nbusiness acquisition. \n\nThe\ndetail of various balance sheet components is as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n\n\n\n\n(in millions)\n\n\n\n Long-term Investments:\n\n\n\n\n\n\n\n\n\n Equity securities\n\n\n\n$\n797\n\n\n\n$\n2,906\n\n\n\n Other\n\n\n86\n\n\n41 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n883\n\n\n\n$\n2,947 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\ndecrease in long-term investments relates to the sale in 2017 of the remaining ordinary shares of MylanN.V. that Abbott held. Abbott sold 69.75million ordinary shares\nof MylanN.V. and received $2.704billion in proceeds. Abbott recorded a $45million pre-tax gain in 2017 related to the sale of these ordinary shares, which was recognized in the\nOther (income) expense, net line of the Consolidated Statement of Earnings. As of December31, 2017, Abbott no longer has an ownership interest in MylanN.V. \n\n\nAbbott\'s\nequity securities as of December31, 2017, include $363million of investments in mutual funds that are held in a rabbi trust and were acquired as part of the\nSt.Jude Medical,Inc. (St.JudeMedical) business acquisition. These investments, which are specifically designated as available for the purpose of paying benefits under a\ndeferred compensation plan, are not available for general corporate purposes and are subject to creditor claims in the event of insolvency. \n\n63\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote4 Supplemental Financial Information (Continued) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n\n\n\n\n(in millions)\n\n\n\n Other Accrued Liabilities:\n\n\n\n\n\n\n\n\n\n Accrued rebates payable to government agencies\n\n\n\n$\n124\n\n\n\n$\n110\n\n\n\n Accrued other rebates (a)\n\n\n498\n\n\n296\n\n\n\n All other\n\n\n3,189\n\n\n2,175 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n3,811\n\n\n\n$\n2,581 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n\n\n\n\n \n\n \n(a)Accrued\nwholesaler chargeback rebates of $178million and $214million at December31, 2017 and 2016, respectively, are netted in trade\nreceivables because Abbott\'s customers are invoiced at a higher catalog price but only remit to Abbott their contract price for the products. \n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n\n\n\n\n(in millions)\n\n\n\n Post-employment Obligations and Other Long-term Liabilities:\n\n\n\n\n\n\n\n\n\n Defined benefit pension plans and post-employment medical and dental plans for significant plans\n\n\n\n$\n2,169\n\n\n\n\n$\n2,154\n\n\n\n Deferred income taxes\n\n\n2,006\n\n\n356\n\n\n\n All other (b)\n\n\n4,855\n\n\n2,039 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n9,030\n\n\n\n$\n4,549 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(b)2017\nincludes approximately $835million of net unrecognized tax benefits, as well as approximately $100million of acquisition consideration payable.\n2016 includes approximately $560million of net unrecognized tax benefits, as well as approximately $130million of acquisition consideration payable. \n \n Since\nJanuary 2010, Venezuela has been designated as a highly inflationary economy under U.S.GAAP. In 2014 and 2015, the government of Venezuela operated multiple mechanisms to\nexchange bolivars into U.S. dollars. These mechanisms included the CENCOEX, SICAD, and SIMADI rates, which stood at 6.3, 13.5, and approximately 200, respectively, at December31, 2015. In\n2015, Abbott continued to use the CENCOEX rate of 6.3 Venezuelan bolivars to the U.S. dollar to report the results, financial position, and cash flows related to its operations in Venezuela since\nAbbott continued to qualify for this exchange rate to pay for the import of various products into Venezuela. \n\n\nOn\nFebruary17, 2016, the Venezuelan government announced that the three-tier exchange rate system would be reduced to two rates renamed the DIPRO and DICOM rates. The DIPRO rate\nis the official rate for food and medicine imports and was adjusted from 6.3 to 10 bolivars per U.S. dollar. The DICOM rate is a floating market rate published daily by the Venezuelan central bank,\nwhich at the end of the first quarter of 2016 was approximately 263 bolivars per U.S. dollar. As a result of decreasing government approvals to convert bolivars to U.S. dollars to pay for intercompany\naccounts, as well as the accelerating deterioration of economic conditions in the country, Abbott concluded that it was appropriate to move to the DICOM rate at the end of the first quarter of 2016.\nAs a result, Abbott recorded a foreign currency exchange loss of $480million in 2016 to revalue its net monetary assets in Venezuela. Abbott is continuing to use the DICOM rate to report the\nresults of operations and to remeasure net monetary assets for Venezuela at the end of each quarter. As of December31, 2017, Abbott\'s investment in its Venezuelan operations was not\nsignificant. As a result, any additional future foreign currency losses related to Venezuela would not be material. \n\n64\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote5 Accumulated Other Comprehensive Income (Loss) \n\n\n\nThe components of the changes in accumulated other comprehensive income (loss) from continuing operations, net of income taxes, are as follows: (in\nmillions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nCumulative\nForeign\nCurrency\nTranslation\nAdjustments \n\nNet\nActuarial\nLosses and\nPrior Service\nCosts and\nCredits \n\nCumulative\nUnrealized\nGains\n(Losses) on\nMarketable\nEquity\nSecurities \n\nCumulative\nGains\n(Losses) on\nDerivative\nInstruments\nDesignated as\nCash Flow\nHedges \n\nTotal \n\n\n\n Balance at December31, 2015\n\n\n\n$\n(4,829\n)\n\n\n$\n(1,958\n)\n\n\n$\n65\n\n\n\n$\n64\n\n\n\n$\n(6,658\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Other comprehensive income (loss) before reclassifications\n\n\n(130\n)\n\n(393\n)\n\n(1,109\n)\n\n41\n\n\n(1,591\n)\n\n\n (Income) loss amounts reclassified from accumulated other comprehensive income (a)\n\n\n\n\n\n67\n\n\n975\n\n\n(56\n)\n\n986 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net current period other comprehensive income (loss)\n\n\n(130\n)\n\n(326\n)\n\n(134\n)\n\n(15\n)\n\n(605\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Balance at December31, 2016\n\n\n(4,959\n)\n\n(2,284\n)\n\n(69\n)\n\n49\n\n\n(7,263\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Impact of business dispositions\n\n\n142\n\n\n6\n\n\n\n\n\n1\n\n\n149 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Other comprehensive income (loss) before reclassifications\n\n\n1,365\n\n\n(333\n)\n\n182\n\n\n(170\n)\n\n1,044\n\n\n\n (Income) loss amounts reclassified from accumulated other comprehensive income (a)\n\n\n\n\n\n90\n\n\n(118\n)\n\n36\n\n\n8 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net current period other comprehensive income (loss)\n\n\n1,365\n\n\n(243\n)\n\n64\n\n\n(134\n)\n\n1,052 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Balance at December31, 2017\n\n\n\n$\n(3,452\n)\n\n\n$\n(2,521\n)\n\n\n$\n(5\n)\n\n\n$\n(84\n)\n\n\n$\n(6,062\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n\n\n\n\n \n\n \n(a)Reclassified\namounts for foreign currency translation adjustments are recorded in the Consolidated Statement of Earnings as Net Foreign exchange (gain) loss; gains\n(losses) on marketable equity securities are recorded as Other (income) expense and gains/losses related to cash flow hedges are recorded as Cost of product sold. Net actuarial losses and prior\nservice cost is included as a component of net periodic benefit plan cost see Note13 for additional information. \n \n \n\n\n\n\n\nNote6 Business Acquisitions \n\n\nOn January4, 2017, Abbott completed the acquisition of St.Jude Medical, a global medical device manufacturer, for approximately $23.6billion, including\napproximately $13.6billion in cash and approximately $10billion in Abbott common shares, which represented approximately 254million shares of Abbott common stock, based on\nAbbott\'s closing stock price on the acquisition date. As part of the acquisition, approximately $5.9billion of St.Jude Medical\'s debt was assumed, repaid or refinanced by Abbott. The\nacquisition provides expanded opportunities for future growth and is an important part of\nthe company\'s ongoing effort to develop a strong, diverse portfolio of devices, diagnostics, nutritionals and branded generic pharmaceuticals. The combined business competes in nearly every area of\nthe cardiovascular device market, as well as in the neuromodulation market. \n\nUnder\nthe 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\nAbbott stock price of \n\n65\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote6 Business Acquisitions (Continued) \n\n$39.36,\nwhich reflects the closing price on January4, 2017, this represented a value of approximately $81per St.Jude Medical common share and total purchase consideration of\n$23.6billion. The cash portion of the acquisition was funded through a combination of medium and long-term debt issued in November 2016 and a $2.0billion 120-day senior unsecured\nbridge term loan facility which was subsequently repaid. \n\nThe\nfinal allocation of the fair value of the St.Jude Medical acquisition is shown in the table below. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in billions)\n\n\n\n\n\n Acquired intangible assets, non-deductible\n\n\n\n$\n15.5\n\n\n\n Goodwill, non-deductible\n\n\n13.1\n\n\n\n Acquired net tangible assets\n\n\n3.0\n\n\n\n Deferred income taxes recorded at acquisition\n\n\n(2.7\n)\n\n\n Net debt\n\n\n(5.3\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total final allocation of fair value\n\n\n\n$\n23.6 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n The\ngoodwill is primarily attributable to expected synergies from combining operations, as well as intangible assets that do not qualify for separate recognition. The goodwill is\nidentifiable to the Cardiovascular and Neuromodulation Products reportable segment. The acquired tangible assets consist primarily of trade accounts receivable of approximately $1.1billion,\ninventory of approximately $1.7billion, other current assets of $176million, property and equipment of approximately $1.5billion, and other long-term assets of approximately\n$455million. The acquired tangible liabilities consist of trade accounts payable and other current liabilities of approximately $1.1billion and other non-current liabilities of\napproximately $870million. \n\nIn\n2016, Abbott and St.Jude Medical agreed to sell certain businesses to Terumo Corporation (Terumo) for approximately $1.12billion. The sale included the St.Jude\nMedical Angio-Seal and Femoseal vascular closure and Abbott\'s Vado Steerable Sheath businesses. The sale closed on January20, 2017 and no gain or loss\nwas recorded in the Consolidated Statement of Earnings. \n\nOn\nOctober3, 2017, Abbott acquired AlereInc. (Alere), a diagnostic device and service provider, for $51.00 per common share in cash, which equated to a purchase price of\napproximately $4.5billion. As part of the acquisition, Abbott tendered for Alere\'s preferred shares for a total value of approximately $0.7billion. In addition, approximately\n$3.0billion of Alere\'s debt was assumed and subsequently repaid. The acquisition establishes Abbott as a leader in point of care testing, expands Abbott\'s global diagnostics presence and\nprovides access to new products, channels and geographies. Abbott utilized a combination of cash on hand and debt to fund the acquisition. See Note10 Debt and Lines of\nCredit for further details regarding the debt utilized for the acquisition. \n\n66\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote6 Business Acquisitions (Continued) \n\nThe\npreliminary allocation of the fair value of the Alere acquisition is shown in the table below. The allocation of the fair value of the acquisition will be finalized when the\nvaluation is completed and differences between the preliminary and final allocation could be material. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in billions)\n\n\n\n\n\n Acquired intangible assets, non-deductible\n\n\n\n$\n3.5\n\n\n\n Goodwill, non-deductible\n\n\n4.1\n\n\n\n Acquired net tangible assets\n\n\n0.9\n\n\n\n Deferred income taxes recorded at acquisition\n\n\n(0.7\n)\n\n\n Net debt\n\n\n(2.6\n)\n\n\n Preferred stock\n\n\n(0.7\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Total preliminary allocation of fair value\n\n\n\n$\n4.5 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n The\ngoodwill is primarily attributable to expected synergies from combining operations, as well as intangible assets that do not qualify for separate recognition. The goodwill is\nidentifiable to the Diagnostic Products reportable segment. The acquired tangible assets consist primarily of trade accounts receivable of approximately $430million, inventory of approximately\n$425million, other current assets of $206million, property and equipment of approximately $540million, and other long-term assets of $112million. The acquired tangible\nliabilities consist of trade accounts payable and other current liabilities of approximately $625million and other non-current liabilities of approximately $160million. \n\nIn\nthe third quarter of 2017, Alere entered into agreements to sell its Triage MeterPro cardiovascular and toxicology business and the assets and liabilities related to its B-type\nNatriuretic Peptide assay business run on Beckman Coulter analyzers to Quidel Corporation (Quidel). The transactions with Quidel reflect a total purchase price of $400million payable at the\nclose of the transaction, $240million payable in six annual installments beginning approximately six months after the close of the transaction, and contingent consideration with a maximum\nvalue of $40million. In the third quarter of 2017, Alere entered into an agreement with Siemens Diagnostics Holding IIB.V. (Siemens) to sell its subsidiary, EpocalInc., for\napproximately $200million payable at the close of the transaction. Alere agreed to divest these businesses in connection with the review by the Federal Trade Commission and the European\nCommission of Abbott\'s agreement to acquire Alere. The sale to Quidel closed on October6, 2017, and the sale to Siemens closed on October31, 2017. No gain or loss on these sales was\nrecorded in the Consolidated Statement of Earnings. \n\nIn\n2017, consolidated Abbott results include $6.5billion of sales and a pre-tax loss of approximately $1.3billion related to the St.Jude Medical and Alere\nacquisitions, including approximately $1.5billion of intangible amortization and $907million of inventory step-up amortization. The pre-tax loss excludes acquisition, integration and\nrestructuring-related costs. \n\nIf\nthe acquisitions of St.Jude Medical and Alere had occurred at the beginning of 2016, unaudited pro forma consolidated net sales would have been approximately\n$28.9billion and the unaudited pro forma consolidated net loss from continuing operations would have been approximately $485million in 2016. This includes amortization of approximately\n$940million of inventory step-up and $1.7billion of intangibles related to St.Jude Medical and Alere. For 2017, unaudited pro forma consolidated net sales would have been\napproximately $28.9billion and unaudited pro forma consolidated net earnings from continuing operations would have been approximately $750million, which includes $225million of \n\n67\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote6 Business Acquisitions (Continued) \n\nintangible\namortization related to Alere. The unaudited pro forma consolidated net earnings from continuing operations for 2017 exclude inventory step-up amortization related to St.Jude\nMedical and Alere of approximately $907million which was recorded in 2017 but included in the 2016 unaudited pro forma results as noted above. The unaudited pro forma information is not\nnecessarily indicative of the consolidated results of operations that would have been realized had the St.Jude Medical and Alere acquisitions been completed as of the beginning of 2016, nor is\nit meant to be indicative of future results of operations that the combined entity will experience. \n\nOn\nJuly17, 2017, Abbott commenced a tender offer to purchase for cash the 1.77million outstanding shares of Alere\'s SeriesB Convertible Perpetual Preferred Stock\nat a price of $402 per share, plus accrued but unpaid dividends to, but not including, the settlement date of the tender offer. This tender offer was subject to the satisfaction of certain conditions,\nincluding Abbott\'s acquisition of Alere and upon there being validly tendered (and not properly withdrawn) at the expiration date of the tender\noffer that number of shares of Preferred Stock that equaled at least a majority of the Preferred Stock issued and outstanding at the expiration of the tender offer. The tender offer expired on\nOctober3, 2017. All conditions to the offer were satisfied and Abbott accepted for payment the 1.748million shares of Preferred Stock that were validly tendered (and not properly\nwithdrawn). The remaining shares were cashed out for an amount equal to the $400.00 per share liquidation preference of such shares, plus accrued but unpaid dividends, without interest. Payment for\nall of the shares of Preferred Stock was made in the fourth quarter of 2017. \n\nIn\nAugust 2015, Abbott completed the acquisition of the equity of Tendyne Holdings,Inc. (Tendyne) that Abbott did not already own for approximately $225million in cash\nplus additional payments up to $150million to be made upon completion of certain regulatory milestones. The acquisition of Tendyne, which is focused on developing minimally invasive mitral\nvalve replacement therapies, allows Abbott to broaden its foundation in the treatment of mitral valve disease. The final allocation of the fair value of the acquisition resulted in non-deductible\nacquired in-process research and development of approximately $220million, which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation,\nnon-deductible goodwill of approximately $142million, deferred tax assets and other net assets of approximately $18million, deferred tax liabilities of approximately\n$85million, and contingent consideration of approximately $70million. The goodwill is identifiable to the Cardiovascular and Neuromodulation Products segment. If the acquisition of\nTendyne had taken place as of the beginning of the comparable prior annual reporting period, consolidated net sales and earnings would not have been significantly different from reported amounts. \n\n\n\n\n\n\n\nNote7 Goodwill and Intangible Assets \n\n\nThe total amount of goodwill reported was $24.0billion at December31, 2017 and $7.7billion at December31, 2016. The amounts reported at\nDecember31, 2017 and 2016 exclude goodwill reported in non-current assets held for disposition. In 2017, approximately $2.0billion of goodwill was included as part of the net assets\nsold in the AMO divestiture. Goodwill increased by $17.2billion in 2017 due to the completion of the St.Jude Medical and Alere acquisitions, partially offset by a decrease of\n$1.5billion due to the sale of certain businesses to Terumo, Quidel and Siemens. Foreign currency translation increased goodwill by $653million in 2017 and decreased goodwill by\n$66million in 2016. Business acquisitions increased goodwill by approximately $79million during 2016. The amount of goodwill related to reportable segments at December31, 2017\nwas $3.2billion for the Established\nPharmaceutical Products segment, $286million for the Nutritional Products segment, $4.1billion for the Diagnostic Products segment, and $15.5billion for the Cardiovascular and\nNeuromodulation Products segment. The Cardiovascular and \n\n68\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote7 Goodwill and Intangible Assets (Continued) \n\nNeuromodulation\nProducts segment includes the amount previously reported under Abbott\'s Vascular Products segment, as well as the goodwill related to the St.Jude Medical acquisition. In 2017,\nthere was no significant reduction of goodwill relating to impairments. \n\nThe\ngross amount of amortizable intangible assets, primarily product rights and technology was $25.6billion and $10.4billion as of December31, 2017 and 2016,\nrespectively, and accumulated amortization was $8.1billion and $6.2billion as of December31, 2017 and 2016, respectively. The December31, 2016 amounts exclude net\nintangible assets reported in non-current assets held for disposition. As part of the sale of AMO in 2017, approximately $529million of net intangible assets were included in the net assets\nsold. In 2017, the gross amount of amortizable intangible assets increased by approximately $14.5billion due to the completion of the St.Jude Medical and Alere acquisitions, partially\noffset by a decrease of $210million due to the sale of certain businesses to Quidel and Siemens. In 2016, intangible assets increased by approximately $104million related to business\nacquisitions. \n\nIndefinite-lived\nintangible assets, which relate to in-process research and development acquired in a business combination, were approximately $3.9billion and $349million\nat December31, 2017 and 2016, respectively. In 2017, in-process research and development increased by $4.5billion due to the completion of the St.Jude Medical and Alere\nacquisitions, a portion of which became amortizable during the year. In 2017, Abbott also recorded a $53million impairment of an in-process research and development project related to the\nCardiovascular and Neuromodulation Products segment. In 2016, Abbott recorded an impairment of a $59million in-process research and development project related to a non-reportable segment.\nForeign currency translation increased intangible assets by $227million in 2017 and $6million in 2016. \n\nThe\nestimated annual amortization expense for intangible assets recorded at December31, 2017 is approximately $2.4billion in 2018, $2.3billion in 2019,\n$2.1billion in 2020, $2.0billion in 2021 and $2.0billion in 2022. Amortizable intangible assets are amortized over 2 to 20years (average 14years). \n\n\n\n\n\n\n\nNote8 Restructuring Plans \n\n\nIn 2017, Abbott management approved restructuring plans as part of the integration of the acquisitions of St.Jude Medical into the cardiovascular and neuromodulation segment and\nAlere into the diagnostics segment, in order to leverage economies of scale and reduce costs. In 2017, charges of approximately $187million, including one-time employee termination benefits\nwere recorded, of which approximately $5million is recorded in Cost of products sold and approximately $182million in Selling, general and administrative expense. Abbott also assumed\nrestructuring liabilities of approximately $23million as part of the St.Jude Medical and Alere acquisitions. The following summarizes the activity in 2017 related to these actions and\nthe status of the related accrual as of December31, 2017: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n\n\n\n\n Liabilities assumed as part of business acquisitions\n\n\n\n$\n23\n\n\n\n Restructuring charges\n\n\n187\n\n\n\n Payments and other adjustments\n\n\n(142\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2017\n\n\n\n$\n68 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n 69\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote8 Restructuring Plans (Continued) \n\n\nFrom 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,\nestablished pharmaceuticals and vascular businesses. Abbott recorded employee related severance and other charges of approximately $120million in 2017, $33million in 2016, and\n$95million in 2015. Approximately $7million in 2017, $9million in 2016 and $18million in 2015 are recorded in Cost of products sold, approximately $77million in\n2017, $5million in 2016 and $34million in 2015 are recorded in Research and development and approximately $36million in 2017, $19million in 2016 and $43million\nin 2015 are recorded in Selling, general and administrative expense. Additional charges of approximately $2million in 2017, $2million in 2016 and $45million in 2015 were\nrecorded primarily for accelerated depreciation. The following summarizes the activity for these restructurings: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n\n\n\n\n Restructuring charges recorded in 2014\n\n\n\n$\n164\n\n\n\n Payments and other adjustments\n\n\n(46\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2014\n\n\n118\n\n\n\n Restructuring charges\n\n\n95\n\n\n\n Payments and other adjustments\n\n\n(113\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2015\n\n\n100\n\n\n\n Restructuring charges\n\n\n33\n\n\n\n Payments and other adjustments\n\n\n(67\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2016\n\n\n66\n\n\n\n Restructuring charges\n\n\n120\n\n\n\n Payments and other adjustments\n\n\n(45\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2017\n\n\n\n$\n141 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n \n\n\n\n\n\nNote9 Incentive Stock Program \n\n\nIn connection with the completion of the St.Jude Medical acquisition in the first quarter of 2017, unvested St.Jude Medical stock options and restricted stock units were\nassumed by Abbott and converted into Abbott options and restricted stock units (as applicable) of substantially equivalent value, in accordance with the merger agreement. The number of shares\nunderlying the converted options was 7,364,571 at a weighted average exercise price of $30.50. The number of restricted stock units converted was 2,324,500 at a weighted average grant date fair value\nof $37.69. \n\nThe\n2017 Incentive Stock Program authorizes the granting of nonqualified stock options, restricted stock awards, restricted stock units, performance awards, foreign benefits and other\nshare-based awards.\nStock options and restricted stock awards and units comprise the majority of benefits that have been granted and are currently outstanding under this program and a prior program. In 2017, Abbott\ngranted 4,985,970 stock options, 580,203 restricted stock awards and 7,687,009 restricted stock units under this program. \n\n\nUnder\nAbbott\'s stock incentive programs, the purchase price of shares under option must be at least equal to the fair market value of the common stock on the date of grant, and the\nmaximum term of an option is 10years. Options generally vest equally over three years. Restricted stock awards generally vest between 3 and 5years and for restricted stock awards that\nvest over 5years, no more than one-third of the \n\n70\n\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote9 Incentive Stock Program (Continued) \n\naward\nvests in any one year upon Abbott reaching a minimum return on equity target. Restricted stock units vest over three years and upon vesting, the recipient receives one share of Abbott stock for\neach vested restricted stock unit. The aggregate fair market value of restricted stock awards and units is recognized as expense over the requisite service period, which may be shorter than the\nvesting period if an employee is retirement eligible. Forfeitures are estimated at the time of grant. Restricted stock awards and settlement of vested restricted stock units are issued out of treasury\nshares. Abbott generally issues new shares for exercises of stock options. As a policy, Abbott does not purchase its shares relating to its share-based programs. \n\nIn\nApril 2017, Abbott\'s shareholders authorized the 2017 Incentive Stock Program under which a maximum of 170million shares were available for issuance. At December31,\n2017, approximately 169million shares remained available for future issuance. \n\n\nThe\nnumber of restricted stock awards and units outstanding and the weighted-average grant-date fair value at December31, 2017 and December31, 2016 was 15,518,719 and\n$42.82 and 13,705,511 and $41.03, respectively. The number of restricted stock awards and units, and the weighted-average grant-date fair value, that were granted, converted, vested and lapsed during\n2017 were 8,267,212 and $45.20, 2,324,500 and $37.69, 7,553,969 and $40.77 and 1,224,535 and $41.76, respectively. The fair market value of restricted stock awards and units vested in 2017, 2016 and\n2015 was $348million, $225million and $312million, respectively. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nOptions Outstanding \n\nExercisable Options \n\n\n\n\n\nShares \n\nWeighted\nAverage\nExercise\nPrice \n\nWeighted\nAverage\nRemaining\nLife (Years) \n\nShares \n\nWeighted\nAverage\nExercise\nPrice \n\nWeighted\nAverage\nRemaining\nLife (Years) \n\n\n\n December31, 2016\n\n\n35,888,333\n\n\n\n$\n34.17\n\n\n5.3\n\n\n23,290,260\n\n\n\n$\n30.48\n\n\n3.5 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Granted\n\n\n4,985,970\n\n\n45.03\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Converted for St.Jude Medical\n\n\n7,364,571\n\n\n30.50\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Exercised\n\n\n(11,620,026\n)\n\n27.85\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Lapsed\n\n\n(805,048\n)\n\n39.76\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n December31, 2017\n\n\n35,813,800\n\n\n\n$\n36.85\n\n\n5.8\n\n\n22,216,890\n\n\n\n$\n34.54\n\n\n4.7 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\naggregate intrinsic value of options outstanding and exercisable at December31, 2017 were each $500million. The total intrinsic value of options exercised in 2017,\n2016 and 2015 was $233million, $98million and $167million, respectively. The total unrecognized compensation cost related to all share-based compensation plans at\nDecember31, 2017 amounted to approximately $291million, which is expected to be recognized over the next three years. \n\n\nTotal\nnon-cash stock compensation expense charged against income from continuing operations in 2017, 2016 and 2015 for share-based plans totaled approximately $406million,\n$310million and $291million, respectively, and the tax benefit recognized was approximately $242million, $100million and $98million, respectively. The increase\nin the 2017 tax benefit primarily relates to the $120million of tax benefit recorded in income after the adoption of ASU 2016-09. Stock compensation cost capitalized as part of inventory is\nnot significant. \n\n71\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote9 Incentive Stock Program (Continued) \n\nThe\nfair value of an option granted in 2017, 2016 and 2015 was $6.54, $4.38, and $6.67, respectively. The fair value of an option grant was estimated using the Black-Scholes\noption-pricing model with the following assumptions: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Risk-free interest rate\n\n\n2.1\n%\n\n1.4\n%\n\n1.8\n%\n\n\n Average life of options (years)\n\n\n6.0\n\n\n6.0\n\n\n6.0\n\n\n\n Volatility\n\n\n18.0\n%\n\n17.0\n%\n\n17.0\n%\n\n\n Dividend yield\n\n\n2.4\n%\n\n2.7\n%\n\n2.0\n%\n\n\n\n \n The\nrisk-free interest rate is based on the rates available at the time of the grant for zero-coupon U.S. government issues with a remaining term equal to the option\'s expected life. The\naverage life of an option is based on both historical and projected exercise and lapsing data. Expected volatility is based on implied volatilities from traded options on Abbott\'s stock and historical\nvolatility of Abbott\'s stock over the expected life of the option. Dividend yield is based on the option\'s exercise price and annual dividend rate at the time of grant. \n\n72\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\n\nNote10 Debt and Lines of Credit \n\n\nThe following is a summary of long-term debt at December31: (in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n\n\n 5.125% Notes, due 2019\n\n\n\n$\n947\n\n\n\n$\n947\n\n\n\n 2.35% Notes, due 2019\n\n\n2,850\n\n\n2,850\n\n\n\n 2.50% Line of credit borrowing due 2019\n\n\n1,150\n\n\n\n\n\n\n 2.80% Notes, due 2020\n\n\n500\n\n\n\n\n\n\n 4.125% Notes, due 2020\n\n\n597\n\n\n597\n\n\n\n 2.00% Notes, due 2020\n\n\n750\n\n\n750\n\n\n\n 2.90% Notes, due 2021\n\n\n2,850\n\n\n2,850\n\n\n\n 2.55% Notes, due 2022\n\n\n750\n\n\n750\n\n\n\n 2.62% Term loan due 2022\n\n\n2,800\n\n\n\n\n\n\n 3.25% Notes, due 2023\n\n\n900\n\n\n\n\n\n\n 3.40% Notes, due 2023\n\n\n1,500\n\n\n1,500\n\n\n\n 3.875% Notes, due 2025\n\n\n500\n\n\n\n\n\n\n 2.95% Notes, due 2025\n\n\n1,000\n\n\n1,000\n\n\n\n 3.75% Notes, due 2026\n\n\n3,000\n\n\n3,000\n\n\n\n 4.75% Notes, due 2036\n\n\n1,650\n\n\n1,650\n\n\n\n 6.15% Notes, due 2037\n\n\n547\n\n\n547\n\n\n\n 6.0% Notes, due 2039\n\n\n515\n\n\n515\n\n\n\n 5.3% Notes, due 2040\n\n\n694\n\n\n694\n\n\n\n 4.75% Notes, due 2043\n\n\n700\n\n\n\n\n\n\n 4.90% Notes, due 2046\n\n\n3,250\n\n\n3,250\n\n\n\n Unamortized debt issuance costs\n\n\n(119\n)\n\n(117\n)\n\n\n Other, including fair value adjustments relating to interest rate hedge contracts designated as fair value hedges\n\n\n(121\n)\n\n(102\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total, net of current maturities\n\n\n27,210\n\n\n20,681\n\n\n\n Current maturities of long-term debt\n\n\n508\n\n\n3 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total carrying amount\n\n\n\n$\n27,718\n\n\n\n$\n20,684 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n In\nthe 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\nSt.Jude Medical. Abbott exchanged certain St.Jude Medical debt obligations with an aggregate principal amount of approximately $2.9billion for debt issued by Abbott which\nconsists of: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\nPrincipal Amount \n\n\n\n 2.00% Senior Notes due 2018\n\n\n\n$\n473.8million\n\n\n\n 2.80% Senior Notes due 2020\n\n\n\n$\n483.7million\n\n\n\n 3.25% Senior Notes due 2023\n\n\n\n$\n818.4million\n\n\n\n 3.875% Senior Notes due 2025\n\n\n\n$\n490.7million\n\n\n\n 4.75% Senior Notes due 2043\n\n\n\n$\n639.1million\n\n\n\n\n \n Following\nthis exchange, approximately $194.2million of existing St.Jude Medical notes remain outstanding across the five series of existing notes which have the same\ncoupons and maturities as those listed above. There were no significant costs associated with the exchange of debt. In addition, during the \n\n73\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote10 Debt and Lines of Credit (Continued) \n\nfirst\nquarter of 2017, Abbott assumed and subsequently repaid approximately $2.8billion of various St.Jude Medical debt obligations. \n\n\nOn\nJanuary4, 2017, as part of funding the cash portion of the St.Jude Medical acquisition, Abbott borrowed $2.0billion under a 120-day senior unsecured bridge\nterm loan facility. This facility was repaid during the first quarter of 2017. \n\nIn\n2017, Abbott issued 364-day yen-denominated debt, of which $195million was outstanding at December31, 2017. Abbott also paid off a $479million yen-denominated\nshort-term borrowing during the year. \n\nOn\nJuly31, 2017, Abbott entered into a 5-year term loan agreement that allowed Abbott to borrow up to $2.8billion on an unsecured basis for the acquisition of Alere. On\nOctober3, 2017, Abbott borrowed $2.8billion under this term loan agreement to finance the acquisition of Alere, to repay certain indebtedness of Abbott and Alere, and to pay fees and\nexpenses in connection with the acquisition. Borrowings under the term loan bore interest based on a Eurodollar rate, plus an applicable margin based on Abbott\'s credit ratings. Abbott paid off this\nterm loan on January5, 2018. \n\nOn\nOctober3, 2017 Abbott borrowed $1.7billion under its lines of credit. Proceeds from such borrowing were used to finance the acquisition of Alere, to repay certain\nindebtedness of Abbott and Alere, and to pay fees and expenses in connection with the acquisition. These lines of credit are part of a 2014 revolving credit agreement that provides Abbott with the\nability to borrow up to $5billion on an unsecured basis. Advances under the revolving credit agreement, including the $1.7billion borrowing in October 2017, will mature and be payable\non July10, 2019. The $1.7billion borrowing bore interest based on a Eurodollar rate, plus an applicable margin based on Abbott\'s credit ratings. Prior to October3, 2017, no\namounts were previously drawn under the revolving credit agreement. In the fourth quarter of 2017, Abbott paid off $550million on the revolving loan. Abbott paid off the remaining balance on\nthis revolving loan on January5, 2018. \n\nIn\nthe fourth quarter of 2017, in conjunction with the acquisition of Alere, Abbott assumed and subsequently repaid $3.0billion of Alere\'s debt. \n\n\nIn\nNovember 2016, Abbott issued $15.1billion of medium and long-term debt to primarily fund the cash portion of the acquisition of St.Jude Medical. Abbott issued\n$2.85billion of 2.35% Senior Notes due November22, 2019; $2.85billion of 2.90% Senior Notes due November30, 2021; $1.50billion of 3.40% Senior Notes due\nNovember30, 2023; $3.00billion of 3.75% Senior Notes due November30, 2026; $1.65billion of 4.75% Senior Notes due November30, 2036; and $3.25billion of\n4.90% Senior Notes due November30, 2046. In November 2016, Abbott also entered into interest rate swap contracts totaling $3.0billion related to the new debt, which have the effect of\nchanging Abbott\'s obligation from a fixed interest rate to a variable interest rate obligation on the related debt instruments. \n\n\nIn\nMarch 2015, Abbott issued $2.5billion of long-term debt consisting of $750million of 2.00% Senior Notes due March15, 2020; $750million of 2.55% Senior\nNotes due March15, 2022; and $1.0billion of 2.95% Senior Notes due March15, 2025. Proceeds from this debt were used to pay down short-term\nborrowings. Abbott also entered into interest rate swap contracts totaling $2.5billion, of which $1.5billion was unwound in 2017. These contracts have the effect of changing Abbott\'s\nobligation from a fixed interest rate to a variable interest rate obligation. \n\n74\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote10 Debt and Lines of Credit (Continued) \n\nPrincipal\npayments required on long-term debt outstanding at December31, 2017 are $508million in 2018, $5.0billion in 2019, $1.8billion in 2020,\n$2.9billion in 2021, $3.6billion in 2022 and $14.3billion in 2023 and thereafter. \n\nAt\nDecember31, 2017, Abbott\'s long-term debt rating was BBB by Standard& Poor\'s Corporation and Baa3 by Moody\'s Investors Service (Moody\'s). In February 2018, Moody\'s\nraised Abbott\'s rating to Baa2 with a positive outlook. Abbott has readily available financial resources, including lines of credit of $5.0billion which expire in 2019 and that support\ncommercial paper borrowing arrangements. Abbott\'s weighted-average interest rate on short-term borrowings was 0.3% at December31, 2017, 0.6% at December31, 2016 and 0.2% at\nDecember31, 2015. \n\nIn\nFebruary 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $9billion in conjunction with its pending\nacquisition of Alere. This commitment, which was automatically extended for up to 90days on January29, 2017, expired on April30, 2017 and was not renewed since Abbott did not\nneed this bridge facility to finance the Alere acquisition. The fees associated with the bridge facilities were recognized in interest expense. \n\n\n\n\n\n\n\nNote11 Financial Instruments, Derivatives and Fair Value Measures \n\n\nCertain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates for anticipated intercompany purchases\nby those subsidiaries whose functional currencies are not the U.S. dollar. These contracts, with notional amounts totaling $3.3billion at December31, 2017, and $2.6billion at\nDecember31, 2016, are designated as cash flow hedges of the variability of the cash flows due to changes in foreign exchange rates and are recorded at fair value. At December31, 2016,\n$107million of the notional amount related to AMO, a business that was divested in the first quarter of 2017. Accumulated gains and losses as of December31, 2017 will be included in\nCost of products sold at the time the products are sold, generally through the next twelve to eighteen months. The amount of hedge ineffectiveness was not significant in 2017, 2016 and 2015. \n\nAbbott\nenters into foreign currency forward exchange contracts to manage currency exposures for foreign currency denominated third-party trade payables and receivables, and for\nintercompany loans and trade accounts payable where the receivable or payable is denominated in a currency other than the functional currency of the entity. For intercompany loans, the contracts\nrequire Abbott to sell or buy foreign currencies, primarily European currencies and Japanese yen, in exchange for primarily U.S. dollars and other European currencies. For intercompany and trade\npayables and receivables, the currency exposures are primarily the U.S. dollar, European currencies and Japanese yen. At December31, 2017, 2016 and 2015, Abbott held notional amounts of\n$20.1billion, $14.9billion and $14.0billion, respectively, of such foreign currency forward exchange contracts. At December31, 2016, $1.2billion of the\ncontracts related to AMO, a business that was divested in the first quarter of 2017. \n\nIn\nMarch 2017, Abbott repaid its $479million foreign denominated short-term debt which was designated as a hedge of the net investment in a foreign subsidiary. At\nDecember31, 2016 and 2015, the value of this short-term debt was $454million and $439million, respectively, and changes in the fair value of the debt up through the date of\nrepayment due to changes in exchange rates were recorded in Accumulated other comprehensive income (loss), net of tax. \n\n75\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote11 Financial Instruments, Derivatives and Fair Value Measures (Continued) \n\n\nAbbott\nis a party to interest rate hedge contracts totaling notional amounts of $4.0billion at December31, 2017, $5.5billion at December31, 2016 and\n$4.0billion at December31, 2015, to manage its exposure to changes in the fair value of fixed-rate debt. These contracts are designated as fair value hedges of the variability of the\nfair value of fixed-rate debt due to changes in the long-term benchmark interest rates. The effect of the hedge is to change a fixed-rate interest obligation to a variable rate for that portion of the\ndebt. Abbott records the contracts at fair value and adjusts the carrying amount of the fixed-rate debt by an offsetting amount. No hedge ineffectiveness was recorded in income in 2017, 2016 and 2015\nfor these hedges. \n\nIn\nthe second quarter of 2017, Abbott unwound approximately $1.5billion in interest rate swaps relating to the 2.00% Note due in 2020 and the 2.55% Note due in 2022. The proceeds\nreceived were not significant. \n\nIn\nDecember 2016, Abbott unwound approximately $1.5billion in interest rate swaps relating to the 4.125% Note due in 2020 and the 5.125% Note due in 2019. As part of the\nunwinding, Abbott received approximately $55million in cash, which was included in the Cash Flow From Financing Activities section of the Consolidated Statement of Cash Flows in 2016. \n\n\nGross\nunrealized holding gains (losses) on available-for-sale equity securities totaled $(5) million, $10million and $171million at December31, 2017, 2016 and\n2015, respectively. \n\nThe\nfollowing table summarizes the amounts and location of certain derivative financial instruments as of December31: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nFair Value Assets \n\nFair Value Liabilities \n\n\n\n\n2017 \n\n2016 \n\nBalance Sheet Caption \n\n2017 \n\n2016 \n\nBalance Sheet Caption \n\n\n\n\n\n\n\n\n(in millions)\n\n\n\n\n\n\n\n\n Interest rate swaps designated as fair value hedges\n\n\n\n$\n\n\n\n\n$\n8\n\nDeferred income taxes and other assets\n\n\n\n$\n93\n\n\n\n$\n74\n\nPost-employment obligations and other long-term liabilities\n\n\n Foreign currency forward exchange contracts\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Hedging instruments\n\n\n21\n\n\n99\n\nOther prepaid expenses and receivables\n\n\n106\n\n\n15\n\nOther accrued liabilities\n\n\n Others not designated as hedges\n\n\n117\n\n\n177\n\nOther prepaid expenses and receivables\n\n\n99\n\n\n67\n\nOther accrued liabilities\n\n\n Debt designated as a hedge of net investment in a foreign subsidiary\n\n\n \n\n\n \n\nn/a\n\n\n \n\n\n454\n\nShort-term borrowings \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n$\n138\n\n\n\n$\n284\n\n\n\n\n\n$\n298\n\n\n\n$\n610\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n \n 76\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote11 Financial Instruments, Derivatives and Fair Value Measures (Continued) \n\nThe\nfollowing table summarizes the activity for foreign currency forward exchange contracts designated as cash flow hedges, debt designated as a hedge of net investment in a foreign\nsubsidiary and certain other derivative financial instruments, as well as the amounts and location of income (expense) and gain (loss) reclassified into income. The amount of hedge ineffectiveness was\nnot significant in 2017, 2016 and 2015 for these hedges. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nGain (loss) Recognized in\nOther Comprehensive\nIncome (loss) \n\nIncome (expense) and\nGain (loss) Reclassified\ninto Income \n\n\n\n\n\n\nIncome Statement\nCaption \n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n2017 \n\n2016 \n\n2015 \n\n\n\n\n(in millions)\n\n\n\n\n Foreign currency forward exchange contracts designated as cash flow hedges\n\n\n\n$\n(226\n)\n\n\n$\n49\n\n\n\n$\n91\n\n\n\n$\n(48\n)\n\n\n$\n48\n\n\n\n$\n124\n\nCost of products sold\n\n\n Debt designated as a hedge of net investment in a foreign subsidiary\n\n\n(25\n)\n\n(15\n)\n\n6\n\n\n\n\n\n\n\n\n\n\nn/a\n\n\n Interest rate swaps designated as fair value hedges\n\n\nn/a\n\n\nn/a\n\n\nn/a\n\n\n(24\n)\n\n(127\n)\n\n15\n\nInterest expense\n\n\n\n \n Losses\nof $64million, gains of $8million and losses of $77million were recognized in 2017, 2016 and 2015, respectively, related to foreign currency forward\nexchange contracts not designated as hedges. These\namounts are reported in the Consolidated Statement of Earnings on the Net foreign exchange (gain) loss line. \n\nThe\ninterest rate swaps are designated as fair value hedges of the variability of the fair value of fixed-rate debt due to changes in the long-term benchmark interest rates. The hedged\ndebt is marked to market, offsetting the effect of marking the interest rate swaps to market. \n\nThe\ncarrying values and fair values of certain financial instruments as of December31 are shown in the table below. The carrying values of all other financial instruments\napproximate their estimated fair values. The counterparties to financial instruments consist of select major international financial institutions. Abbott does not expect any losses from nonperformance\nby these counterparties. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n\n\n\n\nCarrying\nValue \n\nFair\nValue \n\nCarrying\nValue \n\nFair\nValue \n\n\n\n\n\n(in millions)\n\n\n\n Long-term Investment Securities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equity securities\n\n\n\n$\n797\n\n\n\n$\n797\n\n\n\n$\n2,906\n\n\n\n$\n2,906\n\n\n\n Other\n\n\n86\n\n\n86\n\n\n41\n\n\n42\n\n\n\n Total Long-term Debt\n\n\n(27,718\n)\n\n(29,018\n)\n\n(20,684\n)\n\n(21,147\n)\n\n\n Foreign Currency Forward Exchange Contracts:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Receivable position\n\n\n138\n\n\n138\n\n\n276\n\n\n276\n\n\n\n (Payable) position\n\n\n(205\n)\n\n(205\n)\n\n(82\n)\n\n(82\n)\n\n\n Interest Rate Hedge Contracts:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Receivable position\n\n\n\n\n\n\n\n\n8\n\n\n8\n\n\n\n (Payable) position\n\n\n(93\n)\n\n(93\n)\n\n(74\n)\n\n(74\n)\n\n\n\n \n 77\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote11 Financial Instruments, Derivatives and Fair Value Measures (Continued) \n\n\nThe\nfollowing table summarizes the bases used to measure certain assets and liabilities at fair value on a recurring basis in the balance sheet: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nBasis of Fair Value Measurement \n\n\n\n\n\nOutstanding\nBalances \n\nQuoted\nPrices in\nActive Markets \n\nSignificant Other\nObservable\nInputs \n\nSignificant\nUnobservable\nInputs \n\n\n\n\n\n(in millions)\n\n\n\n December31, 2017:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equity securities\n\n\n\n$\n374\n\n\n\n$\n374\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n Foreign currency forward exchange contracts\n\n\n138\n\n\n\n\n\n138\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Assets\n\n\n\n$\n512\n\n\n\n$\n374\n\n\n\n$\n138\n\n\n\n$\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Fair value of hedged long-term debt\n\n\n\n$\n3,898\n\n\n\n$\n\n\n\n\n$\n3,898\n\n\n\n$\n\n\n\n\n Interest rate swap financial instruments\n\n\n93\n\n\n\n\n\n93\n\n\n\n\n\n\n Foreign currency forward exchange contracts\n\n\n205\n\n\n\n\n\n205\n\n\n\n\n\n\n Contingent consideration related to business combinations\n\n\n120\n\n\n\n\n\n\n\n\n120 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Liabilities\n\n\n\n$\n4,316\n\n\n\n$\n\n\n\n\n$\n4,196\n\n\n\n$\n120 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n December31, 2016:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equity securities\n\n\n\n$\n2,676\n\n\n\n$\n2,676\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n Interest rate swap financial instruments\n\n\n8\n\n\n\n\n\n8\n\n\n\n\n\n\n Foreign currency forward exchange contracts\n\n\n276\n\n\n\n\n\n276\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Assets\n\n\n\n$\n2,960\n\n\n\n$\n2,676\n\n\n\n$\n284\n\n\n\n$\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Fair value of hedged long-term debt\n\n\n\n$\n5,413\n\n\n\n$\n\n\n\n\n$\n5,413\n\n\n\n$\n\n\n\n\n Interest rate swap financial instruments\n\n\n74\n\n\n\n\n\n74\n\n\n\n\n\n\n Foreign currency forward exchange contracts\n\n\n82\n\n\n\n\n\n82\n\n\n\n\n\n\n Contingent consideration related to business combinations\n\n\n136\n\n\n\n\n\n\n\n\n136 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Liabilities\n\n\n\n$\n5,705\n\n\n\n$\n\n\n\n\n$\n5,569\n\n\n\n$\n136 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\ndecrease in equity securities in 2017 was driven by the sale of the remaining MylanN.V. ordinary shares held by Abbott. Abbott sold 69.75million ordinary shares of\nMylanN.V. in 2017 which had a value of approximately $2.7billion. The fair value of the MylanN.V. equity securities up through the date of sale was determined based on the\nvalue of the publicly-traded ordinary shares. The fair value of foreign currency forward exchange contracts is determined using a market approach, which utilizes values for comparable derivative\ninstruments. The fair value of the debt was determined based on the face value of the debt adjusted for the fair value of the interest rate swaps, which is based on a discounted cash flow analysis\nusing significant other observable inputs. \n\nThe\nfair value of the contingent consideration was determined based on independent appraisals adjusted for the time value of money and other changes in fair value primarily resulting\nfrom changes in regulatory timelines. Contingent consideration relates to businesses acquired by Abbott. The maximum amount for certain contingent consideration is not determinable as it is based on a\npercent of certain sales. Excluding such contingent consideration, the maximum amount estimated to be due is approximately $525million, which is dependent upon attaining certain sales\nthresholds or based on the occurrence of certain events, such as regulatory approvals. \n\n78\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote12 Litigation and Environmental Matters \n\n\nAbbott has been identified as a potentially responsible party for investigation and cleanup costs at a number of locations in the United States and Puerto Rico under federal and state\nremediation laws and is investigating potential contamination at a number of company-owned locations. Abbott has recorded an estimated cleanup cost for each site for which management believes Abbott\nhas a probable loss exposure. No individual site cleanup exposure is expected to exceed $4million, and the aggregate cleanup exposure is not expected to exceed $10million. \n\nAbbott\nis involved in various claims and legal proceedings, and Abbott estimates the range of possible loss for its legal proceedings and environmental exposures to be from approximately\n$115million to $160million. The recorded accrual balance at December31, 2017 for these proceedings and exposures was approximately $135million. This accrual represents\nmanagement\'s best estimate of probable loss, as defined by FASB ASC No.450, "Contingencies." Within the next year, legal proceedings may occur that may result in a change in the estimated loss\naccrued by Abbott. While it is not feasible to predict the outcome of all such proceedings and exposures with certainty, management believes that their ultimate disposition should not have a material\nadverse effect on Abbott\'s financial position, cash flows, or results of operations. \n\n79\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits \n\n\nRetirement plans consist of defined benefit, defined contribution and medical and dental plans. Information for Abbott\'s major defined benefit plans and post-employment medical and\ndental benefit plans is as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDefined Benefit\nPlans \n\nMedical and\nDental Plans \n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n2017 \n\n2016 \n\n\n\n Projected benefit obligations, January1\n\n\n\n$\n8,517\n\n\n\n$\n7,820\n\n\n\n$\n1,274\n\n\n\n$\n1,262\n\n\n\n Service cost benefits earned during the year\n\n\n283\n\n\n263\n\n\n25\n\n\n26\n\n\n\n Interest cost on projected benefit obligations\n\n\n287\n\n\n288\n\n\n45\n\n\n43\n\n\n\n (Gains) losses, primarily changes in discount rates, plan design changes, law changes and differences between actual and estimated health care\ncosts\n\n\n752\n\n\n645\n\n\n149\n\n\n13\n\n\n\n Benefits paid\n\n\n(276\n)\n\n(242\n)\n\n(80\n)\n\n(71\n)\n\n\n Other, including foreign currency translation\n\n\n390\n\n\n(257\n)\n\n(20\n)\n\n1 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Projected benefit obligations, December31\n\n\n\n$\n9,953\n\n\n\n$\n8,517\n\n\n\n$\n1,393\n\n\n\n$\n1,274 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Plan assets at fair value, January1\n\n\n\n$\n7,542\n\n\n\n$\n6,772\n\n\n\n$\n416\n\n\n\n\n$\n441\n\n\n\n Actual return on plans\' assets\n\n\n1,107\n\n\n631\n\n\n65\n\n\n28\n\n\n\n Company contributions\n\n\n645\n\n\n582\n\n\n12\n\n\n10\n\n\n\n Benefits paid\n\n\n(276\n)\n\n(242\n)\n\n(74\n)\n\n(63\n)\n\n\n Other, including foreign currency translation\n\n\n280\n\n\n(201\n)\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Plan assets at fair value, December31\n\n\n\n$\n9,298\n\n\n\n$\n7,542\n\n\n\n$\n419\n\n\n\n$\n416 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Projected benefit obligations greater than plan assets, December31\n\n\n\n$\n(655\n)\n\n\n$\n(975\n)\n\n\n$\n(974\n)\n\n\n$\n(858\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Long-term assets\n\n\n\n$\n563\n\n\n\n$\n340\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n Short-term liabilities\n\n\n(21\n)\n\n(18\n)\n\n(2\n)\n\n(1\n)\n\n\n Long-term liabilities\n\n\n(1,197\n)\n\n(1,297\n)\n\n(972\n)\n\n(857\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Net liability\n\n\n\n$\n(655\n)\n\n\n$\n(975\n)\n\n\n$\n(974\n)\n\n\n$\n(858\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Amounts Recognized in Accumulated Other Comprehensive Income (loss):\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Actuarial losses, net\n\n\n\n$\n3,466\n\n\n\n$\n3,301\n\n\n\n$\n456\n\n\n\n$\n373\n\n\n\n Prior service cost (credits)\n\n\n(9\n)\n\n\n\n\n(208\n)\n\n(254\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n3,457\n\n\n\n$\n3,301\n\n\n\n$\n248\n\n\n\n$\n119 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\nprojected benefit obligations for non-U.S. defined benefit plans was $3.0billion and $2.5billion at December31, 2017 and 2016, respectively. The accumulated\nbenefit obligations for all defined benefit plans were $8.9billion and $7.4billion at December31, 2017 and 2016, respectively. \n\n80\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n\nFor\nplans where the accumulated benefit obligations exceeded plan assets at December31, 2017 and 2016, the aggregate accumulated benefit obligations, the projected benefit\nobligations and the aggregate plan assets were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n\n\n Accumulated benefit obligation\n\n\n\n$\n1,664\n\n\n\n$\n1,485\n\n\n\n Projected benefit obligation\n\n\n1,892\n\n\n1,697\n\n\n\n Fair value of plan assets\n\n\n696\n\n\n653\n\n\n\n\n \n The\ncomponents of the net periodic benefit cost were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDefined Benefit Plans \n\nMedical and\nDental Plans \n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n2017 \n\n2016 \n\n2015 \n\n\n\n\n\n(in millions)\n\n\n\n Service cost benefits earned during the year\n\n\n\n$\n283\n\n\n\n$\n263\n\n\n\n$\n307\n\n\n\n$\n25\n\n\n\n$\n26\n\n\n\n$\n33\n\n\n\n Interest cost on projected benefit obligations\n\n\n287\n\n\n288\n\n\n314\n\n\n45\n\n\n43\n\n\n52\n\n\n\n Expected return on plans\' assets\n\n\n(613\n)\n\n(565\n)\n\n(511\n)\n\n(33\n)\n\n(35\n)\n\n(39\n)\n\n\n Amortization of actuarial losses\n\n\n163\n\n\n129\n\n\n184\n\n\n23\n\n\n16\n\n\n23\n\n\n\n Amortization of prior service cost (credits)\n\n\n1\n\n\n\n\n\n1\n\n\n(45\n)\n\n(45\n)\n\n(48\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Total cost\n\n\n121\n\n\n115\n\n\n295\n\n\n15\n\n\n5\n\n\n21\n\n\n\n Less: Discontinued operations\n\n\n\n\n\n\n\n\n(3\n)\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net cost continuing operations\n\n\n\n$\n121\n\n\n\n$\n115\n\n\n\n$\n292\n\n\n\n\n$\n15\n\n\n\n$\n5\n\n\n\n$\n21 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n In\n2017, Abbott recognized a $10million curtailment gain related to the sale of AMO. \n\nOther\ncomprehensive income (loss) for each respective year includes the amortization of actuarial losses and prior service costs (credits) as noted in the previous table. Other\ncomprehensive income (loss) for each respective year also includes: net actuarial losses of $247million for defined benefit plans and $97million for medical and dental plans in 2017;\nnet actuarial losses of $571million for defined benefit plans and $20million for medical and dental plans in 2016; net actuarial gains of $37million for defined benefit plans\nand $116million for medical and dental plans in 2015. \n\nThe\npretax amount of actuarial losses and prior service cost (credits) included in Accumulated other comprehensive income (loss) at December31, 2017 that is expected to be\nrecognized in the net periodic benefit cost in 2018 is $213million and $1million of expense, respectively, for defined benefit pension plans and $31million of expense and\n$45million of income, respectively, for medical and dental plans. \n\nThe\nweighted average assumptions used to determine benefit obligations for defined benefit plans and medical and dental plans are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Discount rate\n\n\n3.4\n%\n\n3.9\n%\n\n4.3\n%\n\n\n Expected aggregate average long-term change in compensation\n\n\n4.4\n%\n\n4.3\n%\n\n4.4\n%\n\n\n\n \n 81\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n\n\nThe\nweighted average assumptions used to determine the net cost for defined benefit plans and medical and dental plans are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Discount rate\n\n\n3.9\n%\n\n4.3\n%\n\n3.9\n%\n\n\n Expected return on plan assets\n\n\n7.6\n%\n\n7.6\n%\n\n7.4\n%\n\n\n Expected aggregate average long-term change in compensation\n\n\n4.3\n%\n\n4.3\n%\n\n4.3\n%\n\n\n\n \n The\nassumed health care cost trend rates for medical and dental plans at December31 were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Health care cost trend rate assumed for the next year\n\n\n9\n%\n\n8\n%\n\n8\n%\n\n\n Rate that the cost trend rate gradually declines to\n\n\n5\n%\n\n5\n%\n\n5\n%\n\n\n Year that rate reaches the assumed ultimate rate\n\n\n2027\n\n\n2027\n\n\n2028\n\n\n\n\n \n The\ndiscount rates used to measure liabilities were determined based on high-quality fixed income securities that match the duration of the expected retiree benefits. The health care\ncost trend rates represent Abbott\'s expected annual rates of change in the cost of health care benefits and are forward projections of health care costs as of the measurement date. A one-percentage\npoint increase/(decrease) in the assumed health care cost trend rate would increase/(decrease) the accumulated post-employment benefit obligations as of December31, 2017, by\n$179million /$(150)million, and the total of the service and interest cost components of net post-employment health care cost for the year then ended by approximately\n$11million/$(9) million. \n\n82\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n\n\nThe\nfollowing table summarizes the basis used to measure the defined benefit and medical and dental plan assets at fair value: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nBasis of Fair Value Measurement \n\n\n\n\n\nOutstanding\nBalances \n\nQuoted\nPrices in\nActive Markets \n\nSignificant\nOther\nObservable\nInputs \n\nSignificant\nUnobservable\nInputs \n\nMeasured at\nNAV (k) \n\n\n\n\n\n(in millions)\n\n\n\n December31, 2017:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n U.S. large cap (a)\n\n\n\n$\n2,506\n\n\n\n$\n1,600\n\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n$\n906\n\n\n\n U.S. mid and small cap (b)\n\n\n670\n\n\n243\n\n\n\n\n\n\n\n\n427\n\n\n\n International (c)\n\n\n1,937\n\n\n448\n\n\n\n\n\n\n\n\n1,489\n\n\n\n Fixed income securities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n U.S. government securities (d)\n\n\n510\n\n\n11\n\n\n286\n\n\n\n\n\n213\n\n\n\n Corporate debt instruments(e)\n\n\n930\n\n\n107\n\n\n411\n\n\n\n\n\n412\n\n\n\n Non-U.S. government securities (f)\n\n\n625\n\n\n222\n\n\n\n\n\n\n\n\n403\n\n\n\n Other (g)\n\n\n216\n\n\n93\n\n\n27\n\n\n\n\n\n96\n\n\n\n Absolute return funds (h)\n\n\n1,814\n\n\n135\n\n\n\n\n\n\n\n\n1,679\n\n\n\n Commodities (i)\n\n\n60\n\n\n\n\n\n\n\n\n4\n\n\n56\n\n\n\n Cash and Cash Equivalents\n\n\n178\n\n\n12\n\n\n\n\n\n\n\n\n166\n\n\n\n Other (j)\n\n\n271\n\n\n7\n\n\n\n\n\n\n\n\n264 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n$\n9,717\n\n\n\n$\n2,878\n\n\n\n$\n724\n\n\n\n\n$\n4\n\n\n\n$\n6,111 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n December31, 2016:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n U.S. large cap (a)\n\n\n\n$\n1,889\n\n\n\n$\n1,284\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n$\n605\n\n\n\n U.S. mid and small cap (b)\n\n\n549\n\n\n183\n\n\n\n\n\n\n\n\n366\n\n\n\n International (c)\n\n\n1,345\n\n\n356\n\n\n\n\n\n\n\n\n989\n\n\n\n Fixed income securities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n U.S. government securities (d)\n\n\n437\n\n\n5\n\n\n258\n\n\n\n\n\n174\n\n\n\n Corporate debt instruments(e)\n\n\n813\n\n\n100\n\n\n348\n\n\n\n\n\n365\n\n\n\n Non-U.S. government securities (f)\n\n\n514\n\n\n175\n\n\n\n\n\n\n\n\n339\n\n\n\n Other (g)\n\n\n183\n\n\n80\n\n\n20\n\n\n\n\n\n83\n\n\n\n Absolute return funds (h)\n\n\n1,891\n\n\n106\n\n\n\n\n\n\n\n\n1,785\n\n\n\n Commodities (i)\n\n\n84\n\n\n\n\n\n\n\n\n12\n\n\n72\n\n\n\n Cash and Cash Equivalents\n\n\n100\n\n\n8\n\n\n\n\n\n\n\n\n92\n\n\n\n Other (j)\n\n\n153\n\n\n\n\n\n\n\n\n\n\n\n153 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n$\n7,958\n\n\n\n$\n2,297\n\n\n\n$\n626\n\n\n\n$\n12\n\n\n\n$\n5,023 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(a)A\nmix of index funds and actively managed equity accounts that are benchmarked to various large cap indices.\n(b)A\nmix of index funds and actively managed equity accounts that are benchmarked to various mid and small cap indices.\n(c)A\nmix of index funds and actively managed pooled investment funds that are benchmarked to various non-U.S. equity indices in both developed and emerging markets. \n \n 83\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n \n \n(d)A\nmix of index funds and actively managed accounts that are benchmarked to various U.S. government bond indices.\n(e)A\nmix of index funds and actively managed accounts that are benchmarked to various corporate bond indices.\n(f)Primarily\nUnited Kingdom, Japan, the Netherlands and Irish government-issued bonds.\n(g)Primarily\nasset backed securities and an actively managed, diversified fixed income vehicle benchmarked to the one-month Libor / Euribor.\n(h)Primarily\nfunds invested by managers that have a global mandate with the flexibility to allocate capital broadly across a wide range of asset classes and strategies\nincluding, but not limited to equities, fixed income, commodities, interest rate futures, currencies and other securities to outperform an agreed upon benchmark with specific return and volatility\ntargets.\n(i)Primarily\ninvestments in liquid commodity future contracts and private energy funds.\n(j)Primarily\ninvestments in private funds, such as private equity, private credit and private real estate.\n(k)In\naccordance with ASU 2015-07, investments measured at fair value using the NAV practical expedient have not been classified in the fair value hierarchy. The fair\nvalue amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet. \n \n Equities\nthat are valued using quoted prices are valued at the published market prices. Equities in a common collective trust or a registered investment company that are valued using\nsignificant other observable inputs are valued at the NAV provided by the fund administrator. The NAV is based on the value of the underlying assets owned by the fund minus its liabilities. For\napproximately half of these funds, investments may be redeemed once per month, with a required 7 to 30day notice period. For the remaining funds, daily redemption of an investment is allowed.\nFixed income securities that are valued using significant other observable inputs are valued at prices obtained from independent financial service industry recognized vendors. Abbott did not have any\nunfunded commitments related to fixed income funds at December31, 2017 and 2016. For the majority of these funds, investments may be redeemed either weekly or monthly, with a required 2 to\n14day notice period. For the remaining funds, investments may be generally redeemed daily. \n\nAbsolute\nreturn funds and commodities are valued at the NAV provided by the fund administrator. All private funds are valued at the NAV provided by the fund on a one-quarter lag adjusted\nfor known cash flows and significant events through the reporting date. Abbott did not have any unfunded commitments related to absolute return funds at December31, 2017 and 2016. Investments\nin these funds may be generally redeemed monthly or quarterly with required notice periods ranging from 5 to 45days. For approximately $100million of the absolute return funds,\nredemptions are subject to a 25% gate. For commodities, investments in the private energy funds cannot be redeemed but the funds will make distributions through liquidation. The estimate of the\nliquidation period for each fund ranges from 2018 to 2022. Abbott\'s unfunded commitments in these funds as of December31, 2017 and 2016 were not significant. Investments in the private funds\n(excluding private energy funds) cannot be redeemed but the funds will make distributions through liquidation. The estimate of the liquidation period for each fund ranges from 2018 to 2027. Abbott\'s\nunfunded commitment in these funds was $489million and $337million as of December31, 2017 and 2016, respectively. \n\n84\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n\n\nThe\ninvestment mix of equity securities, fixed income and other asset allocation strategies is based upon achieving a desired return, as well as balancing higher return, more volatile\nequity securities with lower return, less volatile fixed income securities. Investment allocations are made across a range of markets, industry sectors, capitalization sizes, and in the case of fixed\nincome securities, maturities and credit quality. The plans do not directly hold any securities of Abbott. There are no known significant concentrations of risk in the plans\' assets. Abbott\'s medical\nand dental plans\' assets are invested in a similar mix as the pension plan assets. The actual asset allocation percentages at year end are consistent with the company\'s targeted asset allocation\npercentages. \n\nThe\nplans\' expected return on assets, as shown above is based on management\'s expectations of long-term average rates of return to be achieved by the underlying investment portfolios. In\nestablishing this assumption, management considers historical and expected returns for the asset classes in which the plans are invested, as well as current economic and capital market conditions. \n\nAbbott\nfunds its domestic pension plans according to IRS funding limitations. International pension plans are funded according to similar regulations. Abbott funded $645million\nin 2017 and $582million in 2016 to defined pension plans. Abbott expects to contribute approximately $114million to its pension plans in 2018. \n\n\nTotal\nbenefit payments expected to be paid to participants, which includes payments funded from company assets, as well as paid from the plans, are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\nDefined\nBenefit Plans \n\nMedical and\nDental Plans \n\n\n\n 2018\n\n\n\n$\n278\n\n\n\n$\n68\n\n\n\n 2019\n\n\n289\n\n\n71\n\n\n\n 2020\n\n\n307\n\n\n74\n\n\n\n 2021\n\n\n324\n\n\n77\n\n\n\n 2022\n\n\n344\n\n\n79\n\n\n\n 2023 to 2027\n\n\n2,032\n\n\n421\n\n\n\n\n \n The\nAbbott Stock Retirement Plan is the principal defined contribution plan. Abbott\'s contributions to this plan were $79million in 2017, $83million in 2016 and\n$81million in 2015. \n\n\n\n\n\n\n\nNote14Taxes on Earnings from Continuing Operations \n\n\n\nTaxes on earnings from continuing operations reflect the annual effective rates, including charges for interest and penalties. Deferred income taxes reflect the tax consequences on\nfuture years of differences between the tax bases of assets and liabilities and their financial reporting amounts. \n\nThe\nTax Cuts and Jobs Act ("TCJA") was enacted in the U.S. on December22, 2017. The TCJA reduces the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a\none-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. \n\n85\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote14Taxes on Earnings from Continuing Operations (Continued) \n\n\n\nIn the fourth quarter of 2017, Abbott recorded an estimate of net tax expense of $1.46billion for the impact of the TCJA, which is included in Taxes on Earnings from Continuing\nOperations in the Consolidated Statement of Earnings. The estimate is provisional and includes a charge of approximately $2.89billion for the transition tax, partially offset by a net benefit\nof approximately $1.42billion for the remeasurement of deferred tax assets and liabilities and a net benefit of approximately $10million related to certain other impacts of the TCJA. \n\nThe\none-time transition tax is based on Abbott\'s total post-1986 earnings and profits (E&P) that were previously deferred from U.S. income taxes. Abbott has not yet completed its\ncalculation of the total post-1986 E&P for its foreign subsidiaries. The tax computation also requires the determination of the amount of post-1986 E&P considered held in cash and other specified\nassets. This amount may change as Abbott finalizes the calculation of post-1986 foreign E&P previously deferred from U.S. federal taxation and finalizes the amounts held in cash and other specified\nassets. Abbott plans to elect to pay the transition tax over eight years as allowed by the TCJA. \n\nGiven\nthe significant complexity of the TCJA, Abbott will continue to evaluate and analyze the impact of this legislation. The $1.46billion estimate is provisional and is based\non Abbott\'s initial analysis of the TCJA and may be materially adjusted in future periods due to among other things, additional analysis performed by Abbott and additional guidance that may be issued\nby the U.S. Department of Treasury, the Securities and Exchange Commission, or the Financial Accounting Standards Board. \n\nIn\n2017, taxes on earnings from continuing operations also include $435million of tax expense related to the gain on the sale of the AMO business. In 2016, taxes on earnings from\ncontinuing operations include the impact of a net tax benefit of approximately $225million, primarily as a result of the resolution of various tax positions from prior years, partially offset\nby the unfavorable impact of non-deductible foreign exchange losses related to Venezuela and the adjustment of the MylanN.V. equity investment, as well as the recognition of deferred taxes\nassociated with the then pending sale of AMO. In 2015, taxes on earnings from continuing operations include a tax cost of $71million related to the disposal of shares of MylanN.V.\nstock. \n\nNo\nadditional income taxes have been provided for any remaining undistributed foreign earnings not subject to the transition tax. Determining the amount of unrecognized deferred tax\nliability related to any remaining undistributed foreign earnings not subject to the transition tax and additional outside basis difference in these entities is not practicable. In the U.S., Abbott\'s\nfederal income tax returns through 2013 are settled except for the federal income tax returns of the former Alere consolidated group which are settled through 2012. There are numerous other income tax\njurisdictions for which tax returns are not yet settled, none of which are individually significant. Reserves for interest and penalties are not significant. \n\nEarnings\nfrom continuing operations before taxes, and the related provisions for taxes on earnings from continuing operations, were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Earnings From Continuing Operations Before Taxes:\n\n\n\n\n\n\n\n\n\n\n\n\n Domestic\n\n\n\n$\n308\n\n\n\n$\n306\n\n\n\n$\n789\n\n\n\n Foreign\n\n\n1,923\n\n\n1,107\n\n\n2,394 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n2,231\n\n\n\n$\n1,413\n\n\n\n$\n3,183 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 86\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote14Taxes on Earnings from Continuing Operations (Continued) \n\n\n\n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Taxes on Earnings From Continuing Operations:\n\n\n\n\n\n\n\n\n\n\n\n\n Current:\n\n\n\n\n\n\n\n\n\n\n\n\n Domestic\n\n\n\n$\n2,260\n\n\n\n$\n71\n\n\n\n$\n64\n\n\n\n Foreign\n\n\n508\n\n\n406\n\n\n220 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total current\n\n\n2,768\n\n\n477\n\n\n284 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Deferred:\n\n\n\n\n\n\n\n\n\n\n\n\n Domestic\n\n\n(679\n)\n\n(147\n)\n\n313\n\n\n\n Foreign\n\n\n(211\n)\n\n20\n\n\n(20\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total deferred\n\n\n(890\n)\n\n(127\n)\n\n293 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n1,878\n\n\n\n$\n350\n\n\n\n$\n577 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n Differences\nbetween the effective income tax rate and the U.S. statutory tax rate were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n Statutory tax rate on earnings from continuing operations\n\n\n 35.0\n%\n\n 35.0\n%\n\n 35.0\n%\n\n\n Impact of foreign operations\n\n\n (16.3\n)\n\n (17.8\n)\n\n (18.2\n)\n\n\n Impact of TCJA\n\n\n 65.5\n\n\n \n\n\n \n\n\n\n Excess tax benefits related to stock compensation\n\n\n (5.4\n)\n\n \n\n\n \n\n\n\n Research tax credit\n\n\n (1.9\n)\n\n (1.8\n)\n\n (0.6\n)\n\n\n Resolution of certain tax positions pertaining to prior years\n\n\n \n\n\n (16.1\n)\n\n \n\n\n\n Mylan share adjustment\n\n\n \n\n\n 25.5\n\n\n \n\n\n\n State taxes, net of federal benefit\n\n\n 0.5\n\n\n (1.3\n)\n\n 0.3\n\n\n\n Federal tax cost on sale of MylanN.V. shares\n\n\n 3.4\n\n\n \n\n\n 2.2\n\n\n\n All other, net\n\n\n 3.4\n\n\n 1.3\n\n\n (0.6\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Effective tax rate on earnings from continuing operations\n\n\n 84.2\n%\n\n 24.8\n%\n\n 18.1\n% \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\n \n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n Impact\nof foreign operations is primarily derived from operations in Puerto Rico, Switzerland, Ireland, the Netherlands, Costa Rica, and Singapore. The 2015 effective tax rate includes\nthe impact of the R&D tax credit that was made permanent in the U.S. by the Protecting Americans from Tax Hikes Act of 2015. \n\n87\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote14Taxes on Earnings from Continuing Operations (Continued) \n\nThe\ntax effect of the differences that give rise to deferred tax assets and liabilities were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n\n\n Deferred tax assets:\n\n\n\n\n\n\n\n\n\n Compensation and employee benefits\n\n\n\n$\n881\n\n\n\n$\n1,061\n\n\n\n Other, primarily reserves not currently deductible, and NOL\'s and credit\ncarryforwards\n\n\n2,795\n\n\n2,384\n\n\n\n Trade receivable reserves\n\n\n185\n\n\n207\n\n\n\n Inventory reserves\n\n\n152\n\n\n157\n\n\n\n Deferred intercompany profit\n\n\n249\n\n\n231\n\n\n\n State income taxes\n\n\n62\n\n\n164 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total deferred tax assets before valuation allowance\n\n\n4,324\n\n\n4,204\n\n\n\n Valuation allowance\n\n\n(1,355\n)\n\n(189\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total deferred tax assets\n\n\n\n$\n2,969\n\n\n\n$\n4,015 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Deferred tax liabilities:\n\n\n\n\n\n\n\n\n\n Depreciation\n\n\n(200\n)\n\n(152\n)\n\n\n Unremitted earnings of foreign subsidiaries\n\n\n\n\n\n(175\n)\n\n\n Other, primarily the excess of book basis over tax basis of intangible assets\n\n\n(3,385\n)\n\n(2,018\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total deferred tax liabilities\n\n\n(3,585\n)\n\n(2,345\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total net deferred tax assets (liabilities)\n\n\n\n$\n(616\n)\n\n\n$\n1,670 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n Abbott\nhas incurred losses in a foreign jurisdiction where realization of the future economic benefit is so remote that the benefit is not reflected as a deferred tax asset. The increase\nin the valuation allowance from 2016 to 2017 relates to deferred tax assets recorded in certain entities acquired as part of the acquisition of St.Jude Medical. Abbott does not believe that it\nis more likely than not that the benefits of these deferred tax assets will be realized. \n\n\nThe\nfollowing table summarizes the gross amounts of unrecognized tax benefits without regard to reduction in tax liabilities or additions to deferred tax assets and liabilities if such\nunrecognized tax benefits were settled: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n\n\n January1\n\n\n\n$\n972\n\n\n\n$\n1,438\n\n\n\n Increase in tax positions due to acquisitions\n\n\n479\n\n\n\n\n\n\n Increase due to current year tax positions\n\n\n187\n\n\n145\n\n\n\n Increase due to prior year tax positions\n\n\n76\n\n\n101\n\n\n\n Decrease due to prior year tax positions\n\n\n(176\n)\n\n(703\n)\n\n\n Settlements\n\n\n(57\n)\n\n(9\n)\n\n\n Lapse of statute\n\n\n(41\n)\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n December31\n\n\n\n$\n1,440\n\n\n\n$\n972 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 88\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote14Taxes on Earnings from Continuing Operations (Continued) \n\nThe\ntotal amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is approximately $1.36billion. Abbott believes that it is reasonably\npossible that the recorded amount of gross unrecognized tax benefits may decrease within a range of $150million to $300million, including cash adjustments, within the next twelve\nmonths as a result of concluding various domestic and international tax matters. \n\n\n\n\n\n\n\nNote15Segment and Geographic Area Information \n\n\nAbbott\'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,\nwholesalers, hospitals, health care facilities, laboratories, physicians\' offices and government agencies throughout the world. On January4, 2017, Abbott completed the acquisition of\nSt.Jude Medical. Beginning with the first quarter of 2017, Abbott\'s cardiovascular and neuromodulation business includes the results of its historical Vascular Products segment and the results\nof the businesses acquired from St.Jude Medical from the date of acquisition. On October3, 2017, Abbott completed the acquisition of Alere. Beginning with the fourth quarter of 2017,\nAbbott\'s Diagnostic Products reportable segment includes the results of Alere from the date of acquisition. \n\nAbbott\'s\nreportable segments are as follows: \n\n Established Pharmaceutical Products International sales of a broad line of branded generic pharmaceutical products. \n\n\nNutritional Products Worldwide sales of a broad line of adult and pediatric nutritional products. \n\n Diagnostic Products Worldwide sales of diagnostic systems and tests for blood banks, hospitals, commercial laboratories and\nalternate-care testing sites. For segment reporting purposes, the Core Laboratories Diagnostics, Molecular Diagnostics, Point of Care, Rapid Diagnostics and Ibis\ndiagnostic divisions are aggregated and reported as the Diagnostic Products segment. Rapid Diagnostics is the business acquired from Alere. \n\n\nCardiovascular and Neuromodulation Products Worldwide sales of rhythm management, electrophysiology, heart failure, vascular,\nstructural heart and neuromodulation products. \n\nNon-reportable\nsegments include AMO through the date of sale and Diabetes Care. \n\nAbbott\'s\nunderlying accounting records are maintained on a legal entity basis for government and public reporting requirements. Segment disclosures are on a performance basis consistent\nwith internal management reporting. The cost of some corporate functions and the cost of certain employee benefits are charged to segments at predetermined rates that approximate cost. Remaining\ncosts, if any, are not allocated to segments. In addition, intangible asset amortization is not allocated to operating segments, and intangible assets and goodwill are not included in the measure of\neach segment\'s assets. \n\n89\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote15Segment and Geographic Area Information (Continued) \n\n\nThe\nfollowing segment information has been prepared in accordance with the internal accounting policies of Abbott, as described above, and are not presented in accordance with generally accepted\naccounting principles applied to the consolidated financial statements. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nNet Sales to External Customers (a) \n\nOperating Earnings (a) \n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n2015 \n\n2017 \n\n2016 \n\n2015 \n\n\n\n Established Pharmaceuticals\n\n\n\n$\n4,287\n\n\n\n$\n3,859\n\n\n\n$\n3,720\n\n\n\n$\n848\n\n\n\n$\n723\n\n\n\n$\n658\n\n\n\n Nutritionals\n\n\n6,925\n\n\n6,899\n\n\n6,975\n\n\n1,589\n\n\n1,660\n\n\n1,741\n\n\n\n Diagnostics\n\n\n5,616\n\n\n4,813\n\n\n4,646\n\n\n1,468\n\n\n1,194\n\n\n1,171\n\n\n\n Cardiovascular and Neuromodulation\n\n\n8,911\n\n\n2,896\n\n\n2,792\n\n\n2,720\n\n\n1,037\n\n\n1,061 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Reportable Segments\n\n\n25,739\n\n\n18,467\n\n\n18,133\n\n\n\n$\n6,625\n\n\n\n\n$\n4,614\n\n\n\n$\n4,631 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Other\n\n\n1,651\n\n\n2,386\n\n\n2,272\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n Total\n\n\n\n$\n27,390\n\n\n\n$\n20,853\n\n\n\n$\n20,405\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n \n\n \n(a)Net\nsales were unfavorably affected by the relatively stronger U.S. dollar in 2016 and 2015. Operating earnings were unfavorably affected by the impact of foreign\nexchange in 2017, 2016 and 2015. \n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n\n\n(in millions)\n\n\n\n Total Reportable Segment Operating Earnings\n\n\n\n$\n6,625\n\n\n\n$\n4,614\n\n\n\n$\n4,631\n\n\n\n Corporate functions and benefit plans costs\n\n\n(506\n)\n\n(411\n)\n\n(416\n)\n\n\n Non-reportable segments\n\n\n306\n\n\n304\n\n\n268\n\n\n\n Net interest expense\n\n\n(780\n)\n\n(332\n)\n\n(58\n)\n\n\n Share-based compensation\n\n\n(406\n)\n\n(310\n)\n\n(291\n)\n\n\n Amortization of intangible assets\n\n\n(1,975\n)\n\n(550\n)\n\n(601\n)\n\n\n Other, net (b)\n\n\n(1,033\n)\n\n(1,902\n)\n\n(350\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Earnings from Continuing Operations before Taxes\n\n\n\n$\n2,231\n\n\n\n$\n1,413\n\n\n\n$\n3,183 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(b)Other,\nnet includes inventory step-up amortization, integration costs associated with the acquisition of St.Jude Medical and Alere, and restructuring\ncharges, partially offset by the gain on the sale of the AMO business in 2017. In 2016, Other, net includes the $947million adjustment of the Mylan equity investment and $480million of\nforeign currency exchange loss related to operations in Venezuela. Charges for restructuring actions and other cost reduction initiatives were approximately $384million in 2017,\n$167million in 2016 and $310million in 2015. 2015 includes a $207million pre-tax gain on the sale of a portion of the MylanN.V. ordinary shares. \n \n 90\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote15Segment and Geographic Area Information (Continued) \n \n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDepreciation \n\nAdditions to\nProperty, Plant\nand Equipment (c) \n\nTotal Assets \n\n\n\n(in millions)\n\n2017 \n\n2016 \n\n2015 \n\n2017 \n\n2016 \n\n2015 \n\n2017 \n\n2016 \n\n2015 \n\n\n\n Established Pharmaceuticals\n\n\n\n$\n90\n\n\n\n$\n71\n\n\n\n$\n83\n\n\n\n$\n181\n\n\n\n$\n150\n\n\n\n$\n112\n\n\n\n$\n2,728\n\n\n\n$\n2,486\n\n\n\n$\n2,210\n\n\n\n Nutritionals\n\n\n164\n\n\n160\n\n\n157\n\n\n147\n\n\n199\n\n\n139\n\n\n3,160\n\n\n3,189\n\n\n3,187\n\n\n\n Diagnostics\n\n\n300\n\n\n267\n\n\n310\n\n\n374\n\n\n379\n\n\n319\n\n\n4,226\n\n\n2,945\n\n\n2,844\n\n\n\n Cardiovascular and Neuromodulation\n\n\n298\n\n\n69\n\n\n74\n\n\n206\n\n\n23\n\n\n32\n\n\n5,074\n\n\n1,425\n\n\n1,536 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Reportable Segments\n\n\n852\n\n\n567\n\n\n624\n\n\n908\n\n\n751\n\n\n602\n\n\n\n$\n15,188\n\n\n\n$\n10,045\n\n\n\n$\n9,777 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n \n\n\n Other\n\n\n194\n\n\n236\n\n\n247\n\n\n227\n\n\n370\n\n\n508\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n Total\n\n\n\n$\n1,046\n\n\n\n$\n803\n\n\n\n$\n871\n\n\n\n$\n1,135\n\n\n\n$\n1,121\n\n\n\n$\n1,110\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n \n\n \n(c)Amounts\nexclude property, plant and equipment acquired through business acquisitions. \n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n\n\n(in millions)\n\n\n\n Total Reportable Segment Assets\n\n\n\n$\n15,188\n\n\n\n$\n10,045\n\n\n\n$\n9,777\n\n\n\n Cash and investments\n\n\n10,493\n\n\n21,722\n\n\n10,166\n\n\n\n Non-reportable segments\n\n\n740\n\n\n1,280\n\n\n1,267\n\n\n\n Goodwill and intangible assets (d)\n\n\n45,493\n\n\n12,222\n\n\n15,200\n\n\n\n All other (d)\n\n\n4,336\n\n\n7,397\n\n\n4,837 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Assets\n\n\n\n$\n76,250\n\n\n\n$\n52,666\n\n\n\n$\n41,247 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(d)Goodwill\nand intangible assets related to AMO are included in the All other line in 2016. \n \n91\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\n\nNote15Segment and Geographic Area Information (Continued) \n \n\n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nNet Sales to External\nCustomers (e) \n\n\n\n\n\n2017 \n\n2016 \n\n2015 \n\n\n\n\n\n(in millions)\n\n\n\n United States\n\n\n\n$\n9,673\n\n\n\n$\n6,486\n\n\n\n$\n6,270\n\n\n\n China\n\n\n2,146\n\n\n1,728\n\n\n1,796\n\n\n\n Germany\n\n\n1,366\n\n\n1,044\n\n\n1,004\n\n\n\n Japan\n\n\n1,255\n\n\n924\n\n\n895\n\n\n\n India\n\n\n1,237\n\n\n1,114\n\n\n1,053\n\n\n\n The Netherlands\n\n\n929\n\n\n830\n\n\n855\n\n\n\n Switzerland\n\n\n841\n\n\n766\n\n\n784\n\n\n\n Russia\n\n\n664\n\n\n554\n\n\n483\n\n\n\n France\n\n\n628\n\n\n352\n\n\n375\n\n\n\n Brazil\n\n\n541\n\n\n410\n\n\n381\n\n\n\n Italy\n\n\n507\n\n\n365\n\n\n383\n\n\n\n United Kingdom\n\n\n498\n\n\n377\n\n\n430\n\n\n\n Colombia\n\n\n494\n\n\n424\n\n\n388\n\n\n\n Canada\n\n\n443\n\n\n408\n\n\n428\n\n\n\n Vietnam\n\n\n427\n\n\n434\n\n\n331\n\n\n\n All Other Countries\n\n\n5,741\n\n\n4,637\n\n\n4,549 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Consolidated\n\n\n\n$\n27,390\n\n\n\n$\n20,853\n\n\n\n$\n20,405 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n 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It excludes goodwill, intangible assets, deferred tax assets, and financial instruments. At\nDecember31, 2017 and 2016, Long-lived assets totaled $8.9billion and $6.6billion, respectively, and in the United States such assets totaled $4.5billion and\n$3.1billion, respectively. Long-lived asset balances associated with other countries were not material on an individual country basis in either of the two years. \n\n92\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote16 Quarterly Results (Unaudited) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions except per share data)\n\n2017 \n\n2016 \n\n\n\n First Quarter\n\n\n\n\n\n\n\n\n\n Continuing Operations:\n\n\n\n\n\n\n\n\n\n Net Sales\n\n\n\n$\n6,335\n\n\n\n$\n4,885\n\n\n\n Gross Profit\n\n\n2,769\n\n\n2,601\n\n\n\n Earnings from Continuing Operations\n\n\n386\n\n\n56\n\n\n\n Basic Earnings per Common Share\n\n\n0.22\n\n\n0.04\n\n\n\n Diluted Earnings per Common Share\n\n\n0.22\n\n\n0.04\n\n\n\n Net Earnings\n\n\n419\n\n\n316\n\n\n\n Basic Earnings Per Common Share (a)\n\n\n0.24\n\n\n0.21\n\n\n\n Diluted Earnings Per Common Share (a)\n\n\n0.24\n\n\n0.21\n\n\n\n Market Price Per Share-High\n\n\n45.84\n\n\n44.05\n\n\n\n Market Price Per Share-Low\n\n\n38.34\n\n\n36.00\n\n\n\n Second Quarter\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations:\n\n\n\n\n\n\n\n\n\n Net Sales\n\n\n\n$\n6,637\n\n\n\n$\n5,333\n\n\n\n Gross Profit\n\n\n3,072\n\n\n2,901\n\n\n\n Earnings from Continuing Operations\n\n\n270\n\n\n599\n\n\n\n Basic Earnings per Common Share\n\n\n0.15\n\n\n0.40\n\n\n\n Diluted Earnings per Common Share\n\n\n0.15\n\n\n0.40\n\n\n\n Net Earnings\n\n\n283\n\n\n615\n\n\n\n Basic Earnings Per Common Share (a)\n\n\n0.16\n\n\n0.41\n\n\n\n Diluted Earnings Per Common Share (a)\n\n\n0.16\n\n\n0.41\n\n\n\n Market Price Per Share-High\n\n\n49.59\n\n\n44.58\n\n\n\n Market Price Per Share-Low\n\n\n42.31\n\n\n36.76\n\n\n\n Third Quarter\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations:\n\n\n\n\n\n\n\n\n\n Net Sales\n\n\n\n$\n6,829\n\n\n\n$\n5,302\n\n\n\n Gross Profit\n\n\n3,471\n\n\n2,877\n\n\n\n Earnings (Loss) from Continuing Operations\n\n\n561\n\n\n(357\n)\n\n\n Basic Earnings (Loss) per Common Share\n\n\n0.32\n\n\n(0.24\n)\n\n\n Diluted Earnings (Loss) per Common Share\n\n\n0.32\n\n\n(0.24\n)\n\n\n Net Earnings (Loss)\n\n\n603\n\n\n(329\n)\n\n\n Basic Earnings (Loss) Per Common Share (a)\n\n\n0.34\n\n\n(0.22\n)\n\n\n Diluted Earnings (Loss) Per Common Share (a)\n\n\n0.34\n\n\n(0.22\n)\n\n\n Market Price Per Share-High\n\n\n54.80\n\n\n45.79\n\n\n\n Market Price Per Share-Low\n\n\n47.83\n\n\n39.16\n\n\n\n Fourth Quarter\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations:\n\n\n\n\n\n\n\n\n\n Net Sales\n\n\n\n$\n7,589\n\n\n\n$\n5,333\n\n\n\n Gross Profit\n\n\n3,766\n\n\n2,900\n\n\n\n Earnings (Loss) from Continuing Operations\n\n\n(864\n)\n\n765\n\n\n\n Basic Earnings (Loss) per Common Share\n\n\n(0.50\n)\n\n0.51\n\n\n\n Diluted Earnings (Loss) per Common Share\n\n\n(0.50\n)\n\n0.51\n\n\n\n Net Earnings (Loss)\n\n\n(828\n)\n\n798\n\n\n\n Basic Earnings (Loss) Per Common Share (a)\n\n\n(0.48\n)\n\n0.54\n\n\n\n Diluted Earnings (Loss) Per Common Share (a)\n\n\n(0.48\n)\n\n0.53\n\n\n\n Market Price Per Share-High\n\n\n57.77\n\n\n43.78\n\n\n\n Market Price Per Share-Low\n\n\n53.20\n\n\n37.38\n\n\n\n\n \n\n \n(a)The\nsum of the four quarters of earnings per share for 2017 and 2016 may not add to the full year earnings per share amount due to rounding and/or the use of\nquarter-to-date weighted average shares to calculate the earnings per share amount in each respective quarter. \n \n 93\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n Management Report on Internal Control Over Financial Reporting \n\nThe management of Abbott Laboratories is responsible for establishing and maintaining adequate internal control over financial reporting.\nAbbott\'s internal control system was designed to provide reasonable assurance to the company\'s management and board of directors regarding the preparation and fair presentation of published financial\nstatements. \n\nAll\ninternal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with\nrespect to financial statement preparation and presentation. \n\nAbbott\'s\nmanagement assessed the effectiveness of the company\'s internal control over financial reporting as of December31, 2017. In making this assessment, it used the criteria\nset forth in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway\nCommission. As allowed by SEC guidance, management excluded from its assessment the October 2017 acquisition of AlereInc. which accounted for approximately 13% of\nAbbott\'s total assets and 2% of Abbott\'s total net sales from continuing operations as of and for the year ended December31, 2017. Based on our assessment, we believe that, as of\nDecember31, 2017, the company\'s internal control over financial reporting was effective based on those criteria. \n\nAbbott\'s\nindependent registered public accounting firm has issued an audit report on their assessment of the effectiveness of the company\'s internal control over financial reporting.\nThis report appears on page96. \n\nMiles\nD. White\nChairman of the Board and Chief Executive Officer \n\nBrian\nB. Yoor\nExecutive Vice President, Finance and Chief Financial Officer \n\nRobert\nE. Funck\nVice President, Controller \n\nFebruary\n16, 2018 \n\n94\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n Report of Independent Registered Public Accounting Firm \n\nTo\nthe Shareholders and Board of Directors of Abbott Laboratories \n\n\n\n\n\n\n\n\nOpinion on the Financial Statements \n\nWe have audited the accompanying consolidated balance sheets of Abbott Laboratories and subsidiaries (the Company) as of December31,\n2017 and 2016, the related consolidated statements of earnings, comprehensive income, shareholders\' investment and cash flows for each of the three years in the period ended December31, 2017,\nand the related notes (collectively\nreferred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of\nDecember31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December31, 2017, in conformity with U.S.\ngenerally accepted accounting principles. \n\nWe\nalso have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company\'s internal control over financial reporting\nas of December31, 2017, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway\nCommission (2013 framework), and our report dated February16, 2018 expressed an unqualified opinion thereon. \n\n\n\n\n\n\n\n\nBasis for Opinion \n\nThese financial statements are the responsibility of the Company\'s management. Our responsibility is to express an opinion on the Company\'s\nfinancial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal\nsecurities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. \n\nWe\nconducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the\nfinancial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial\nstatements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in\nthe financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the\nfinancial statements. We believe that our audits provide a reasonable basis for our opinion. \n\n\n/s/\nErnst& YoungLLP \n\nWe\nhave served as the Company\'s auditor since 2013. \n\nChicago,\nIllinois\nFebruary16, 2018 \n\n95\n\n\n\n\n \n Report of Independent Registered Public Accounting Firm \n\nTo\nthe Shareholders and Board of Directors of Abbott Laboratories \n\n\n\n\n\n\n\nOpinion on Internal Control over Financial Reporting \n\nWe have audited Abbott Laboratories and subsidiaries\' internal control over financial reporting as of December31, 2017, based on\ncriteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria).\nIn our opinion, Abbott Laboratories and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December31, 2017, based on\nthe COSO criteria. \n\nAs\nindicated in the accompanying Management Report on Internal Control Over Financial Reporting, management\'s assessment of and conclusion on the effectiveness of internal control over\nfinancial reporting did not include the internal controls of AlereInc., which is included in the 2017 consolidated financial statements of the Company and constituted approximately 13% of\ntotal assets at December31, 2017 and 2% of total net sales from continuing operations for the year then ended. Our audit of internal control over financial reporting of the Company also did\nnot include an evaluation of the internal control over financial reporting of AlereInc. \n\n\nWe\nalso have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of\nDecember31, 2017 and 2016, the related consolidated statements of earnings, comprehensive income, shareholders\' investment and cash flows for each of the three years in the period ended\nDecember31, 2017, and the related notes of the Company and our report dated February16, 2018 expressed an unqualified opinion thereon. \n\n\n\n\n\n\n\nBasis for Opinion \n\nThe Company\'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the\neffectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on\nthe Company\'s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in\naccordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. \n\nWe\nconducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective\ninternal control over financial reporting was maintained in all material respects. \n\n\nOur\naudit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and\noperating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a\nreasonable basis for our opinion. \n\n\n\n\n\n\n\nDefinition and Limitations of Internal Control Over Financial Reporting \n\nA company\'s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of\nfinancial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company\'s internal control over financial reporting\nincludes those policies and procedures that (1)pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the\ntransactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to \n\n96\n\n\n\n\n \n\npermit\npreparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with\nauthorizations of management and directors of the company; and (3)provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the\ncompany\'s assets that could have a material effect on the financial statements. \n\nBecause\nof its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future\nperiods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. \n\n\n/s/\nErnst& YoungLLP \n\nChicago,\nIllinois\nFebruary16, 2018 \n\n97\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n \n ITEM 9.CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE \n\nNone. \n\n \n ITEM 9A.CONTROLS AND PROCEDURES \n\n\n\n\n\n\n\n\nDisclosure Controls and Procedures \n\n Evaluation of disclosure controls and procedures.The Chief Executive Officer, Miles D. White, and the Chief Financial Officer, Brian\nB. Yoor,\nevaluated the effectiveness of Abbott Laboratories\' disclosure controls and procedures as of the end of the period covered by this report, and concluded that Abbott Laboratories\' disclosure controls\nand procedures were effective to ensure that information Abbott is required to disclose in the reports that it files or submits with the Securities and Exchange Commission under the Securities\nExchange Act of 1934 (the Exchange Act) is recorded, processed, summarized and reported, within the time periods specified in the Commission\'s rules and forms, and to ensure that information required\nto be disclosed by Abbott in the reports that it files or submits under the Exchange Act is accumulated and communicated to Abbott\'s management, including its principal executive officer and principal\nfinancial officer, as appropriate to allow timely decisions regarding required disclosure. \n\n\n\n\n\n\n\nInternal Control Over Financial Reporting \n\nManagement\'s annual report on internal control over financial reporting.Management\'s report on Abbott\'s internal control over financial\nreporting is\nincluded on page94 hereof. The report of Abbott\'s independent registered public accounting firm related to their assessment of the effectiveness of internal control over financial reporting is\nincluded on page96 hereof. \n\n Changes in internal control over financial reporting.On October3, 2017, Abbott completed the acquisition of AlereInc.\nDuring the\nquarter ended December31, 2017, there were no other changes in Abbott\'s internal control over financial reporting (as defined in Rule13a-15(f) under the Exchange Act) that have\nmaterially affected, or are reasonably likely to materially affect, Abbott\'s internal control over financial reporting. \n\n \n ITEM 9B.OTHER INFORMATION \n\n\nNone. \n\n98\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n PART III \n\n \n ITEM 10.DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE \n\n\nIncorporated herein by reference are "Nominees for Election as Directors," "Committees of the Board of Directors," "Section16(a)\nBeneficial Ownership Reporting Compliance," and "Procedure for Recommendation and Nomination of Directors and Transaction of Business at Annual Meeting" to be included in the 2018 Abbott Laboratories\nProxy Statement. The 2018 Proxy Statement will be filed on or about March16, 2018. Also incorporated herein by reference is the text found under the caption, "Executive Officers of the\nRegistrant" on pages 16 through 19 hereof. \n\nAbbott\nhas adopted a code of ethics that applies to its principal executive officer, principal financial officer, and principal accounting officer and controller. That code is part of\nAbbott\'s code of business conduct which is available free of charge through Abbott\'s investor relations website (www.abbottinvestor.com). Abbott intends\nto include on its website any amendment to, or waiver from, a provision of its code of ethics that applies to Abbott\'s principal executive officer, principal financial officer, and principal\naccounting officer and controller that relates to any element of the code of ethics definition enumerated in Item406(b) of RegulationS-K. \n\n \n ITEM 11.EXECUTIVE COMPENSATION \n\n\nThe material to be included in the 2018 Proxy Statement under the headings "2017 Director Compensation" and "Executive Compensation" is\nincorporated herein by reference. The 2018 Proxy Statement will be filed on or about March16, 2018. \n\n \n ITEM 12.SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS \n\n\n(a)Equity Compensation Plan Information. \n\nThe\nfollowing table presents information as of December31, 2017 about our compensation plans under which Abbott common shares have been authorized for issuance. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nPlan Category\n\n\n\n \n\n(a)\nNumber of\nsecurities to be\nissued upon\nexercise of\noutstanding\noptions, warrants\nand rights \n\n(b)\nWeighted average\nexercise price\nof outstanding\noptions, warrants\nand rights \n\n(c)\nNumber of\nsecurities remaining\navailable for\nfuture issuance\nunder equity\ncompensation\nplans (excluding\nsecurities reflected\nin column (a)) \n\n\n\n Equity compensation plans approved by security holders (1)\n\n\n30,913,341\n\n\n\n$\n42.69\n\n\n183,546,308\n\n\n\n Equity compensation plans not approved by security holders\n\n\n0\n\n\n\n\n\n0\n\n\n\n Total (1)(2)\n\n\n30,913,341\n\n\n\n$\n42.69\n\n\n183,546,308\n\n\n\n\n\n\n\n\n \n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(1)\n\n(i)\n\n\n\n\n\n\n\n Abbott Laboratories 1996 Incentive Stock Program.Benefits under the 1996 Program include stock options intended to qualify for special tax treatment under Section422 of the Internal Revenue Code,\n stock options that do not qualify for that special tax treatment ("non-qualified stock options"), restricted stock, restricted stock units, stock appreciation rights, performance awards, and foreign qualified benefits. The shares that remain\n available for issuance under the 1996 Program may be issued in connection with any one of these benefits and may be either authorized but unissued shares or treasury shares (except that restricted stock awards may be satisfied only from treasury\n shares).\n\n\n\n \n 99\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n If there is a lapse, expiration, termination, forfeiture or cancellation of any benefit granted under the 1996 Program without the issuance of shares or payment of cash thereunder, the shares subject to or reserved for that benefit, or so reacquired,\n may again be used for new stock options, rights, or awards of any type authorized under the Abbott Laboratories 2009 Incentive Stock Program (the "2009 Program"). If shares are issued under any benefit under the 1996 Program and thereafter are\n reacquired by Abbott pursuant to rights reserved upon their issuance, or pursuant to the payment of the purchase price of shares under stock options by delivery of other common shares of Abbott, the shares subject to or reserved for that benefit, or\n so reacquired, may not again be used for new stock options, rights, or awards of any type authorized under the 1996 Program.\n\n\n\n\n\n\n\n\n\n\n\n\n\n In April 2009, the 1996 Program was replaced by the 2009 Program. No further awards will be granted under the 1996 Program.\n\n\n\n\n\n(ii)\n\n\n\n\n\n\n\n Abbott Laboratories 2009 Incentive Stock Program.Benefits under the 2009 Program include non-qualified stock options, restricted stock, restricted stock units, performance awards, other share-based\n awards (including stock appreciation rights, dividend equivalents and recognition awards), awards to non-employee directors, and foreign benefits. The shares that remain available for issuance under the 2009 Program may be issued in connection with\n any one of these benefits and may be either authorized but unissued shares or treasury shares (except that restricted stock awards are satisfied from treasury shares).\n\n\n\n\n\n\n\n\n\n\n\n\n\n If there is a lapse, expiration, termination, forfeiture or cancellation of any benefit granted under the 2009 Program without the issuance of shares or payment of cash thereunder, the shares subject to or reserved for that benefit, or so reacquired,\n may again be used for new stock options, rights, or awards of any type authorized under the Abbott Laboratories 2017 Incentive Stock Program (the "2017 Program"). If shares are issued under any benefit under the 2009 Program and thereafter are\n reacquired by Abbott pursuant to rights reserved upon their issuance, or pursuant to the payment of the purchase price of shares under stock options by delivery of other common shares of Abbott, the shares subject to or reserved for that benefit, or\n so reacquired, may not again be used for new stock options, rights, or awards of any type authorized under the 2009 Program.\n\n\n\n\n\n\n\n\n\n\n\n\n\n In April 2017, the 2009 Program was replaced by the 2017 Program. No further awards will be granted under the 2009 Program.\n\n\n\n\n\n(iii)\n\n\n\n\n\n\n\n Abbott Laboratories 2017 Incentive Stock Program.Benefits under the 2017 Program include non-qualified stock options, restricted stock, restricted stock units, performance awards, other share-based\n awards (including stock appreciation rights, dividend equivalents and recognition awards), awards to non-employee directors, and foreign benefits. The shares that remain available for issuance under the 2017 Program may be issued in connection with\n any one of these benefits and may be either authorized but unissued shares or treasury shares (except that restricted stock awards are satisfied from treasury shares).\n\n\n\n\n\n\n\n\n\n\n\n\n\n If there is a lapse, expiration, termination, forfeiture or cancellation of any benefit granted under the 2017 Program without the issuance of shares or payment of cash thereunder, the shares subject to or reserved for that benefit, or so reacquired,\n may again be used for new stock options, rights, or awards of any type authorized under the 2017 Program. If shares are issued under any benefit under the 2017 Program and thereafter are reacquired by Abbott pursuant to rights reserved upon their\n issuance, or pursuant to the payment of the purchase price of shares under stock options by delivery of other common shares of Abbott, the shares subject to or reserved for that benefit, or so reacquired, may not again be used for new stock options,\n rights, or awards of any type authorized under the 2017 Program.\n\n\n\n \n 100\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(iv)\n\n\n\n\n\n\n\n Abbott Laboratories Employee Stock Purchase Plan for Non-U.S. Employees.Eligible employees of participating non-U.S. affiliates of Abbott may participate in this plan. An eligible employee may\n authorize payroll deductions at the rate of 1% to 10% of eligible compensation (in multiples of one percent) subject to a limit of US $12,500 during any purchase cycle.\n\n\n\n\n\n\n\n\n\n\n\n\n\n Purchase cycles are generally six months long and usually begin on August1 and February1. On the last day of each purchase cycle, Abbott uses participant contributions to acquire Abbott common shares. The shares may be either authorized\n but unissued shares, treasury shares, or shares acquired on the open market. The purchase price is typically 85% of the lower of the fair market value of the shares on the purchase date or on the first day of that purchase cycle. As the number of\n shares subject to outstanding options is indeterminable, columns (a)and (b)of the above table do not include information on the Employee Stock Purchase Plan. As of December31, 2017, an aggregate of 14,877,472 common shares were\n available for future issuance under the Employee Stock Purchase Plan, including shares subject to purchase during the current purchase cycle.\n\n\n\n\n\n\n\n\n\n\n\n\n\n In April 2017, the 2009 Employee Stock Purchase Plan for Non-U.S. Employees was amended and restated as the Abbott Laboratories 2017 Employee Stock Purchase Plan for Non-U.S. Employees.\n\n\n(2)\n\n\n\n\n\n\n\n\n\n Not included in the table:\n\n\n\n\n\n(i)\n\n\n\n\n\n\n\n Advanced Medical Optics,Inc. Plan.In 2009, in connection with its acquisition of Advanced Medical Optics,Inc., Abbott assumed options outstanding under the AMO\'s 2004 Stock Incentive Plan,\n as amended and restated. As of December31, 2017, 10,227 options remained outstanding under this plan. These options have a weighted average purchase price of $26.87. No further awards will be granted under the plan.\n\n\n\n\n\n(ii)\n\n\n\n\n\n\n\n St.Jude Medical,Inc. Plans.In 2017, in connection with the acquisition of St.Jude Medical,Inc., Abbott assumed options outstanding under the St.Jude Medical,Inc.\n 2007 Stock Incentive Plan, as Amended and Restated (2014). As of December31, 2017, 4,890,232 options remained outstanding under these plans. These options have a weighted average purchase price of $30.42. No further awards will be granted under\n these plans.\n\n\n\n \n For\nadditional information concerning the Abbott Laboratories 1996 Incentive Stock Program, the Abbott Laboratories 2009 Incentive Stock Program, the Abbott Laboratories 2017 Incentive Stock Program,\nand the Abbott Laboratories 2017 Employee Stock Purchase Plan for Non-U.S. Employees, see the discussion in Note9 entitled "Incentive Stock Program" of the Notes to Consolidated Financial\nStatements included under Item8, "Financial Statements and Supplementary Data." \n\n\n(b)Information Concerning Security Ownership.Incorporated herein by reference is the material under the\nheading "Security Ownership of Executive Officers and Directors" and "Information Concerning Security Ownership" in the 2018 Proxy Statement. The 2018 Proxy Statement will be filed on or about\nMarch16, 2018. \n\n \n ITEM 13.CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE \n\n\nThe material to be included in the 2018 Proxy Statement under the headings "The Board of Directors," "Committees of the Board of Directors," and\n"Approval Process for Related\nPerson Transactions" is incorporated herein by reference. The 2018 Proxy Statement will be filed on or about March16, 2018. \n\n101\n\n\n\n\n \n\n \n ITEM 14.PRINCIPAL ACCOUNTING FEES AND SERVICES \n\n\nThe material to be included in the 2018 Proxy Statement under the headings "Audit Fees and Non-Audit Fees" and "Policy on Audit Committee\nPre-Approval of Audit and Permissible Non-Audit Services of the Independent Auditor" is incorporated herein by reference. The 2018 Proxy Statement will be filed on or about March16, 2018. \n\n102\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n PART IV \n\n \n ITEM 15.EXHIBITS, FINANCIAL STATEMENT SCHEDULES \n\n\n(a)Documents filed as part of this Form10-K.\n\n\n(1)Financial Statements:See Item8, "Financial Statements and Supplementary Data," on\npage49 hereof, for a list of financial statements.\n(2)Financial Statement Schedules:The required financial statement schedules are found on the pages\nindicated below. These schedules should be read in conjunction with the Consolidated Financial Statements of Abbott Laboratories: \n\n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\nAbbott Laboratories Financial Statement Schedules\n\n\n\n \n\nPage No. \n\n\n\n\n Valuation and Qualifying Accounts (ScheduleII)\n\n\n106\n\n\n\n\n SchedulesI, III, IV, and V are not submitted because they are not applicable or not required\n\n\n\n\n\n\n\n Report of Independent Registered Public Accounting Firm\n\n\n107\n\n\n\n\n Individual Financial Statements of businesses acquired by the registrant have been omitted pursuant to Rule3.05 of\nRegulationS-X\n\n\n\n\n\n\n\n \n \n\n(3)Exhibits Required by Item601 of RegulationS-K:The information called for by this\nparagraph is incorporated herein by reference to the Exhibit Index on pages108 through 117 of this Form10-K.\n \n\n\n(b)Exhibits filed (see Exhibit Index on pages108 through 117).\n(c)Financial Statement Schedule filed\n(page106).\n\n \n ITEM 16.FORM 10-K SUMMARY \n\n\nNone. \n\n103\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n SIGNATURES \n\n\nPursuant to the requirements of Section13 or 15(d) of the Securities Exchange Act of 1934, Abbott Laboratories has duly caused this\nreport to be signed on its behalf by the undersigned, thereunto duly authorized. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\nABBOTT LABORATORIES\n\n\n\n\n\n By\n\n /s/MILES D. WHITE\n\n\n\n\n\n Miles D. White\nChairman of the Board and\nChief Executive Officer\n\n\n\n\n\nDate: February16, 2018\n\n\n\n \n Pursuant\nto the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Abbott Laboratories on February16,\n2018 in the capacities indicated below. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n/s/MILES D. WHITE\n\n\n\n\n Miles D. White\nChairman of the Board, Chief Executive Officer\nand Director of Abbott Laboratories\n(principal executive officer)\n\n /s/BRIAN B. YOOR\n\n\n\n\n Brian B. Yoor\nExecutive Vice President, Finance and Chief\nFinancial Officer (principal financial officer)\n\n\n/s/ROBERT E. FUNCK\n\n\n\n\n Robert E. Funck\nVice President and Controller\n(principal accounting officer)\n\n\n\n\n/s/ROBERT J. ALPERN, M.D.\n\n\n\n\n Robert J. Alpern, M.D.\nDirector of Abbott Laboratories\n\n /s/ROXANNE S. AUSTIN\n\n\n\n\n Roxanne S. Austin\nDirector of Abbott Laboratories\n\n\n/s/SALLY E. BLOUNT, PH.D.\n\n\n\n\n Sally E. Blount, Ph.D.\nDirector of Abbott Laboratories\n\n /s/EDWARD M. LIDDY\n\n\n\n\n Edward M. Liddy\nDirector of Abbott Laboratories\n\n\n/s/NANCY MCKINSTRY\n\n\n\n\n Nancy McKinstry\nDirector of Abbott Laboratories\n\n /s/PHEBE N. NOVAKOVIC\n\n\n\n\n Phebe N. Novakovic\nDirector of Abbott Laboratories\n\n\n\n \n 104\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n/s/WILLIAM A. OSBORN\n\n\n\n\n William A. Osborn\nDirector of Abbott Laboratories\n\n /s/SAMUEL C. SCOTT III\n\n\n\n\n Samuel C. Scott III\nDirector of Abbott Laboratories\n\n\n/s/DANIEL J. STARKS\n\n\n\n\n Daniel J. Starks\nDirector of Abbott Laboratories\n\n /s/JOHN G. STRATTON\n\n\n\n\n John G. Stratton\nDirector of Abbott Laboratories\n\n\n/s/GLENN F. TILTON\n\n\n\n\n Glenn F. Tilton\nDirector of Abbott Laboratories\n\n\n\n\n\n \n 105\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n ABBOTT LABORATORIES AND SUBSIDIARIES SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015 (in millions of dollars) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nAllowances for Doubtful\nAccounts and Product Returns\n\n\n\n \n\nBalance\nat Beginning\nof Year \n\nProvisions/\nCharges\nto Income \n\nAmounts\nCharged Off\nand Other\nDeductions \n\nBalance at\nEnd of Year \n\n\n\n 2017\n\n\n\n$\n250\n\n\n\n$\n105\n\n\n\n$\n(61\n)\n\n\n$\n294\n\n\n\n 2016\n\n\n337\n\n\n92\n\n\n(179\n)\n\n250\n\n\n\n 2015\n\n\n310\n\n\n225\n\n\n(198\n)\n\n337\n\n\n\n\n \n 106\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM \n\nTo\nthe Shareholders and Board of Directors of Abbott Laboratories \n\n\n\n\n\n\n\nOpinion on the Financial Statement Schedule \n\nWe\nhave audited the consolidated financial statements of Abbott Laboratories and subsidiaries (the Company) as of December31, 2017 and 2016, and for each of the three years in the period ended\nDecember31, 2017, and have issued our report thereon dated February16, 2018 (included elsewhere in this Annual Report on Form10-K). Our audits also included the financial\nstatement schedule listed in Item15(a)(2) of this Annual Report on Form10-K. In our opinion, the financial statement schedule, when considered in relation to the basic financial\nstatements taken as a whole, presents fairly, in all material respects the information set forth therein. \n\n\n\n\n\n\n\nBasis for Opinion \n\nThis\nschedule is the responsibility of the Company\'s management. Our responsibility is to express an opinion on the Company\'s schedule based on our audits. We believe that our audits provide a\nreasonable basis for our opinion. \n\n/s/\nErnst& YoungLLP \n\nChicago,\nIllinois\nFebruary16, 2018 \n\n107\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n EXHIBIT INDEX ABBOTT LABORATORIES ANNUAL REPORT FORM 10-K 2017 \n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 2.1\n\n \n\n\n\n\n\n \*Agreement and Plan of Merger dated as of January30, 2016, among AlereInc. and Abbott Laboratories, filed as Exhibit2.1 to the Abbott\n Laboratories Current Report on Form8-K dated January30, 2016.\n\n\n\n \n\n\n\n2.2\n\n\n \n\n\n\n\n\n \*Amendment to Agreement and Plan of Merger, dated as of April13, 2017, among AlereInc., Abbott Laboratories and Angel Sub,Inc., filed as\n Exhibit2.1 to the Abbott Laboratories Current Report on Form8-K dated April14, 2017.\n\n\n\n \n\n\n\n2.3\n\n\n \n\n\n\n\n\n \*Agreement and Plan of Merger, dated as of April27, 2016, by and among Abbott Laboratories, St.Jude Medical,Inc., Vault Merger Sub,\n Inc. and Vault Merger Sub,LLC, filed as Exhibit2.1 to the Abbott Laboratories Current Report on Form8-K dated April27, 2016.\n\n\n\n \n\n\n\n2.4\n\n\n \n\n\n\n\n\n \*Stock Purchase Agreement, dated as of September14, 2016, by and between Abbott Laboratories and ChaceLLC and, solely for certain purposes,\n Johnson& Johnson, filed as Exhibit2.1 to the Abbott Laboratories Current Report on Form8-K dated September14, 2016.\n\n\n \n\n\n\n\n \n\n\n\n\n\n Certain schedules and exhibits have been omitted from these filings pursuant to Item601(b)(2) of RegulationS-K. Abbott will furnish supplemental copies of any such schedules or exhibits to the U.S. Securities and Exchange Commission upon\n request.\n\n\n\n \n\n\n\n3.1\n\n\n \n\n\n\n\n\n \*Articles of Incorporation, Abbott Laboratories, filed as Exhibit3.1 to the Abbott Laboratories Quarterly Report on Form10-Q for the quarter ended\n March31, 1998.\n\n\n\n \n\n\n\n3.2\n\n\n \n\n\n\n\n\n \*By-Laws of Abbott Laboratories, as amended and restated effective June29, 2017, filed as Exhibit3.1 to the Abbott Laboratories Current Report\n on Form8-K dated June29, 2017.\n\n\n\n \n\n\n\n4.1\n\n\n \n\n\n\n\n\n \*Indenture dated as of February9, 2001, between Abbott Laboratories and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan\n Trust Company, National Association, successor to Bank One Trust Company, N.A.) (including form of Security), filed as Exhibit4.1 to the Abbott Laboratories Registration Statement on FormS-3 dated February12, 2001.\n\n\n\n \n\n\n\n4.2\n\n\n \n\n\n\n\n\n \*Supplemental Indenture dated as of February27, 2006, between Abbott Laboratories and The Bank of New York Mellon Trust Company, N.A. (as successor to\n J.P. Morgan Trust Company, National Association), filed as Exhibit4.2 to the Abbott Laboratories Registration Statement on FormS-3 dated February28, 2006.\n\n\n\n \n\n\n\n4.3\n\n\n \n\n\n\n\n\n \*Form of $1,000,000,000 6.150% Note due 2037, filed as Exhibit99.6 to the Abbott Laboratories Current Report on Form8-K dated November6,\n 2007.\n\n\n\n \n\n\n\n4.4\n\n\n \n\n\n\n\n\n \*Actions of the Authorized Officers with respect to Abbott\'s 5.150% Notes due 2012, 5.600% Notes due 2017 and 6.150% Notes due 2037, filed as\n Exhibit99.3 to the Abbott Laboratories Current Report on Form8-K dated November6, 2007.\n\n\n\n \n\n\n\n4.5\n\n\n \n\n\n\n\n\n \*Form of $2,000,000,000 5.125% Note due 2019, filed as Exhibit99.4 to the Abbott Laboratories Current Report on Form8-K dated February26,\n 2009.\n\n\n\n\n \n 108\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 4.6\n\n \n\n\n\n\n\n\n \*Form of $1,000,000,000 6.000% Note due 2039, filed as Exhibit99.5 to the Abbott Laboratories Current Report on Form8-K dated February26,\n 2009.\n\n\n\n \n\n\n\n4.7\n\n\n \n\n\n\n\n\n \*Actions of the Authorized Officers with respect to Abbott\'s 5.125% Note due 2019 and 6.000% Note due 2039, filed as Exhibit99.3 to the Abbott\n Laboratories Current Report on Form8-K dated February26, 2009.\n\n\n\n \n\n\n\n4.8\n\n\n \n\n\n\n\n\n \*Form of 2020 Note, filed as Exhibit99.5 to the Abbott Laboratories Current Report on Form8-K dated May27, 2010.\n\n\n\n \n\n\n\n4.9\n\n\n \n\n\n\n\n\n \*Form of 2040 Note, filed as Exhibit99.6 to the Abbott Laboratories Current Report on Form8-K dated May27, 2010.\n\n\n\n \n\n\n\n4.10\n\n\n \n\n\n\n\n\n \*Actions of the Authorized Officers with respect to Abbott\'s 2.70% Notes, 4.125% Notes and 5.30% Notes, filed as Exhibit99.3 to the Abbott\n Laboratories Current Report on Form8-K dated May27, 2010.\n\n\n\n \n\n\n\n4.11\n\n\n \n\n\n\n\n\n \*Indenture, dated as of March10, 2015, between Abbott Laboratories and U.S. Bank National Association (including form of Security), filed as\n Exhibit4.1 to the Abbott Laboratories Current Report on Form8-K dated March5, 2015.\n\n\n\n \n\n\n\n4.12\n\n\n \n\n\n\n\n\n \*Form of 2.000% Note due 2020, filed as Exhibit99.4 to the Abbott Laboratories Current Report on Form8-K dated March5,\n 2015.\n\n\n\n \n\n\n\n4.13\n\n\n \n\n\n\n\n\n \*Form of 2.550% Note due 2022, filed as Exhibit99.5 to the Abbott Laboratories Current Report on Form8-K dated March5,\n 2015.\n\n\n\n \n\n\n\n4.14\n\n\n \n\n\n\n\n\n \*Form of 2.950% Note due 2025, filed as Exhibit99.6 to the Abbott Laboratories Current Report on Form8-K dated March5,\n 2015.\n\n\n\n \n\n\n\n4.15\n\n\n \n\n\n\n\n\n \*Actions of the Authorized Officers with respect to Abbott\'s 2.000% Notes, 2.550% Notes and 2.950% Notes, filed as Exhibit99.3 to the Abbott\n Laboratories Current Report on Form8-K dated March5, 2015.\n\n\n\n \n\n\n\n4.16\n\n\n \n\n\n\n\n\n \*Form of 2.350% Notes due 2019, filed as Exhibit4.2 to the Abbott Laboratories Current Report on Form8-K dated November22,\n 2016.\n\n\n\n \n\n\n\n4.17\n\n\n \n\n\n\n\n\n \*Form of 2.900% Notes due 2021, filed as Exhibit4.3 to the Abbott Laboratories Current Report on Form8-K dated November22,\n 2016.\n\n\n\n \n\n\n\n4.18\n\n\n \n\n\n\n\n\n \*Form of 3.400% Notes due 2023, filed as Exhibit4.4 to the Abbott Laboratories Current Report on Form8-K dated November22,\n 2016.\n\n\n\n \n\n\n\n4.19\n\n\n \n\n\n\n\n\n \*Form of 3.750% Notes due 2026, filed as Exhibit4.5 to the Abbott Laboratories Current Report on Form8-K dated November22,\n 2016.\n\n\n\n \n\n\n\n4.20\n\n\n \n\n\n\n\n\n \*Form of 4.750% Notes due 2036, filed as Exhibit4.6 to the Abbott Laboratories Current Report on Form8-K dated November22,\n 2016.\n\n\n\n \n\n\n\n4.21\n\n\n \n\n\n\n\n\n \*Form of 4.900% Notes due 2046, filed as Exhibit4.7 to the Abbott Laboratories Current Report on Form8-K dated November22,\n 2016.\n\n\n\n \n\n\n\n4.22\n\n\n \n\n\n\n\n\n \*Officers\' Certificate Pursuant to Sections3.1 and 3.3 of the Indenture with respect to 2.350% Notes due 2019, 2.900% Notes due 2021, 3.400% Notes\n due 2023, 3.750% Notes due 2026, 4.750% Notes due 2036 and 4.900% Notes due 2046 (including forms of notes), filed as Exhibit4.22 to the Abbott Laboratories 2017 Annual Report on Form10-K.\n\n\n\n\n \n 109\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 4.23\n\n \n\n\n\n\n\n\n \*Form of 2.000% Notes due 2018, filed as Exhibit4.2 to the Abbott Laboratories Current Report on Form8-K dated March22,\n 2017.\n\n\n\n \n\n\n\n4.24\n\n\n \n\n\n\n\n\n\n \*Form of 2.800% Notes due 2020, filed as Exhibit4.3 to the Abbott Laboratories Current Report on Form8-K dated March22,\n 2017.\n\n\n\n \n\n\n\n4.25\n\n\n \n\n\n\n\n\n\n \*Form of 3.25% Notes due 2023, filed as Exhibit4.4 to the Abbott Laboratories Current Report on Form8-K dated March22,\n 2017.\n\n\n\n \n\n\n\n4.26\n\n\n \n\n\n\n\n\n\n \*Form of 3.875% Notes due 2025, filed as Exhibit4.5 to the Abbott Laboratories Current Report on Form8-K dated March22,\n 2017.\n\n\n\n \n\n\n\n4.27\n\n\n \n\n\n\n\n\n\n \*Form of 4.75% Notes due 2043, filed as Exhibit4.6 to the Abbott Laboratories Current Report on Form8-K dated March22,\n 2017.\n\n\n\n \n\n\n\n4.28\n\n\n \n\n\n\n\n\n \*Officers\' Certificate Pursuant to Sections3.1 and 3.3 of the Indenture with respect to 2.000% Notes due 2018, 2.800% Notes due 2020, 3.25% Notes due\n 2023, 3.875% Notes due 2025, and 4.75% Notes due 2043 (including form of notes), filed as Exhibit4.7 to the Abbott Laboratories Quarterly Report on Form10-Q for the period ended March31, 2017.\n\n\n\n \n\n\n\n4.29\n\n\n \n\n\n\n\n\n Indenture, dated as of July28, 2009, between St.Jude Medical,LLC (successor to St.Jude Medical,Inc.) and U.S. Bank\n National Association, as trustee, filed as Exhibit4.1 to the St.Jude Medical,Inc. Current Report on Form8-K dated July28, 2009.\n\n\n\n \n\n\n\n4.30\n\n\n \n\n\n\n\n\n Fourth Supplemental Indenture, dated as of April2, 2013, between St.Jude Medical,LLC (successor to St.Jude Medical,\n Inc.) and U.S. Bank National Association, as trustee, relating to St.Jude Medical,LLC\'s 3.25% Senior Notes due 2023 and 4.75% Senior Notes due 2043 (including forms of notes), filed as Exhibit4.1 to the St.Jude Medical,\n Inc. Current Report on Form8-K dated April2, 2013.\n\n\n\n \n\n\n\n4.31\n\n\n \n\n\n\n\n\n Fifth Supplemental Indenture, dated as of September23, 2015, between St.Jude Medical,LLC (successor to St.Jude Medical,\n Inc.) and U.S. Bank National Association, as trustee, relating to St.Jude Medical,LLC\'s 2.000% Senior Notes due 2018, 2.800% Senior Notes due 2020 and 3.875% Senior Notes due 2025, filed as Exhibit4.1 to the St.Jude\n Medical,Inc. Current Report on Form8-K dated September23, 2015.\n\n\n\n \n\n\n\n4.32\n\n\n \n\n\n\n\n\n Sixth Supplemental Indenture, dated as of January4, 2017, among St.Jude Medical,Inc., St.Jude Medical,LLC and U.S.\n Bank National Association, as trustee, filed as Exhibit4.1 to the St.Jude Medical,LLC Current Report on Form8-K dated January4, 2017.\n\n\n \n\n\n\n\n \n\n\n\n\n\n Other debt instruments are omitted in accordance with Item601(b)(4)(iii)(A) of RegulationS-K. Copies of such agreements will be furnished to the Securities and Exchange Commission upon request.\n\n\n\n \n\n\n\n10.1\n\n\n \n\n\n\n\n\n \*Supplemental Plan Abbott Laboratories Extended Disability Plan, filed as an exhibit (pages50-51) to the 1992 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.2\n\n\n \n\n\n\n\n\n Abbott Laboratories Deferred Compensation Plan, as amended.\*\*\n\n\n\n \n\n\n\n10.3\n\n\n \n\n\n\n\n\n \*Abbott Laboratories 401(k) Supplemental Plan, as amended and restated, filed as Exhibit10.3 to the 2012 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.4\n\n\n \n\n\n\n\n\n \*Abbott Laboratories Supplemental Pension Plan, as amended and restated, filed as Exhibit10.4 to the 2014 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n\n \n 110\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.5\n\n \n\n\n\n\n\n \*1986 Abbott Laboratories Management Incentive Plan, as amended and restated, filed as Exhibit10.5 to the 2014 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.6\n\n\n \n\n\n\n\n\n\n \*1998 Abbott Laboratories Performance Incentive Plan, as amended, filed as Exhibit10.6 to the 2014 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.7\n\n\n \n\n\n\n\n\n \*Rules for the 1998 Abbott Laboratories Performance Incentive Plan, as amended and restated, filed as Exhibit10.7 to the 2012 Abbott Laboratories\n Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.8\n\n\n \n\n\n\n\n\n \*Abbott Laboratories 1996 Incentive Stock Program, as amended and restated through the 6thAmendment February20, 2009, filed as\n Exhibit10.11 to the Abbott Laboratories Quarterly Report on Form10-Q for the quarter ended March31, 2009.\*\*\n\n\n\n \n\n\n\n10.9\n\n\n \n\n\n\n\n\n \*Abbott Laboratories 2009 Incentive Stock Program, as amended and restated, filed as Exhibit10.9 to the 2014 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.10\n\n\n \n\n\n\n\n\n \*Abbott Laboratories 2017 Incentive Stock Program (incorporated by reference to ExhibitB of Abbott\'s Definitive Proxy Statement on Schedule14A\n filed with the Securities and Exchange Commission on March17, 2017)\n\n\n\n \n\n\n\n10.11\n\n\n \n\n\n\n\n\n \*Abbott Laboratories Non-Employee Directors\' Fee Plan, as amended and restated, filed as Exhibit10.10 to the 2016 Abbott Laboratories Annual Report\n on Form10-K.\*\*\n\n\n\n \n\n\n\n10.12\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement under Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit10.2 to the\n Abbott Laboratories Current Report on Form8-K dated December10, 2004.\*\*\n\n\n\n \n\n\n\n10.13\n\n\n \n\n\n\n\n\n \*Form of Employee Stock Option Agreement for a new Non-Qualified Stock Option under the Abbott Laboratories 1996 Incentive Stock Program granted on or\n after February18, 2005, filed as Exhibit10.2 to the Abbott Laboratories Current Report on Form8-K dated February18, 2005.\*\*\n\n\n\n \n\n\n\n10.14\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for an award of non-qualified stock options under the Abbott Laboratories 1996 Incentive Stock Program\n granted on or after February17, 2006, filed as Exhibit10.4 to the Abbott Laboratories Current Report on Form8-K dated February16, 2006.\*\*\n\n\n\n \n\n\n\n10.15\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for an award of non-qualified stock options under the Abbott Laboratories 1996 Incentive Stock Program\n granted on or after February20, 2009, filed as Exhibit10.3 to the Abbott Laboratories Current Report on Form8-K dated February20, 2009.\*\*\n\n\n\n \n\n\n\n10.16\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Non-Qualified Stock Option Agreement, filed as Exhibit10.2 to the Abbott Laboratories Current Report on Form8-K\n dated April24, 2009.\*\*\n\n\n\n \n\n\n\n10.17\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement, filed as Exhibit10.3 to the Abbott Laboratories Current Report on Form8-K dated\n April24, 2009.\*\*\n\n\n\n \n\n\n\n10.18\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement (ratably vested), filed as Exhibit10.5 to the Abbott Laboratories Current Report on Form8-K dated\n April24, 2009.\*\*\n\n\n\n \n\n\n\n10.19\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement (ratably vested), filed as Exhibit10.37 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.20\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for foreign employees (ratably vested), filed as Exhibit10.38 to the 2013 Abbott Laboratories Annual Report\n on Form10-K.\*\*\n\n\n\n\n \n 111\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.21\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign employees (annual performance based), filed as Exhibit10.39 to the 2013 Abbott\n Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.22\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign executive officers (annual performance based), filed as Exhibit10.40 to the 2013\n Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.23\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign employees (interim performance based), filed as Exhibit10.41 to the 2013 Abbott\n Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.24\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign executive officers (interim performance based), filed as Exhibit10.42 to the 2013\n Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.25\n\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement (cliff vested), filed as Exhibit10.43 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.26\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for executive officers (cliff vested), filed as Exhibit10.44 to the 2013 Abbott Laboratories Annual Report\n on Form10-K.\*\*\n\n\n\n \n\n\n\n10.27\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for foreign employees (cliff vested), filed as Exhibit10.45 to the 2013 Abbott Laboratories Annual Report\n on Form10-K.\*\*\n\n\n\n \n\n\n\n10.28\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for foreign executive officers (cliff vested), filed as Exhibit10.46 to the 2013 Abbott Laboratories Annual\n Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.29\n\n\n \n\n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement, filed as Exhibit10.47 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.30\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement for foreign non-employee directors, filed as Exhibit10.48 to the 2013 Abbott\n Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.31\n\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for Participants in France, filed as Exhibit10.49 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.32\n\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Agreement (ratably vested), filed as Exhibit10.50 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.33\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Agreement for executive officers (ratably vested), filed as Exhibit10.51 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.34\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement (annual performance based), filed as Exhibit10.52 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.35\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement for executive officers (annual performance based), filed as Exhibit10.53 to the 2013 Abbott\n Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.36\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement (interim performance based), filed as Exhibit10.54 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.37\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement for executive officers (interim performance based), filed as Exhibit10.55 to the 2013 Abbott\n Laboratories Annual Report on Form10-K.\*\*\n\n\n\n\n \n 112\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.38\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Agreement (cliff vested), filed as Exhibit10.56 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.39\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Agreement for executive officers (cliff vested), filed as Exhibit10.57 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.40\n\n\n \n\n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement, filed as Exhibit10.58 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.41\n\n\n \n\n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for executive officers, filed as Exhibit10.59 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.42\n\n\n \n\n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for foreign employees, filed as Exhibit10.60 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.43\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for foreign executive officers, filed as Exhibit10.61 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.44\n\n\n \n\n\n\n\n\n\n \*Form of Non-Employee Director Non-Qualified Stock Option Agreement, filed as Exhibit10.64 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.45\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Non-Qualified Stock Option Agreement for foreign non-employee directors, filed as Exhibit10.65 to the 2013 Abbott\n Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.46\n\n\n \n\n\n\n\n\n\n \*Form of UK Option Award Agreement, filed as Exhibit10.66 to the 2013 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.47\n\n\n \n\n\n\n\n\n\n \*Form of UK Option Award Agreement for executive officers, filed as Exhibit10.67 to the 2013 Abbott Laboratories Annual Report on\n Form10-K.\*\*\n\n\n\n \n\n\n\n10.48\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement (ratably vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit10.2 to the\n Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.49\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for foreign employees (ratably vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.3 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.50\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit10.4 to the\n Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.51\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for foreign employees (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.5 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.52\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign employees (annual performance based) under the Abbott Laboratories 2017 Incentive Stock\n Program, filed as Exhibit10.6 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.53\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign employees (interim performance based) under the Abbott Laboratories 2017 Incentive Stock\n Program, filed as Exhibit10.7 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n\n \n 113\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.54\n\n \n\n\n\n\n\n \*Form of Restricted Stock Agreement (ratably vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit10.8 to the Abbott\n Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.55\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Agreement (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit10.9 to the Abbott\n Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.56\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement (annual performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.10 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.57\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement (interim performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.11 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.58\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit10.12 to the Abbott\n Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.59\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for foreign employees under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.13 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.60\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for executive officers (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.14 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.61\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for foreign executive officers (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed\n as Exhibit10.15 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.62\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign executive officers (annual performance based) under the Abbott Laboratories 2017\n Incentive Stock Program, filed as Exhibit10.16 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.63\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign executive officers (interim performance based) under the Abbott Laboratories 2017\n Incentive Stock Program, filed as Exhibit10.17 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.64\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Agreement for executive officers (ratably vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.18 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.65\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Agreement for executive officers (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.19 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.66\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement for executive officers (annual performance based) under the Abbott Laboratories 2017 Incentive Stock\n Program, filed as Exhibit10.20 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.67\n\n\n \n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement for executive officers (interim performance based) under the Abbott Laboratories 2017 Incentive Stock\n Program, filed as Exhibit10.21 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n\n \n 114\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.68\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for executive officers under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.22 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.69\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for foreign executive officers under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.23 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.70\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit10.24 to\n the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.71\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement for foreign non-employee directors under the Abbott Laboratories 2017 Incentive Stock\n Program, filed as Exhibit10.25 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.72\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Non-Qualified Stock Option Agreement under the Abbott Laboratories 2017 Incentive Stock Program, filed as\n Exhibit10.26 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.73\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Non-Qualified Stock Option Agreement for foreign non-employee directors under the Abbott Laboratories 2017 Incentive Stock\n Program, filed as Exhibit10.27 to the Abbott Laboratories Current Report on Form8-K dated April28, 2017.\*\*\n\n\n\n \n\n\n\n10.74\n\n\n \n\n\n\n\n\n \*Form of Agreement Regarding Change in Control by and between Abbott Laboratories and its named executive officers (other than Mr.White), filed as\n Exhibit10.1 to the Abbott Laboratories Current Report on Form8-K dated November30, 2012.\*\*\n\n\n\n \n\n\n\n10.75\n\n\n \n\n\n\n\n\n \*Form of Extension of Agreement Regarding Change in Control by and between Abbott Laboratories and its named executive officers (other than\n Mr.White), extending the agreement term to December31, 2018, filed as Exhibit10.49 to the 2016 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.76\n\n\n \n\n\n\n\n\n \*Form of Time Sharing Agreement between Abbott Laboratories,Inc. and M.D. White, filed as Exhibit10.6 to the Abbott Laboratories Quarterly\n Report on Form10-Q for the quarter ended June30, 2006.\*\*\n\n\n\n \n\n\n\n10.77\n\n\n \n\n\n\n\n\n \*2004 Stock Incentive Plan, as amended and restated, filed as Exhibit4.5 to the Abbott Laboratories Registration Statement on FormS-8 dated\n March20, 2009.\*\*\n\n\n\n \n\n\n\n10.78\n\n\n \n\n\n\n\n\n St.Jude Medical,Inc. 2016 Stock Incentive Plan, filed as Exhibit10.1 to the St.Jude Medical,Inc. Current Report on\n Form8-K dated October27, 2016.\*\*\n\n\n\n \n\n\n\n10.79\n\n\n \n\n\n\n\n\n St.Jude Medical,Inc. 2007 Stock Incentive Plan, as amended and restated (2014), filed as Exhibit10.22 to St.Jude Medical,\n Inc. Annual Report on Form10-K for the year ended January3, 2015 dated February26, 2015.\*\*\n\n\n\n \n\n\n\n10.80\n\n\n \n\n\n\n\n\n Form of Non-Qualified Stock Option Agreement (Global) and related Notice of Non-Qualified Stock Option Grant for stock options granted on or\n after December10, 2012 under the St.Jude Medical,Inc. 2007 Stock Incentive Plan, filed as Exhibit10.24 to the St.Jude Medical,Inc. Annual Report on Form10-K for the year ended December29, 2012 dated\n February26, 2013.\*\*\n\n\n\n\n \n 115\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.81\n\n \n\n\n\n\n\n Form of Non-Qualified Stock Option Agreement for Non-Employee Directors and related Notice of Non-Qualified Stock Option Grant for stock options\n granted on or after December10, 2012 under the St.Jude Medical,Inc. 2007 Stock Incentive Plan, filed as Exhibit10.25 to the St.Jude Medical,Inc. Annual Report on Form10-K for the year ended December29,\n 2012, dated February26, 2013.\*\*\n\n\n\n \n\n\n\n10.82\n\n\n \n\n\n\n\n\n Form of Restricted Stock Units Award Agreement (Global) and related Restricted Stock Units Award Certificate for restricted stock units granted\n on or after December10, 2012 under the St.Jude Medical,Inc. 2007 Stock Incentive Plan, filed as Exhibit10.27 to the St.Jude Medical,Inc. Annual Report on Form10-K for the year ended December29, 2012,\n dated February26, 2013.\*\*\n\n\n\n \n\n\n\n10.83\n\n\n \n\n\n\n\n\n Management Savings Plan, as amended and restated.\*\*\n\n\n\n \n\n\n\n10.84\n\n\n \n\n\n\n\n\n \*Retention Agreement by and between Mr.Michael T. Rousseau and Abbott Laboratories, dated July22, 2016, filed as Exhibit10.59 to the\n 2016 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.85\n\n\n \n\n\n\n\n\n \*Retention Agreement by and between Eric S. Fain and Abbott Laboratories, dated July27, 2016, filed as Exhibit10.60 to the 2016 Abbott\n Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.86\n\n\n \n\n\n\n\n\n \*120-Day Bridge Term Loan Agreement, dated as of December13, 2016, among Abbott Laboratories, the guarantors referred to therein, Bank of America,\n N.A., as administrative agent, and the other lenders party thereto, filed as Exhibit10.61 to the 2016 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.87\n\n\n \n\n\n\n\n\n \*Amended and Restated Term Loan Agreement, dated as of January4, 2017, among St.Jude Medical,LLC, the guarantors from time to time party\n thereto, the lenders from time to time party thereto, and Bank of America, N.A., as administrative agent, filed as Exhibit10.62 to the 2016 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.88\n\n\n \n\n\n\n\n\n Term Loan Agreement, dated as of July31, 2017, by and among Abbott, the lenders from time to time party thereto, and Bank of America, N.A., as administrative agent.\n\n\n\n \n\n\n\n10.89\n\n\n \n\n\n\n\n\n First Amendment to Term Loan Agreement, dated as of September29, 2017, by and among Abbott, the lenders from time to time party thereto, and Bank of America, N.A., as administrative agent.\n\n\n\n \n\n\n\n10.90\n\n\n \n\n\n\n\n\n \*Five Year Credit Agreement, dated as of July10, 2014, by and among Abbott, the lenders from time to time party thereto, and Bank of America, N.A.,\n as administrative agent, filed as Exhibit10.3 to the Abbott Laboratories Quarterly Report on Form10-Q for the period ended September30, 2017.\n\n\n\n \n\n\n\n12\n\n\n \n\n\n\n\n\n Computation of Ratio of Earnings to Fixed Charges.\n\n\n\n \n\n\n\n21\n\n\n \n\n\n\n\n\n Subsidiaries of Abbott Laboratories.\n\n\n\n \n\n\n\n23.1\n\n\n \n\n\n\n\n\n Consent of Independent Registered Public Accounting Firm.\n\n\n\n \n\n\n\n31.1\n\n\n \n\n\n\n\n\n\n Certification of Chief Executive Officer Required by Rule13a-14(a) (17 CFR 240.13a-14(a)).\n\n\n\n \n\n\n\n31.2\n\n\n \n\n\n\n\n\n\n Certification of Chief Financial Officer Required by Rule13a-14(a) (17 CFR 240.13a-14(a)).\n\n\n \n\n\n\n\n \n\n\n\n\n\n Exhibits32.1 and 32.2 are furnished herewith and should not be deemed to be "filed" under the Securities Exchange Act of 1934.\n\n\n\n\n \n 116\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 32.1\n\n \n\n\n\n\n\n\n Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section1350, as adopted pursuant to Section906 of the Sarbanes-Oxley Act of 2002.\n\n\n\n \n\n\n\n32.2\n\n\n \n\n\n\n\n\n\n Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section1350, as adopted pursuant to Section906 of the Sarbanes-Oxley Act of 2002.\n\n\n\n \n\n\n\n101\n\n\n \n\n\n\n\n\n The following financial statements and notes from the Abbott Laboratories Annual Report on Form10-K for the year ended December31, 2017 filed on February16, 2018, formatted in XBRL: (i)Consolidated Statement of Earnings;\n (ii)Consolidated Statement of Comprehensive Income; (iii)Consolidated Statement of Cash Flows; (iv)Consolidated Balance Sheet; (v)Consolidated Statement of Shareholders\' Investment; and (vi)the notes to the consolidated\n financial statements.\n\n\n\n\n\n\n\n \n\n \n\*Incorporated\nherein by reference. Commission file number1-2189.\n\*\*Denotes\nmanagement contract or compensatory plan or arrangement required to be filed as an exhibit hereto.\nIncorporated\nherein by reference. Commission file number1-12441. \n \n Abbott\nwill furnish copies of any of the above exhibits to a shareholder upon written request to the Secretary, Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois\n60064-6400. \n\n117\n\n\n\n\n\n\n\n\n\n\n\n', '\n10-K\n1\na2230875z10-k.htm\n10-K\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n \n \n\nUNITED STATES\nSECURITIES AND EXCHANGE COMMISSION WASHINGTON, D. C. 20549\n\n\n\n\n\n\n\n \n\n\n\n\n\nFORM 10-K \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n(MARK ONE)\n\n\n\n\n\n\nANNUAL REPORT PURSUANT TO SECTION13 OR 15(d) OF\nTHE SECURITIES EXCHANGE ACT OF1934\n\n\n OR\n\n\no\n\nTRANSITION REPORT PURSUANT TO SECTION13 OR 15(d) OF\nTHE SECURITIES EXCHANGE ACT OF1934\n\n\n\n \n \n\n\n\n\n\n \n\n\n\n\n\n \n\n \n \n\n\n\n\n\n\n\n\n\n\nFor the fiscal year ended December31, 2016\n\nCommission file number1-2189\n\n\n\n \n Abbott Laboratories \n \n\n \n \n\n\n\n\n\n\n\n\n\n\nAn Illinois Corporation\n\n 36-0698440\n\n\n100 Abbott Park Road\nAbbott Park, Illinois 60064-6400\n\n (I.R.S. employer identification number) (224)667-6100 (telephone number)\n\n\n\n \n Securities Registered Pursuant to Section12(b) of the Act: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\nTitle of Each Class\n\nName of Each Exchange on Which Registered\n\n\n\n\n\nCommon Shares, Without Par Value\n\n\n New York Stock Exchange\nChicago Stock Exchange\n\n\n\n\n\n\n \n Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule405 of the Securities Act. \n\nYes No o \n\nIndicate by check mark if the registrant is not required to file reports pursuant to Section13 or 15(d) of the Act. \n\nYes oNo \n\nIndicate by check mark whether the registrant (1)has filed all reports required to be filed by Section13 or 15(d) of the Securities\nExchange Act of 1934 during the preceding 12months (or for such shorter period that the registrant was required to file such reports), and (2)has been subject to such filing\nrequirements for the past 90days. \n\nYes No o \n\nIndicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File\nrequired to be submitted and posted pursuant to Rule405 of RegulationS-T during the preceding 12months (or for such shorter period that the registrant was required to submit\nand post such files). \n\nYes No o \n\nIndicate by check mark if disclosure of delinquent filers pursuant to Item405 of RegulationS-K is not contained herein, and will not be\ncontained, to the best of registrant\'s knowledge, in definitive proxy or information statements incorporated by reference in PartIII of this Form10-K or any amendment to this\nForm10-K. \n\n\nIndicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.\nSee the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule12b-2 of the Exchange Act. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\nLarge Accelerated Filer \n\nAccelerated Filer o\n\nNon-accelerated Filer o\n\nSmaller Reporting Company o\n\n\n\n \n Indicate by check mark whether the registrant is a shell company (as defined in Rule12b-2 of the Act). \n\nYes oNo \n\nThe aggregate market value of the 1,434,314,510 shares of voting stock held by nonaffiliates of the registrant, computed by reference to the closing price\nas reported on the New York Stock Exchange, as of the last business day of Abbott Laboratories\' most recently completed second fiscal quarter (June30, 2016), was $56,382,903,388. Abbott has no\nnon-voting common equity. Number of common shares outstanding as of January31, 2017: 1,727,997,596 \n\n DOCUMENTS INCORPORATED BY REFERENCE \n\nPortions of the 2017 Abbott Laboratories Proxy Statement are incorporated by reference into PartIII. The Proxy Statement will be filed on or about\nMarch17, 2017. \n\n \n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n PART I \n\n \n ITEM 1.BUSINESS \n\n \n GENERAL DEVELOPMENT OF BUSINESS \n\nAbbott Laboratories is an Illinois corporation, incorporated in 1900. Abbott\'s\* principal business is the discovery, development, manufacture,\nand sale of a broad and diversified line of health care products. \n\n \n \n FINANCIAL INFORMATION RELATING TO INDUSTRY SEGMENTS, GEOGRAPHIC AREAS, AND CLASSES OF SIMILAR PRODUCTS \n\n\nIncorporated herein by reference is Note15 entitled "Segment and Geographic Area Information" of the Notes to Consolidated Financial\nStatements included under Item8, "Financial Statements and Supplementary Data." \n\n \n \n NARRATIVE DESCRIPTION OF BUSINESS \n\nAs of December31, 2016, Abbott had four reportable segments: Established Pharmaceutical Products, Diagnostic Products, Nutritional\nProducts, and Vascular Products. \n\nOn\nJanuary4, 2017, Abbott completed the acquisition of St.Jude Medical,Inc. (St.Jude Medical), a global medical device manufacturer, for approximately\n$23.6billion, including approximately $13.6billion in cash and approximately $10billion in Abbott common shares, based on the closing Abbott share price on the acquisition\ndate. Because the acquisition was completed during 2017, the financial condition and results of operations presented herein are those of Abbott and its subsidiaries prior to the completion of the\nacquisition, and do not include the financial conditions and results of operations of St.Jude Medical and its subsidiaries. \n\n\nOn\nSeptember14, 2016, Abbott entered into a definitive agreement to sell its surgical cataract treatment, surgical vision correction and consumer eye health businesses to\nJohnson& Johnson for $4.325billion in cash, subject to customary purchase price adjustments for cash, debt and working capital. The transaction reflects Abbott\'s proactive shaping of\nits portfolio in line with its strategic\npriorities. The transaction is expected to close in the first quarter of 2017 and is subject to customary closing conditions, including regulatory approvals. \n\nOn\nJanuary30, 2016, Abbott entered into a definitive merger agreement to acquire AlereInc. (Alere), a diagnostic device and service provider, for $56.00 per common share\nin cash. The acquisition is subject to satisfaction of customary closing conditions, including the accuracy of Alere\'s representations and warranties (subject to certain materiality qualifications),\ncompliance in all material respects with Alere\'s covenants and receipt of applicable regulatory approvals. Due to a number of adverse developments that have occurred with respect to Alere since the\ndate of the merger agreement, Abbott has filed a complaint in the Delaware Court of Chancery seeking to terminate the merger agreement on the basis that Alere has experienced a "material adverse\neffect" under the acquisition agreement and has materially breached certain of its covenants. See Item3, "Legal Proceedings." \n\nOn\nFebruary27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business, which was previously included in the Established Pharmaceutical\nProducts segment, to MylanInc. for 110million shares of MylanN.V., a newly formed entity that combined Mylan\'s existing business with Abbott\'s developed markets branded\ngenerics pharmaceuticals business. Abbott retained the branded generics pharmaceuticals business and products of its Established Pharmaceutical Products segment in emerging markets. In April 2015,\nAbbott sold 40,250,000 of its MylanN.V. ordinary shares. Abbott currently owns 69,750,000 MylanN.V. ordinary shares. \n \n\n\n \n\n \n\*As\nused throughout the text of this report on Form10-K, the term "Abbott" refers to Abbott Laboratories, an Illinois corporation, or Abbott Laboratories and\nits consolidated subsidiaries, as the context requires. \n1\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\nEstablished Pharmaceutical Products \n\nThese products include a broad line of branded generic pharmaceuticals manufactured worldwide and marketed and sold outside the United States.\nThese products are generally sold directly to wholesalers, distributors, government agencies, health care facilities, pharmacies, and independent retailers from Abbott-owned distribution centers and\npublic warehouses, depending on the market served. Certain products are co-marketed or co-promoted with, or licensed from, other companies. \n\nThe\nprincipal products included in the broad therapeutic area portfolios of the Established Pharmaceutical Products segment are:\n\n\n\n gastroenterology products, including Creon, for the treatment of pancreatic exocrine insufficiency associated with several\nunderlying conditions, including cystic fibrosis and chronic pancreatitis; Duspatal and Dicetel, for the treatment of irritable bowel syndrome or biliary spasm;\nHeptral, Transmetil, and Samyr, for the treatment of intrahepatic cholestasis (associated with liver disease) or depressive symptoms; and Duphalac,\nfor regulation of the physiological rhythm of the colon; \n women\'s health products, including Duphaston, for the treatment of many different gynecological disorders; and\nFemoston, a hormone replacement therapy for postmenopausal women; \n cardiovascular and metabolic products, including Lipanthyl and TriCor, for the treatment of dyslipidemia;\nTeveten and Teveten Plus, for the treatment of essential hypertension, and Physiotens, for the treatment of hypertension; and Synthroid, for the\ntreatment of hypothyroidism; \n pain and central nervous system products, including Serc, for the treatment of Mnire\'s disease and vestibular\nvertigo; Brufen, for the treatment of pain, fever, and inflammation, and Sevedol, for the treatment of severe migraines; and \n respiratory drugs and vaccines, including the anti-infective clarithromycin (sold under the trademarks Biaxin,\nKlacid, and Klaricid); and Influvac, an influenza vaccine. \n\n\nThe\nEstablished Pharmaceutical Products segment directs its primary marketing efforts toward building a strong brand with key stakeholders, including consumers, pharmacists, physicians,\nand other healthcare providers. Government agencies are also important customers. \n\nCompetition\nin the Established Pharmaceutical Products segment is generally from other health care and pharmaceutical companies. In addition, the substitution of generic drugs for the\nbrand prescribed\nand introduction of additional forms of already marketed established products by generic or branded competitors have increased competitive pressures. \n\n\n\n\n\n\n\nDiagnostic Products \n\nThese products include a broad line of diagnostic systems and tests manufactured, marketed, and sold worldwide. These products are generally\nmarketed and sold directly to blood banks, hospitals, commercial laboratories, clinics, physicians\' offices, government agencies, alternate care testing sites, and plasma protein therapeutic companies\nfrom Abbott owned distribution centers, public warehouses or third party distributors. \n\nThe\nprincipal products included in the Diagnostic Products segment are:\n\n\n\n immunoassay and clinical chemistry systems, including ARCHITECT, ABBOTT PRISM, and the next-generation\nAlinity family of instruments, with assays used for screening and/or diagnosis for cancer, cardiac, metabolics, drugs of abuse, fertility, general chemistries, infectious diseases such as\nhepatitis and HIV, and therapeutic drug monitoring; \n\n2\n\n\n\n\n \n\n\n a full line of hematology systems and reagents known as the Cell-Dyn series; \n the i-STAT and next-generation i-STAT Alinity point-of-care diagnostic systems and cartridges for blood analysis; \n m2000, an instrument that automates the extraction, purification, and preparation of DNA and RNA from patient samples, and detects\nand measures infectious agents including HIV, HBV, HCV, HPV, and CT/NG; \n the Vysis FISH product line of genomic-based tests, including the PathVysion HER-2 DNA probe kit; the\nUroVysion bladder cancer recurrence kit; and the Vysis ALK Break Apart FISH Probe Kit, an FDA-approved companion diagnostic to Pfizer\'s approved non-small-cell lung cancer therapy\nXALKORI; and \n informatics and automation solutions for use in laboratories, including ACCELERATOR a3600, and AlinIQ, a suite of\ninformatics tools and professional services. \n\n\nThe\nDiagnostic Products segment\'s products are subject to competition in technological innovation, price, convenience of use, service, instrument warranty provisions, product\nperformance, laboratory efficiency, long-term supply contracts, and product potential for overall cost-effectiveness and productivity gains. Some products in this segment can be subject to rapid\nproduct obsolescence or regulatory changes. Although Abbott has benefited from technological advantages of certain of its current products, these advantages may be reduced or eliminated as competitors\nintroduce new products. \n\n\n\n\n\n\n\nNutritional Products \n\nThese products include a broad line of pediatric and adult nutritional products manufactured, marketed, and sold worldwide. These products are\ngenerally marketed and sold directly to consumers and to institutions, wholesalers, retailers, health care facilities, government agencies, and third-party distributors from Abbott-owned distribution\ncenters or third-party distributors. \n\nThe\nprincipal products included in the Nutritional Products segment are:\n\n\n\n various forms of prepared infant formula and follow-on formula, including Similac, Similac Pro-Advance,\nSimilac Advance, Similac Advance Non-GMO, Similac Pro-Sensitive, Similac Sensitive, Similac Sensitive\nNon-GMO, Go&Grow by Similac, Similac NeoSure, Similac Organic, Similac Special Care, Similac Total Comfort,\nSimilac For Supplementation, Isomil Advance, Isomil, Alimentum, Gain, Grow, Similac Qinti, and\nEleva; \n adult and other pediatric nutritional products, including Ensure, Ensure Plus, Ensure\nEnlive, Ensure (with NutriVigor), Ensure Complete, Ensure High Protein, Glucerna, Glucerna Hunger Smart,\nProSure, PediaSure, PediaSure Sidekicks, PediaSure Peptide, EleCare, Juven, Abound, and\nPedialyte; \n nutritional products used in enteral feeding in health care institutions, including Jevity, Glucerna 1.2 Cal,\nGlucerna 1.5 Cal, Osmolite, Oxepa, Freego (Enteral Pump) and Freego sets, Nepro, and Vital; and \n Zone Perfect bars and the EAS family of nutritional brands, including Myoplex and\nAdvantEdge. \n\n\nPrimary\nmarketing efforts for nutritional products are directed toward consumers or to securing the recommendation of Abbott\'s brand of products by physicians or other health care\nprofessionals. In addition, certain nutritional products sold as Similac, Gain, Grow, Eleva, PediaSure, PediaSure\nSidekicks, Pedialyte, Ensure, Zone Perfect, EAS/Myoplex, and Glucerna are also promoted directly to the\npublic by consumer marketing efforts in select markets where appropriate. \n\n3\n\n\n\n\n \n\nCompetition\nfor nutritional products in the segment is generally from other diversified consumer and health care manufacturers. Competitive factors include consumer advertising,\nformulation, packaging, scientific innovation, intellectual property, price, retail distribution, and availability of product forms. A significant aspect of competition is the search for ingredient\ninnovations. The introduction of new products by competitors, changes in medical practices and procedures, and regulatory changes can result in product obsolescence. In addition, private label and\nlocal manufacturers\' products may increase competitive pressure. \n\n\n\n\n\n\n\nVascular Products \n\nThese products include a broad line of coronary, endovascular, vessel closure, and structural heart devices for the treatment of vascular\ndisease that are manufactured, marketed and sold worldwide. In the United States, these products are generally marketed and sold directly to hospitals from Abbott-owned distribution centers and public\nwarehouses. Outside the United States, sales are made either directly to customers or through distributors, depending on the market served. \n\nThe\nprincipal products included in the Vascular Products segment are:\n\n\n\n the XIENCE family of drug-eluting coronary stent systems developed on the Multi-Link Vision platform; \n StarClose SE and ProGlide vessel closure devices; \n TREK coronary balloon dilatation products; \n Hi-Torque Balance Middleweight Universal and ASAHI coronary guidewires (licensed from Asahi\nInteccCo.,Ltd.); \n MitraClip, a percutaneous mitral valve repair system; \n Supera Peripheral Stent System, a peripheral vascular stent system; and \n Acculink/Accunet and Xact/Emboshield NAV, carotid stent systems. \n\n\nThe\nproducts in Abbott\'s Vascular Products segment are subject to competition in technological innovation, price, convenience of use, service, product performance, long-term supply\ncontracts, and product potential for overall cost-effectiveness and productivity gains. Some products in this segment can be subject to rapid product obsolescence or regulatory changes. Although\nAbbott has benefited from technological advantages of certain of its current products, these advantages may be reduced or eliminated as competitors introduce new products. \n\nOn\nJanuary4, 2017, Abbott completed the acquisition of St.Jude Medical. St.Jude Medical\'s products include a broad line of rhythm management, electrophysiology,\nheart failure, vascular and structural heart devices for the treatment of cardiovascular diseases, as well as neuromodulation devices for the management of chronic pain and movement disorders. \n\nThe\nprincipal products included in St.Jude Medical\'s businesses are:\n\n\n\n rhythm management products, including Assurity and Endurity pacemaker systems, Ellipse and Fortify\nAssura implantable cardioverter defibrillators and Quadra Assura MultiPoint implantable cardioverter defibrillator with cardiac resynchronization therapy; \n electrophysiology products, including TactiCath Quartz Contact Force Sensing and FlexAbility irrigated ablation\ncatheters, Ampere RF ablation generator, EnSite Precision cardiac mapping system; \n heart failure related products, including the HeartMate family of left ventricular assist devices and the CardioMEMS\npulmonary artery sensor, a heart failure monitoring system; \n\n4\n\n\n\n\n \n\n\n vascular products, including the OPTIS integrated system with the Dragonfly OPTIS imaging catheter and\nOPTIS OTC and PressureWire X FFR measurement systems; \n structural heart products, including Trifecta Valve with Glide Technology, a surgical tissue heart valve,\nPortico transcatheter aortic heart valve, Regent mechanical heart valve, and Amplatzer occluders; and \n neuromodulation products, including spinal cord stimulators Proclaim Elite Recharge-free and Prodigy MRI, both with\nBurstDR stimulation; Axium Neurostimulator System, a neurostimulation device designed for dorsal root ganglion therapy, and the Infinity Deep Brain Stimulation\nSystem with directional lead technology, for the treatment of movement disorders. \n\n\n\n\n\n\n\n\nOther Products \n\nThe principal products in Abbott\'s other businesses include blood glucose and flash glucose monitoring systems, including test strips, sensors,\ndata management decision software, and accessories for people with diabetes, under the FreeStyle brand, and medical devices for the eye, including cataract surgery, LASIK surgery, contact\nlens care products, and dry eye products. These products are marketed worldwide and generally sold directly to wholesalers, government agencies, private health care organizations, health care\nfacilities, mail order pharmacies, and independent retailers from Abbott-owned distribution centers and public warehouses. Some of these products are marketed and distributed through distributors.\nBlood and flash glucose monitoring systems, contact lens care products, and dry eye products are also marketed and sold to consumers. These products are subject to regulatory changes and competition\nin technological innovation, price, convenience of use, service, and product performance. \n\n\nAs\ndiscussed above, Abbott has entered into a definitive agreement to sell its surgical cataract treatment, surgical vision correction and consumer eye health businesses to\nJohnson& Johnson. The transaction is expected to close in the first quarter of 2017. \n\n \n \n INFORMATION WITH RESPECT TO ABBOTT\'S BUSINESS IN GENERAL \n\n\n\n\n\n\n\nSources and Availability of Raw Materials \n\nAbbott purchases, in the ordinary course of business, raw materials and supplies essential to Abbott\'s operations from numerous suppliers in the\nUnited States and around the world. There have been no recent significant availability problems or supply shortages for raw materials or supplies. \n\n\n\n\n\n\n\nPatents, Trademarks, and Licenses \n\nAbbott is aware of the desirability for patent and trademark protection for its products. Accordingly, where possible, patents and trademarks\nare 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.\nPrincipal trademarks and the products they cover are discussed in the Narrative Description of Business on pages1 through 5. These, and various patents which expire during the period 2017 to\n2037, 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\nAbbott\'s business as a whole. \n\n\n\n\n\n\n\nSeasonal Aspects, Customers, Backlog, and Renegotiation \n\nThere are no significant seasonal aspects to Abbott\'s business. Abbott has no single customer that, if the customer were lost, would have a\nmaterial adverse effect on Abbott. Orders for Abbott\'s products are generally filled on a current basis, and order backlog is not material to Abbott\'s business. No material portion of Abbott\'s\nbusiness is subject to renegotiation of profits or termination of contracts at the election of a government. \n\n5\n\n\n\n\n \n\n\n\n\n\n\n\nResearch and Development \n\nAbbott spent approximately $1.4billion in 2016, $1.4billion in 2015, and $1.3billion in 2014 on research to discover and\ndevelop new products and processes and to improve existing products and processes. \n\n\n\n\n\n\n\n\nEnvironmental Matters \n\nAbbott believes that its operations comply in all material respects with applicable laws and regulations concerning environmental protection.\nRegulations under federal and state environmental laws impose stringent limitations on emissions and discharges to the environment from various manufacturing operations. Abbott\'s capital and operating\nexpenditures for pollution control in 2016 were approximately $19million and $35million, respectively. Capital and operating expenditures for pollution control in 2017 are estimated to\nbe $19million and $38million, respectively. \n\nAbbott\nhas been identified as one of many potentially responsible parties in investigations and/or remediations at several locations in the United States, including Puerto Rico, under\nthe Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund. Abbott is also engaged in remediation at several other sites, some of which are owned by Abbott,\nin cooperation with the Environmental Protection Agency or similar agencies. While it is not feasible to predict with certainty the final costs related to those investigations and remediation\nactivities, Abbott believes that such costs, together with other expenditures to maintain compliance with applicable laws and regulations concerning environmental protection, should not have a\nmaterial adverse effect on Abbott\'s financial position, cash flows, or results of operations. \n\n\n\n\n\n\n\nEmployees \n\nAbbott employed approximately 75,000 people as of December31, 2016. Following the acquisition of St.Jude Medical, Abbott employs\napproximately 94,000 people. \n\n\n\n\n\n\n\n\nRegulation \n\nThe development, manufacture, marketing, sale, promotion, and distribution of Abbott\'s products are subject to comprehensive government\nregulation by the U.S. Food and Drug Administration and similar international regulatory agencies. Government regulation by various international, supranational, federal and state agencies addresses\n(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\napprovals and manufacturing, labeling, packaging, supply chains, marketing and promotion, pricing and reimbursement, sampling, distribution, quality control, post-market surveillance, record keeping,\nstorage, 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\ninvestments, 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\nanti-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,\nuser, establishment, and other fees. Governmental agencies can also invalidate intellectual property rights. \n\nCompliance\nwith these laws and regulations is costly and materially affects Abbott\'s business. Among other effects, health care regulations substantially increase the time, difficulty,\nand 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\nexpertise 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\nsuspension or revocation of the authority \n\n6\n\n\n\n\n \n\nnecessary\nfor a product\'s production and sale, and other civil or criminal sanctions, including fines and penalties. \n\n\nAbbott\'s\nbusiness can also be affected by ongoing studies of the utilization, safety, efficacy, and outcomes of health care products and their components that are regularly conducted by\nindustry participants, government agencies, and others. These studies can call into question the utilization, safety, and efficacy of previously marketed products. In some cases, these studies have\nresulted, 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\ninjured as a result of their use. \n\nAccess\nto human health care products continues to be a subject of investigation and action by governmental agencies, legislative bodies, and private organizations in many countries. A\nmajor 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\nreduction and containment measures. Abbott expects insurers and providers will continue attempts to reduce the cost or utilization of health care products. Many countries control the price of health\ncare 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\nseverity of pricing pressures on Abbott\'s products for the foreseeable future. \n\nIn\nthe United States, the federal government regularly evaluates reimbursement for medical procedures in which medical devices and diagnostics may be used. The government follows a\ndiagnosis-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\nhospital 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\nincurred 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\nfor 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\nlaboratory tests, which goes into effect in 2018. \n\nIn\n2010, 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\nAbbott and other medical device manufacturers and importers. The excise tax was subsequently suspended from January1, 2016 through December31, 2017 as part of the Consolidated\nAppropriations Act of 2016. The excise tax is scheduled to apply to sales of taxable medical devices beginning on January1, 2018. \n\nThe\nAffordable Care Act also includes provisions known as the Physician Payments Sunshine Act, which require manufacturers of drugs, devices, and medical supplies covered under Medicare\nand 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\nreporting 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\ntransparency of interactions with health care professionals. Failure to report appropriate data may result in civil or criminal fines and/or penalties. \n\nPolicy\nchanges, 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\nchanges to the health care system. \n\nThe\nregulation 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\nstricter 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\ngoverning the use, disclosure, and \n\n7\n\n\n\n\n \n\nsecurity\nof 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\nor are considering "data localization" laws, which limit companies\' ability to transfer protected data across country borders. Failure to comply with data privacy and security laws and regulations can\nresult 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\nor amended, and Abbott expects there will be increasing complexity in this area. \n\nGovernmental\ncost containment efforts also affect Abbott\'s nutritional products business. In the United States, for example, under regulations governing the federally funded Special\nSupplemental 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\nmanufacturers of infant formula whose products are used in the program. \n\nAbbott\nexpects debate to continue at all government levels worldwide over the marketing, manufacture, availability, method of delivery, and payment for health care products and services,\nas 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\nprices 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,\ndiagnostic, 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\naffected by the matters discussed above. \n\n \n \n INTERNATIONAL OPERATIONS \n\nAs discussed in greater detail in the section captioned, "Narrative Description of Business," Abbott markets products worldwide through\naffiliates and distributors. Most of the products discussed in the preceding sections of this report are also sold outside the United States. In addition, certain products of a local nature and\nvariations of product lines to meet local regulatory requirements\nand marketing preferences are manufactured and marketed to customers outside the United States. International operations are subject to certain additional risks inherent in conducting business outside\nthe United States, including price and currency exchange controls, changes in currency exchange rates, limitations on foreign participation in local enterprises, expropriation, nationalization, and\nother governmental action. \n\n \n \n INTERNET INFORMATION \n\nCopies of Abbott\'s Annual Report on Form10-K, Quarterly Reports on Form10-Q, Current Reports on Form8-K, and amendments\nto those reports filed or furnished pursuant to Section13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through Abbott\'s investor relations website\n(www.abbottinvestor.com) as soon as reasonably practicable after Abbott electronically files the material with, or furnishes it to, the Securities and\nExchange Commission. \n\nAbbott\'s\ncorporate governance guidelines, outline of directorship qualifications, code of business conduct and the charters of Abbott\'s audit committee, compensation committee,\nnominations and governance committee, and public policy committee are all available on Abbott\'s investor relations website (www.abbottinvestor.com). \n\n8\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n \n ITEM 1A.RISK FACTORS \n\nIn addition to the other information in this report, the following risk factors should be considered before deciding to invest in any of\nAbbott\'s securities. 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,\nfinancial condition, results of operations, or prospects could be materially adversely affected by any of these risks. \n\n\n\n\n\n\n\nAbbott may acquire other businesses, license rights to technologies or products, form alliances, or dispose\nof or spin-off businesses, which could cause it to incur significant expenses and could negatively affect profitability. \n\nAbbott may pursue acquisitions, licensing arrangements, and strategic alliances, or dispose of or spin-off some of its businesses, as part of\nits business strategy. Abbott may not complete these transactions in a timely manner, on a cost-effective basis, or at all, and may not realize the expected benefits. If Abbott is successful in making\nan 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\nto integrate acquisitions successfully into its existing business or transition disposed businesses efficiently, and could incur or assume significant debt and unknown or contingent liabilities.\nAbbott could also experience negative effects on its reported results of operations from acquisition or disposition-related charges, amortization of expenses related to intangibles and charges for\nimpairment of long-term assets. These effects could cause a deterioration of Abbott\'s credit rating, result in increased borrowing costs and interest expense, and decrease liquidity. \n\n\n\n\n\n\n\n\nAbbott is subject to cost containment efforts that could cause a reduction in future revenues and operating\nincome. \n\nIn the United States and other countries, Abbott\'s businesses have experienced downward pressure on product pricing. Cost containment efforts by\ngovernments and private organizations are described in greater detail in the section captioned "Regulation." To the extent these cost containment efforts are not offset by greater patient access to\nhealth care or other factors, Abbott\'s future revenues and operating income will be reduced. \n\n\n\n\n\n\n\n\nAbbott is subject to numerous governmental regulations and it can be costly to comply with these regulations\nand to develop compliant products and processes. \n\nAbbott\'s products are subject to rigorous regulation by the U.S. Food and Drug Administration (FDA) and numerous international, supranational,\nfederal, 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\nproducts, 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\nuses, could result in delayed realization of product revenues, reduction in revenues, and in substantial additional costs. \n\nIn\naddition, no assurance can be given that Abbott will remain in compliance with applicable FDA and other regulatory requirements once approval or marketing authorization has been\nobtained for a product. These requirements include, among other things, regulations regarding manufacturing practices, product labeling, and advertising and postmarketing reporting, including adverse\nevent 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\nregulatory 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\nletters, fines, damages, injunctions, civil penalties, recalls, seizures of Abbott\'s products, and criminal prosecution. \n\n9\n\n\n\n\n \n\nThese\nactions 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\npartial 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\nauthorizations; 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,\nprofitability and financial condition. \n\n\n\n\n\n\n\nLaws and regulations affecting government benefit programs could impose new obligations on Abbott, require\nAbbott to change its business practices, and restrict its operations in the future. \n\nAbbott\'s industry is subject to various international, supranational, federal, and state laws and regulations pertaining to government benefit\nprogram 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\nand 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\nparticipation 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\nsubject 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,\nviolations 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. \n\n\n\n\n\n\n\nChanges in the health care regulatory environment may adversely affect Abbott\'s business. \n\nBoth in the U.S. and internationally, government authorities may enact changes in regulatory requirements, make legislative or administrative\nreforms to existing reimbursement programs, make adverse decisions relating to our products\' coverage or reimbursement, or make changes to patient access to health care, all of which could adversely\nimpact the demand for and usage of Abbott\'s products or the prices that Abbott\'s customers are willing to pay for them. \n\n\nFurther,\nin 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\nhealth 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\nrulemaking 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\nfuture rulemaking or changes in the law. \n\nFor\nadditional information concerning health care regulation, see the discussion in "Regulation" under Item1, "Business." \n\n\n\n\n\n\n\nAbbott incurred and assumed significant additional indebtedness in connection with the acquisition of\nSt.Jude Medical, which could decrease business flexibility and increase consolidated interest expense. \n\nFollowing the acquisition of St.Jude Medical, Abbott\'s consolidated indebtedness as of January31, 2017 is approximately\n$27.8billion, representing a substantial increase in comparison to Abbott\'s consolidated indebtedness on a recent historical basis. This increased consolidated indebtedness could have the\neffect, among other things, of reducing Abbott\'s flexibility to respond to changing business and economic conditions, increasing Abbott\'s consolidated interest expense, and reducing funds available\nfor working capital, capital expenditures, acquisitions, and other general corporate purposes. \n\nFurther,\nAbbott may be required to raise additional financing for working capital, capital expenditures, future acquisitions or other general corporate purposes. Abbott\'s ability to\narrange 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\ncontrol. Consequently, Abbott cannot assure that it will be able to obtain additional financing or refinancing on \n\n10\n\n\n\n\n \n\nterms\nacceptable to Abbott or at all, which could adversely impact Abbott\'s ability to make scheduled payments with respect to its consolidated indebtedness and its profitability and financial\ncondition. Additionally, further borrowing could cause a deterioration of Abbott\'s credit rating. \n\n\n\n\n\n\n\nChanges in credit markets or to Abbott\'s credit rating could impact Abbott\'s ability to obtain financing for\nits business operations or result in increased borrowing costs and interest expense. \n\nAbbott\'s credit ratings reflect each credit rating agency\'s then opinion of Abbott\'s financial strength, operating performance and ability to\nmeet its debt obligations. Abbott utilizes 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\nfor 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\ncovenants 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\nexisting debt or obtain additional financing to support operations or to fund new acquisitions or capital-intensive internal initiatives. \n\n\n\n\n\n\n\nAbbott depends on sophisticated information technology systems and a cyber attack or other breach of these\nsystems could have a material adverse effect on Abbott\'s results of operations. \n\nSimilar to other large multi-national companies, the size and complexity of the information technology systems on which Abbott relies for both\nits 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\nand 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,\nprotected 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\nproduct functionality, damage to customer relations, lost revenue, and legal or regulatory penalties. \n\nAbbott\ninvests 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\nan 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\nattacks or other significant disruptions to any of the systems on which Abbott relies or that related product issues will not arise in\nthe future. Any significant attack or other disruption on Abbott\'s systems or products could have a material adverse effect on Abbott\'s business. \n\n\n\n\n\n\n\nThe expiration or loss of patent protection and licenses may affect Abbott\'s future revenues and operating\nincome. \n\nMany of Abbott\'s businesses rely on patent and trademark and other intellectual property protection. Although most of the challenges to Abbott\'s\nintellectual property have come from other businesses, governments may also challenge intellectual property protections. To the extent Abbott\'s intellectual property is successfully challenged,\ninvalidated, 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\nproperty rights or to the extent that countries require compulsory licensing of its intellectual property, Abbott\'s future revenues and operating income could be reduced. Any material litigation\nregarding Abbott\'s patents and trademarks is described in the section captioned "Legal Proceedings." \n\n11\n\n\n\n\n \n\n\n\n\n\n\n\nCompetitors\' intellectual property may prevent Abbott from selling its products or have a material adverse\neffect on Abbott\'s future profitability and financial condition. \n\nCompetitors may claim that an Abbott product infringes upon their intellectual property. Resolving an intellectual property infringement claim\ncan 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\nsuccessful 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.\nAny of these events could have a material adverse effect on Abbott\'s profitability and financial condition. \n\n\n\n\n\n\n\nAbbott\'s research and development efforts may not succeed in developing commercially successful products and\ntechnologies, which may cause Abbott\'s revenue and profitability to decline. \n\nTo remain competitive, Abbott must continue to launch new products and technologies. To accomplish this, Abbott commits substantial efforts,\nfunds, 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\nexpenditures 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. \n\nPromising\nnew 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\nclinical outcomes, inability to obtain necessary regulatory approvals, limited scope of approved uses, excessive costs to manufacture, failure to establish or maintain intellectual property rights, or\ninfringement 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\nrendered 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,\nentrenched 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,\nwhether 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\ntechnologies, 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. \n\n\n\n\n\n\n\nNew products and technological advances by Abbott\'s competitors may negatively affect Abbott\'s results of\noperations. \n\nAbbott\'s products face intense competition from its competitors\' products. Competitors\' products may be safer, more effective, more effectively\nmarketed 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. \n\n\n\n\n\n\n\n\nThe manufacture of many of Abbott\'s products is a highly exacting and complex process, and if Abbott or one\nof its suppliers encounters problems manufacturing products, Abbott\'s business could suffer. \n\nThe manufacture of many of Abbott\'s products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems\nmay 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\nenvironmental 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\nhave 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, \n\n12\n\n\n\n\n \n\nsimilar\nlosses 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\nextent Abbott or one of its suppliers experiences significant manufacturing problems, this could have a material adverse effect on Abbott\'s revenues and profitability. \n\n\n\n\n\n\n\n\nSignificant safety concerns could arise for Abbott\'s products, which could have a material adverse effect on\nAbbott\'s revenues and financial condition. \n\nHealth care products typically receive regulatory approval based on data obtained in controlled clinical trials of limited duration. Following\nregulatory 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\nreported, 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\nuse, 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.\nSafety issues affecting suppliers\' or competitors\' products also may reduce the market acceptance of Abbott\'s products. \n\nIn\naddition, 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\npromotes 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\nsafety or quality issues,\nregardless 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\ninclude 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\nmaterial adverse effect on Abbott\'s profitability and financial condition. \n\n\n\n\n\n\n\nAbbott cannot predict at this time whether or when it will consummate the acquisition of AlereInc. \n\nOn January30, 2016, Abbott entered into a merger agreement to acquire AlereInc. Since entering into the merger agreement,\nseveral key developments occurred with respect to Alere, including three new, separate investigations by the U.S. Department of Justice (two of which are criminal investigations), delays in the filing\nof Alere\'s required annual (Form10-K) and quarterly (Form10-Q) SEC reports, management\'s disclosure of unremediated material weaknesses over financial reporting, the issuance of an\nopinion by Alere\'s auditors that Alere did not maintain effective internal control because of material weaknesses over financial reporting related to revenue recognition, a product recall following\nnotice from the U.S. Food and Drug Administration, and the revocation of the Medicare billing privileges of an Alere business unit by the Centers for Medicare& Medicaid Services. These\ndevelopments led Abbott to filea complaint against Alere in the Delaware Court of Chancery, seeking to terminate the merger agreement on the grounds that Alere has experienced a "material\nadverse effect" under the merger agreement and has materially breached certain of its covenants. The outcome of the lawsuit, however, is not certain, and Abbott cannot predict at this time whether or\nwhen it will consummate the acquisition of Alere. \n\n\n\n\n\n\n\nAbbott holds a significant investment in MylanN.V. and is subject to market risk. \n\nIn February 2015, Abbott completed the disposition of its developed markets branded generics pharmaceuticals business to MylanN.V. in\nexchange for 110,000,000 MylanN.V. ordinary shares. In April 2015, Abbott sold 40,250,000 of these MylanN.V. ordinary shares. Abbott currently owns 69,750,000 ordinary shares. As long\nas Abbott holds the shares, Abbott will have a substantial undiversified equity investment in MylanN.V. and, therefore, will be subject to the risk of changes in the market value of those\nshares. \n\n13\n\n\n\n\n \n\n\n\n\n\n\n\nFluctuation in foreign currency exchange rates may adversely affect our financial statements and Abbott\'s\nability to realize projected sales and earnings. \n\nAlthough Abbott\'s financial statements are denominated in U.S. dollars, a significant portion of Abbott\'s revenues and costs are realized in\nother currencies. Sales outside of the United States in 2016 made up approximately 70percent of Abbott\'s net sales. Abbott\'s profitability is affected by movement of the U.S. dollar against\nother currencies. Fluctuations in exchange rates between the U.S. dollar and other currencies may also affect the reported value of Abbott\'s assets and liabilities, as well as its cash flows. Some\nforeign 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\ncertainty changes in foreign currency exchange rates or its ability to mitigate these risks. \n\n\nInformation\non the impact of foreign exchange rates on Abbott\'s financial results is contained in the "Financial Review Results of Operations" section in\nItem7, Management\'s Discussion and Analysis of Financial Condition and Results of Operations of this report. A discussion of the steps taken to mitigate the impact of foreign exchange is\ncontained in Item7A, Quantitative and Qualitative Disclosures about Market Risk in Abbott\'s 2016 Form10-K. Information on Abbott\'s hedging arrangements is contained in Note11\nto the consolidated financial statements in this report. \n\n\n\n\n\n\n\nDeterioration in the economic condition and credit quality of certain countries may negatively affect\nAbbott\'s results of operations. \n\nUnfavorable economic conditions in certain countries may increase the time it takes to collect outstanding trade receivables. Financial\ninstability 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\ndowngrades, 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\non payment by government health care systems. \n\n\n\n\n\n\n\nThe international nature of Abbott\'s business subjects it to additional business risks that may cause its\nrevenue and profitability to decline. \n\nAbbott\'s business is subject to risks associated with managing a global supply chain and doing business internationally. Sales outside of the\nUnited States in 2016 made up\napproximately 70percent of Abbott\'s net sales. Additional risks associated with Abbott\'s international operations include:\n\n\n\n differing local product preferences and product requirements; \n trade protection measures and import or export licensing requirements; \n difficulty in establishing, staffing, and managing operations; \n differing labor regulations; \n potentially negative consequences from changes in or interpretations of tax laws; \n political and economic instability, including sovereign debt issues; \n restrictions on local currency conversion and/or cash extraction; \n price controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action; \n inflation, recession, and fluctuations in interest rates; \n compulsory licensing or diminished protection of intellectual property; and \n potential penalties or other adverse consequences for violations of anti-corruption, anti-bribery, and other similar laws and regulations,\nincluding the Foreign Corrupt Practices Act and the U.K. Bribery Act. \n\n14\n\n\n\n\n \n\nEvents\ncontemplated by these risks may, individually or in the aggregate, have a material adverse effect on Abbott\'s revenues and profitability. \n\n\n\n\n\n\n\nOther factors can have a material adverse effect on Abbott\'s future profitability and financial condition. \n\nMany other factors can affect Abbott\'s profitability and its financial condition, including:\n\n\n\n changes in or interpretations of laws and regulations, including changes in accounting standards, taxation requirements, product marketing\napplication standards, product labeling, source and use laws, and environmental laws; \n differences between the fair value measurement of assets and liabilities and their actual value, particularly for pensions, retiree health\ncare, 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\nminimum, compared to the actual amount; \n changes in the rate of inflation (including the cost of raw materials, commodities, and supplies), interest rates, market value of Abbott\'s\nequity investments, and the performance of investments held by Abbott or Abbott\'s employee benefit trusts; \n changes in the creditworthiness of counterparties that transact business with or provide services to Abbott or Abbott\'s employee benefit\ntrusts; \n changes in business, economic, and political conditions, including: war, political instability, terrorist attacks, the threat of future\nterrorist 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\nthe foregoing events; labor disputes, strikes, slow-downs, or other forms of labor or union activity; and pressure from third-party interest groups; \n changes in Abbott\'s business units and investments and changes in the relative and absolute contribution of each to earnings and cash flow\nresulting 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; \n changes in the buying patterns of a major distributor, retailer, or wholesale customer resulting from buyer purchasing decisions, pricing,\nseasonality, or other factors, or other problems with licensors, suppliers, distributors, and business partners; and \n legal difficulties, any of which could preclude or delay commercialization of products or adversely affect profitability, including claims\nasserting statutory or regulatory violations, and adverse litigation decisions. \n\n \n \n CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS \n\nThis Form10-K contains forward-looking statements that are based on management\'s current expectations, estimates, and projections. Words\nsuch as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "forecasts," variations of these words, and similar expressions are intended to identify these forward-looking\nstatements. Certain factors, including but not limited to those identified under "Item1A. Risk Factors" of this Form10-K, may cause actual results to differ materially from current\nexpectations, 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\nor 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\nevents or developments, except as required by law. \n\n \n ITEM 1B.UNRESOLVED STAFF COMMENTS \n\n\nNone. \n\n15\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n \n ITEM 2.PROPERTIES \n\n\nAbbott\'s corporate offices are located at 100 Abbott Park Road, Abbott Park, Illinois 60064. The locations of Abbott\'s principal plants, as of\nDecember31, 2016, are listed below. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\nLocation \n\nSegments of Products Produced \n\n\nAbbott Park, Illinois\n\nDiagnostic Products\n\n\nAlajuela, Costa Rica\n\nVascular Products\n\n\nAltavista, Virginia\n\nNutritional Products\n\n\nAnasco, Puerto Rico\*\n\nNon-Reportable\n\n\nBaddi, India\n\nEstablished Pharmaceutical Products\n\n\nBarceloneta, Puerto Rico\*\n\nVascular Products\n\n\nBelgorod, Russia\n\nEstablished Pharmaceutical Products\n\n\nBogota, Colombia\n\nEstablished Pharmaceutical Products\n\n\nBuenos Aires, Argentina\n\nEstablished Pharmaceutical Products\n\n\nCali, Colombia\n\nEstablished Pharmaceutical Products\n\n\nCasa Grande, Arizona\n\nNutritional Products\n\n\nClonmel, Ireland\n\nVascular Products\n\n\nColumbus, Ohio\n\nNutritional Products\n\n\nCootehill, Ireland\n\nNutritional Products\n\n\nDes Plaines, Illinois\n\nDiagnostic Products\n\n\nDonegal, Ireland\n\nNon-Reportable\n\n\nFairfield, California\*\n\nNutritional Products\n\n\nGoa, India\n\nEstablished Pharmaceutical Products\n\n\nGranada, Spain\n\nNutritional Products\n\n\nGroningen, the Netherlands\n\nNon-Reportable\n\n\nHangzhou, China\n\nNon-Reportable\n\n\nIrving, Texas\n\nDiagnostic Products\n\n\nJhagadia, India\n\nNutritional Products\n\n\nJiaxing, China\n\nNutritional Products\n\n\nKarachi, Pakistan\n\nEstablished Pharmaceutical Products\n\n\nLima, Peru\n\nEstablished Pharmaceutical Products\n\n\nLongford, Ireland\n\nDiagnostic Products\n\n\nMenlo Park, California\*\n\nVascular Products\n\n\nMilpitas, California\*\n\nNon-Reportable\n\n\nNeustadt, Germany\n\nEstablished Pharmaceutical Products\n\n\nOlst, the Netherlands\n\nEstablished Pharmaceutical Products\n\n\nOttawa, Canada\*\n\nDiagnostic Products\n\n\nPokrov, Russia\n\nEstablished Pharmaceutical Products\n\n\nPompeya, Argentina\n\nEstablished Pharmaceutical Products\n\n\nQuilmes, Argentina\n\nEstablished Pharmaceutical Products\n\n\nRio de Janeiro, Brazil\n\nEstablished Pharmaceutical Products\n\n\nSantiago, Chile\n\nEstablished Pharmaceutical Products\n\n\nSingapore\n\nNutritional Products\n\n\nSligo, Ireland\*\n\nNutritional and Diagnostic Products\n\n\nSturgis, Michigan\n\nNutritional Products\n\n\nTemecula, California\n\nVascular Products\n\n\nTipp City, Ohio\n\nNutritional Products\n\n\nTlalpan, Mexico\n\nEstablished Pharmaceutical Products\n\n\nUppsala, Sweden\n\nNon-Reportable\n\n\nVoronezh, Russia\n\nEstablished Pharmaceutical Products\n\n\nWeesp, the Netherlands\n\nEstablished Pharmaceutical Products\n\n\nWiesbaden, Germany\n\nDiagnostic Products\n\n\nWitney, England\n\nNon-Reportable\n\n\nZwolle, the Netherlands\n\nNutritional Products\n\n\n\n\n\n\n\n \n\n \n\*Leased\nproperty\nWill\nbe transferred in connection with the sale of Abbott\'s surgical cataract treatment, surgical vision correction and consumer eye health businesses to\nJohnson& Johnson. \n \n 16\n\n\n\n\n \n\nIn\naddition to the above, as of December31, 2016, Abbott had manufacturing facilities in three other locations in the United States and in six countries outside the United\nStates. Abbott\'s facilities are deemed suitable and provide adequate productive capacity. \n\n\nAbbott\'s\nresearch and development facilities in the United States are primarily located in California, Illinois, New Jersey, and Ohio. Abbott also has research and development facilities\nin various other countries including China, Colombia, India, Singapore, and Spain. \n\nExcept\nas noted, the corporate offices, and those principal plants in the United States listed above, are owned by Abbott or subsidiaries of Abbott. The remaining manufacturing plants\nand all other facilities are owned or leased by Abbott or subsidiaries of Abbott. There are no material encumbrances on the properties. \n\nIn\nconnection with the St.Jude Medical acquisition, Abbott also acquired St.Jude Medical\'s principal executive offices, located in Minnesota, and manufacturing facilities\nin nine states in the United States and in Puerto Rico, and in four countries outside the United States. St.Jude Medical owns the majority of its manufacturing facilities. Abbott believes that\nSt.Jude Medical\'s facilities are suitable and provide adequate productive capacity. \n\n \n ITEM 3.LEGAL PROCEEDINGS \n\nAbbott is involved in various claims, legal proceedings and investigations, including (as of January31, 2017) those described below.\nWhile it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a\nmaterial adverse effect on Abbott\'s financial position, cash flows, or results of operations. \n\nIn\nMay 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\nof 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\nentering into an acquisition agreement with Abbott, and that Abbott had aided and abetted those breaches. All three lawsuits were dismissed in December 2016. \n\n\nOn\nJanuary30, 2016, Abbott entered into a definitive merger agreement to acquire AlereInc., a diagnostic device and service provider. The acquisition is subject to\nsatisfaction of customary closing conditions, including the accuracy of Alere\'s representations and warranties (subject to certain\nmateriality qualifications), compliance in all material respects with Alere\'s covenants and receipt of applicable regulatory approvals. On December7, 2016, Abbott filed a complaint in the\nDelaware 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\nAlere-Abbott Merger Litigation, C.A. No.12963-VCG. Abbott filed an amended complaint on January13, 2017, seeking to terminate the merger agreement on the basis\nthat Alere has experienced a "material adverse effect" under the merger agreement and has materially breached certain of its covenants. The complaint arises out of a series of adverse developments\nthat have occurred at Alere since the date of the merger agreement. The outcome of the lawsuit, however, is not certain, and Abbott cannot predict at this time whether or when it will consummate the\nacquisition of Alere. See Item1A, "Risk Factors." \n\nAs\npreviously mentioned, 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\nfor 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\ncivil 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\nthird parties. \n\n \n ITEM 4.MINE SAFETY DISCLOSURES \n\nNot applicable. \n\n17\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n EXECUTIVE OFFICERS OF THE REGISTRANT \n\nExecutive officers of Abbott are elected annually by the board of directors. All other officers are elected by the board or appointed by the\nchairman 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.\nEach 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.\nAny 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\nchairman 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. \n\n\nAbbott\'s\nexecutive officers, their ages as of February17, 2017, and the dates of their first election as officers of Abbott are listed below. The executive officers\' principal\noccupations 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\nrelationships between any corporate officers or directors. \n\n\n\n\n\n\n\n\nMiles D. White, 61 \n\n\n\n1999\nto present Chairman of the Board and Chief Executive Officer, and Director. \n\nElected\nCorporate Officer 1993. \n\n\n\n\n\n\n\n\n\nHubert L. Allen, 51 \n\n\n\n2013\nto present Executive Vice President, General Counsel and Secretary. \n\n\n2010\nto 2012 Divisional Vice President and Associate General Counsel, Established Pharmaceuticals. \n\nElected\nCorporate Officer 2012. \n\n\n\n\n\n\n\n\n\nBrian J. Blaser, 52 \n\n\n\n2012\nto present Executive Vice President, Diagnostics Products. \n\n\n2010\nto 2012 Senior Vice President, Diagnostics. \n\nElected\nCorporate Officer 2008. \n\n\n\n\n\n\n\n\n\nJohn M. Capek, 55 \n\n\n\n2015\nto present Executive Vice President, Ventures. \n\n2007\nto 2015 Executive Vice President, Medical Devices. \n\n\nElected\nCorporate Officer 2006. \n\n\n\n\n\n\n\n\n\nRobert B. Ford, 43 \n\n\n\n2015\nto present Executive Vice President, Medical Devices. \n\n2014\nto 2015 Senior Vice President, Diabetes Care. \n\n2008\nto 2014 Vice President, Diabetes Care, Commercial Operations. \n\n\nElected\nCorporate Officer 2008. \n\n\n18\n\n\n\n\n \n\n\n\n\n\n\n\nStephen R. Fussell, 59 \n\n\n\n2013\nto present Executive Vice President, Human Resources. \n\n\n2005\nto 2013 Senior Vice President, Human Resources. \n\nElected\nCorporate Officer 1999. \n\n\n\n\n\n\n\n\n\nHeather L. Mason, 56 \n\n\n\n2015\nto present Executive Vice President, Nutritional Products. \n\n2014\nto 2015 Executive Vice President, Nutritional Products, Global Commercial Operations. \n\n\n2008\nto 2014 Senior Vice President, Diabetes Care. \n\nElected\nCorporate Officer 2001. \n\n\n\n\n\n\n\n\n\nMichael T. Rousseau, 61 \n\n\n\n2017\nto present President, Cardiovascular and Neuromodulation. \n\n2016\nto 2017 President and Chief Executive Officer, St.Jude Medical,Inc. (a global medical device manufacturer). \n\n\n2014\nto 2015 Chief Operating Officer, St.Jude Medical,Inc. \n\n2012\nto 2014 Group President, Cardiovascular and Ablation Technologies Division, Implantable Electronic Systems Division and U.S. Division, St.Jude Medical,Inc. \n\n2009\nto 2012 Group President, Cardiac Rhythm Management Division, Neuromodulation Division, Atrial Fibrillation Division, Cardiovascular Division and U.S. Division,\nSt.Jude Medical,Inc. \n\n\nElected\nCorporate Officer 2017. \n\n\n\n\n\n\n\n\n\nMichael J. Warmuth, 54 \n\n\n\n2012\nto present Executive Vice President, Established Pharmaceuticals. \n\n2010\nto 2012 Senior Vice President, Established Products, Pharmaceutical Products Group. \n\nElected\nCorporate Officer 2007. \n\n\n\n\n\n\n\n\n\nRoger Bird, 60 \n\n\n\n2015\nto present Senior Vice President, U.S. Nutrition. \n\n2009\nto 2015 Divisional Vice President and General Manager, China and Hong Kong, Nutritional Products. \n\nElected\nCorporate Officer 2015. \n\n\n\n\n\n\n\n\n\nJaime Contreras, 60 \n\n\n\n2013\nto present Senior Vice President, Core Laboratory Diagnostics, Commercial Operations. \n\n2008\nto 2013 Vice President, Diagnostics, Global Commercial Operations. \n\nElected\nCorporate Officer 2003. \n\n\n19\n\n\n\n\n \n\n\n\n\n\n\n\nEric S. Fain, 56 \n\n\n\n2017\nto present Senior Vice President, Group President, Cardiovascular and Neuromodulation. \n\n2014\nto 2017 Group President, St.Jude Medical,Inc. (a global medical device manufacturer). \n\n2012\nto 2014 President, Implantable Electronic Systems Division, St.Jude Medical,Inc. \n\n2012\nto 2014 Group President, Cardiovascular and Ablation Technologies Division, Implantable Electronic Systems Division and U.S. Division, St.Jude Medical,Inc. \n\n\n2007\nto 2012 President, Cardiac Rhythm Management Division, St.Jude Medical,Inc. \n\nElected\nCorporate Officer 2017. \n\n\n\n\n\n\n\n\n\nThomas G. Frinzi, 61 \n\n\n\n2016\nto present Senior Vice President, Abbott Medical Optics. \n\n\n2010\nto 2015 President and Chief Executive Officer, WaveTec Vision Systems,Inc. (a leading U.S. developer of guidance technology for cataract surgery). \n\nElected\nCorporate Officer 2016. \n\n\n\n\n\n\n\n\n\nAndrew H. Lane, 46 \n\n\n\n2015\nto present Senior Vice President, Established Pharmaceuticals, Emerging Markets. \n\n2014\nto 2015 Divisional Vice President, Established Pharmaceuticals, Asia Pacific. \n\n\n2011\nto 2014 Vice President, Asia Pacific, Takeda Pharmaceutical Company Limited (a Japanese pharmaceutical company). \n\nElected\nCorporate Officer 2015. \n\n\n\n\n\n\n\n\n\nJoseph Manning, 48 \n\n\n\n2017\nto present Senior Vice President, Abbott Nutrition International. \n\n\n2015\nto 2017 Vice President, Nutrition, Asia Pacific. \n\n2014\nto 2015 General Manager, Indonesia, Nutritional Products. \n\n2009\nto 2014 General Manager, Russia, Nutritional Products. \n\nElected\nCorporate Officer 2015. \n\n\n\n\n\n\n\n\n\nDeepak Nath, 44 \n\n\n\n2015\nto present Senior Vice President, Abbott Vascular. \n\n2015\nVice President, Vascular, Commercial. \n\n2014\nto 2015 Vice President, Molecular Diagnostics. \n\n2012\nto 2014 Divisional Vice President and General Manager, Ibis. \n\n2011\nto 2012 Divisional Vice President, CEEMEA, Vascular. \n\nElected\nCorporate Officer 2014. \n\n\n20\n\n\n\n\n \n\n\n\n\n\n\n\nDaniel Salvadori, 38 \n\n\n\n2014\nto present Senior Vice President, Established Pharmaceuticals, Latin America. \n\n2013\nto 2014 Chief Executive Officer, Latin America, CFR PharmaceuticalsS.A. (a Latin American pharmaceutical company). \n\n\n2012\nto 2013 Executive President, Complex Therapeutics Division, CFR PharmaceuticalsS.A. \n\n2010\nto 2012 Head of Sales and Marketing, Latin America, Sandoz Pharmaceuticals, Novartis AG (a Swiss multinational pharmaceutical company). \n\nElected\nCorporate Officer 2014. \n\n\n\n\n\n\n\n\n\nJared L. Watkin, 49 \n\n\n\n2015\nto present Senior Vice President, Diabetes Care. \n\n2010\nto 2015 Divisional Vice President, Technical Operations, Diabetes Care. \n\nElected\nCorporate Officer 2015. \n\n\n\n\n\n\n\n\n\nBrian B. Yoor, 47 \n\n\n\n2015\nto present Senior Vice President, Finance and Chief Financial Officer. \n\n\n2013\nto 2015 Vice President, Investor Relations. \n\n2010\nto 2013 Divisional Vice President, Controller, Diagnostics. \n\nElected\nCorporate Officer 2013. \n\n\n\n\n\n\n\n\n\nRobert E. Funck, 55 \n\n\n\n2013\nto present Vice President, Controller. \n\n2009\nto 2013 Vice President, Chief Ethics and Compliance Officer. \n\n\nElected\nCorporate Officer 2005. \n\n\n21\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n PART II \n\n \n ITEM 5.MARKET FOR REGISTRANT\'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES \n\n\n\n\n\n\n\n\nPrincipal Market \n\nThe principal market for Abbott\'s common shares is the NewYork Stock Exchange. Shares are also listed on the Chicago Stock Exchange and\ntraded on various regional and electronic exchanges. Outside the United States, Abbott\'s shares are listed on the SIX Swiss Exchange. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nMarket Price Per Share \n\n\n\n\n\n2016 \n\n2015 \n\n\n\n\n\nhigh \n\nlow \n\nhigh \n\nlow \n\n\n\n First Quarter\n\n\n\n$\n44.05\n\n\n\n$\n36.00\n\n\n\n$\n47.88\n\n\n\n$\n43.36\n\n\n\n Second Quarter\n\n\n44.58\n\n\n36.76\n\n\n50.47\n\n\n45.55\n\n\n\n Third Quarter\n\n\n45.79\n\n\n39.16\n\n\n51.74\n\n\n39.00\n\n\n\n Fourth Quarter\n\n\n43.78\n\n\n37.38\n\n\n46.38\n\n\n39.28\n\n\n\n\n \n \n\n\n\n\n\nShareholders \n\nThere were 45,545 shareholders of record of Abbott common shares as of December31, 2016. Following the acquisition of St.Jude\nMedical, there were 46,449 shareholders of record of Abbott common shares as of January31, 2017. \n\n\n\n\n\n\n\n\nDividends \n\nAbbott declared quarterly dividends of $0.26 per share on common shares in the first, second, and third quarters of 2016. In the fourth quarter\nof 2016, Abbott declared a quarterly dividend of $0.265 per share on common shares. \n\nAbbott\ndeclared quarterly dividends of $0.24 per share on common shares in the first, second, and third quarters of 2015. In the fourth quarter of 2015, Abbott declared a quarterly\ndividend of $0.26 per share on common shares. \n\n\n\n\n\n\n\n\nTax Information for Shareholders \n\nIn 2001, the Illinois Department of Commerce and Economic Opportunity designated Abbott as an Illinois High Impact Business (HIB) for a period\nnot to exceed twenty years. Dividends paid by a corporation that is designated as a HIB and conducts business in a foreign trade zone may be eligible for a subtraction from base income for Illinois\nincome tax purposes. Abbott certified that the HIB requirements were met for the calendar year ending December31, 2016. \n\n\nIf\nyou have any questions, please contact your tax advisor. \n\n22\n\n\n\n\n \n\n\n\n\n\n\n\nIssuer Purchases of Equity Securities \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nPeriod\n\n\n\n \n\n(a) Total Number\nof Shares\n(or Units)\nPurchased \n\n(b) Average Price\nPaid per Share\n(or Unit) \n\n(c) Total Number of\nShares (or Units)\nPurchased as Part of\nPublicly Announced\nPlans or Programs \n\n(d) Maximum Number (or\nApproximate Dollar Value) of\nShares (or Units) that May\nYet Be Purchased Under the\nPlans or Programs \n\n\n\n October1, 2016 October31, 2016\n\n\n557\n\n\n\n$\n40.740\n\n\n0\n\n\n\n$\n925,131,209\n(2)\n\n\n November1, 2016 November30, 2016\n\n\n20,687\n(1)\n\n\n$\n39.791\n\n\n0\n\n\n\n$\n925,131,209\n(2)\n\n\n December1, 2016 December31, 2016\n\n\n39,380\n(1)\n\n\n$\n38.926\n\n\n0\n\n\n\n$\n925,131,209\n(2)\n\n\n Total\n\n\n60,624\n(1)\n\n\n$\n39.238\n\n\n0\n\n\n\n$\n925,131,209\n(2)\n\n\n\n\n\n\n\n \n\n \n(1)These\nshares include:\n\n\n(i)the\nshares deemed surrendered to Abbott to pay the exercise price in connection with the exercise of employee stock options 557 in October,\n2,687 in November, and 8,619 in December; and\n(ii)the\nshares purchased on the open market for the benefit of participants in the Abbott Laboratories, Limited Employee Stock Purchase Plan 0 in\nOctober, 18,000 in November, and 30,761 in December. \n\n\n\nThese\nshares do not include the shares surrendered to Abbott to satisfy tax withholding obligations in connection with the vesting of restricted stock or restricted stock units. \n\n\n\n(2)On\nSeptember11, 2014, Abbott announced that its board of directors approved the purchase of up to $3billion of its common shares, from time to time. \n \n 23\n\n\n\n\n \n\n \n ITEM 6.SELECTED FINANCIAL DATA \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n2013 \n\n2012 \n\n\n\n\n\n(dollars in millions, except per share data)\n\n\n\n Net sales (1)\n\n\n\n$\n20,853\n\n\n\n$\n20,405\n\n\n\n$\n20,247\n\n\n\n$\n19,657\n\n\n\n$\n19,050\n\n\n\n Earnings from continuing operations(1)\n\n\n1,063\n\n\n2,606\n\n\n1,721\n\n\n1,988\n\n\n237\n\n\n\n Net earnings\n\n\n1,400\n\n\n4,423\n\n\n2,284\n\n\n2,576\n\n\n5,963\n\n\n\n Basic earnings per common share from continuing operations (1)\n\n\n0.71\n\n\n1.73\n\n\n1.13\n\n\n1.27\n\n\n0.15\n\n\n\n Basic earnings per common share\n\n\n0.94\n\n\n2.94\n\n\n1.50\n\n\n1.64\n\n\n3.76\n\n\n\n Diluted earnings per common share from continuing operations (1)\n\n\n0.71\n\n\n1.72\n\n\n1.12\n\n\n1.26\n\n\n0.15\n\n\n\n Diluted earnings per common share\n\n\n0.94\n\n\n2.92\n\n\n1.49\n\n\n1.62\n\n\n3.72\n\n\n\n Total assets\n\n\n52,666\n\n\n41,247\n\n\n41,207\n\n\n42,937\n\n\n67,148\n\n\n\n Long-term debt, including current portion\n\n\n20,684\n\n\n5,874\n\n\n3,448\n\n\n3,381\n\n\n18,307\n\n\n\n Cash dividends declared per common share\n\n\n1.045\n\n\n0.98\n\n\n0.90\n\n\n0.64\n\n\n1.67\n(2)\n\n\n\n\n\n\n\n \n\n \n(1)Amounts\nreflect Abbott\'s developed markets branded generics pharmaceuticals, animal health and former research-based pharmaceuticals business as discontinued\noperations.\n(2)The\n$1.67 dividend for 2012 reflects a quarterly dividend of $0.14 per share in the fourth quarter of 2012, which contemplated the impact of the separation of\nAbbVie. On January4, 2013, AbbVie reported that its board of directors had declared a quarterly dividend of $0.40 per share of AbbVie common stock. \n \n 24\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n \n ITEM 7.MANAGEMENT\'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS \n\n \n Financial Review \n\nAbbott\'s revenues are derived primarily from the sale of a broad line of health care products under short-term receivable arrangements. Patent\nprotection 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\nimpact 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\npharmaceuticals, diagnostic testing products\nand vascular products. Sales in international markets comprise approximately 70percent of consolidated net sales. \n\nOn\nJanuary4, 2017, Abbott completed the acquisition of St.Jude Medical,Inc. (St.Jude Medical), a global medical device manufacturer, for approximately\n$23.6billion, including approximately $13.6billion in cash and approximately $10billion in Abbott common shares, based on Abbott\'s closing stock price on the acquisition date.\nAs part of the acquisition, approximately $5.8billion of St.Jude Medical\'s debt was assumed or refinanced by Abbott. The transaction provides expanded opportunities for future growth\nand 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\ncompete in nearly every area of the $30billion cardiovascular market as well as in the neuromodulation market. As the acquisition of St.Jude Medical was completed after\nDecember31, 2016, Abbott\'s consolidated financial statements do not include the financial condition or the operating results of St.Jude Medical in any of the periods presented herein. \n\nIn\nSeptember 2016, Abbott announced that it had entered into a definitive agreement to sell Abbott Medical Optics (AMO), its vision care business, to Johnson& Johnson for\n$4.325billion 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\nwith its strategic priorities. The transaction is expected to close in the first quarter of 2017 and is subject to customary closing conditions, including regulatory approvals. The operating results\nof AMO have continued to be included in Earnings from Continuing Operations as they do not qualify for reporting as discontinued operations. The assets and liabilities of this business are being\nreported as held for disposition in Abbott\'s Consolidated Balance Sheet as of December31, 2016. \n\nOn\nJanuary30, 2016, Abbott entered into a definitive agreement to acquire AlereInc. (Alere), a diagnostic device and service provider, for $56.00 per common share in\ncash. The acquisition is subject to satisfaction of customary closing conditions, including the accuracy of Alere\'s representations and warranties (subject to certain materiality qualifications),\ncompliance in all material respects with Alere\'s covenants and receipt of applicable regulatory approvals. Due to a number of adverse developments that have occurred with respect to Alere since the\ndate of the agreement, Abbott has filed a complaint in the Delaware Court of Chancery seeking to terminate the acquisition agreement on the basis that Alere has experienced a "material adverse effect"\nunder the acquisition agreement and has materially breached certain of its covenants. \n\nOn\nFebruary27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business, which was previously included in the Established Pharmaceutical\nProducts segment, to MylanInc. for 110million shares of MylanN.V., a newly formed entity that combined Mylan\'s existing business with Abbott\'s developed markets branded\ngenerics pharmaceuticals business. Abbott retained the branded generics pharmaceuticals business and products of its Established Pharmaceutical Products segment in emerging markets. In April 2015,\nAbbott sold 40.25million of its MylanN.V. ordinary shares. Abbott currently owns 69.75million MylanN.V. ordinary shares. \n\n25\n\n\n\n\n \n\nOver\nthe last three years, sales growth was driven primarily by the established pharmaceuticals, nutritional and diagnostics businesses. Sales in emerging markets, which represent nearly\n50percent of total company sales, increased 6.3percent in 2016 and 17.1percent in 2015, excluding the impact of foreign exchange. (Emerging markets include all countries except\nthe 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\nexpanded its operating margin by approximately 120basis points per year in 2016 and 2015. Abbott\'s sales, costs, and financial position over the same period were impacted by the strengthening\nof the U.S. dollar relative to international currencies and a challenging economic and fiscal environment in several emerging economies. \n\nIn\nAbbott\'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\nchronic 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\nthe 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\nthe Chinese pediatric nutritional business. With respect to the profitability of the nutritional products business, manufacturing and distribution process changes, lower commodity costs, and other\ncost 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\nthis business increased from 21.0percent in 2014 to 24.1percent in 2016. \n\nIn\nAbbott\'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\ngrowth 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\nmarkets. Worldwide diagnostic sales increased 5.5percent in 2016 and 7.3percent in 2015, excluding the impact of foreign exchange. In 2016, Abbott initiated the launch of\nAlinity, 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\nfaster and minimizing 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\nchemistry, 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\nmultiple geographies for every area in which its diagnostics business competes. \n\nMargin\nimprovement 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\nincreased from 22.9percent of sales in 2014 to 24.8percent in 2016 as the business continued to execute on efficiency initiatives in the manufacturing and supply chain functions. \n\nThe\nEstablished Pharmaceutical Products segment focuses on the sale of its products in emerging markets after the sale of its developed markets business to Mylan on February27,\n2015. The acquisition of CFR PharmaceuticalsS.A. (CFR) in September 2014 more than doubled Abbott\'s branded generics pharmaceutical presence in Latin America and further expanded its presence\nin 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\nmedicines 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\nincreased 10.5percent in 2016 and 34.1percent in 2015. The sales increase in 2016 was driven by double-digit growth in the Brazil, Russia, India and China (BRIC) geographies, which\ncomprise approximately 45percent 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\nEstablished Pharmaceutical sales from continuing operations increased 13.4percent. \n\n26\n\n\n\n\n \n\nIn\nthe 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\nAbbott\'s sales of its MitraClip structural heart device for the treatment of mitral regurgitation, as well endovascular franchise sales growth. These\nincreases were partially offset by pricing pressures primarily related to drug-eluting stents (DES) and lower market share for Abbott\'s XIENCE DES\nfranchise in certain geographies. The XIENCE DES franchise includes XIENCE V, Prime, nano, Pro, ProX,\nXpedition, and Alpine. Abbott has continued to develop its worldwide market-leading XIENCE DES franchise over the last three years.\nAbbott Vascular Products\' latest product introduction, XIENCE\nAlpine, was launched in various markets across Europe and Asia in 2015 and 2016 and in the U.S. in late 2014. The XIENCE\nfranchise maintained its market-leading global position in 2016. Operating margins declined from 36.5percent in 2014 to 35.8percent in 2016 primarily due to the unfavorable effect of\nforeign exchange and ongoing pricing pressures in the coronary business. \n\nAbbott\'s\nshort- and long-term debt totaled $22.0billion at December31, 2016, which included the debt issued in anticipation of the St.Jude Medical acquisition. At\nDecember31, 2016, Abbott\'s long-term debt rating was A+ by Standard and Poor\'s Corporation and A2 by Moody\'s Investors Service. In conjunction with the completion of the St.Jude\nMedical acquisition on January4, 2017, the ratings were adjusted to BBB by Standard& Poor\'s Corporation and Baa3 by Moody\'s Investors Service. \n\nIn\nanticipation of the acquisition of St.Jude Medical, in November 2016, Abbott issued $15.1billion of long-term debt consisting of $2.85billion at 2.35% maturing\nin 2019; $2.85billion at 2.90% maturing in 2021; $1.50billion at 3.40% maturing in 2023; $3.00billion at 3.75% maturing in 2026; $1.65billion at 4.75% maturing in 2036;\nand $3.25billion at 4.90% maturing in 2046. In November 2016, Abbott also entered into interest rate swap contracts totaling $3.0billion related to the new debt, which have the effect\nof changing Abbott\'s obligation from a fixed interest rate to a variable interest rate obligation on\nthe related debt instruments. In March 2015, Abbott issued $2.5billion of long-term debt consisting of $750million at 2.00% maturing in 2020; $750million at 2.55% maturing in\n2022; and $1.0billion at 2.95% maturing in 2025. In March 2015, Abbott also entered into interest rate swap contracts totaling $2.5billion related to the debt issuance. These contracts\nhave the effect of changing Abbott\'s obligation from a fixed interest rate to a variable interest rate obligation. In the fourth quarter of 2014, Abbott extinguished approximately $500million\nof long-term debt that was assumed as part of the acquisition of CFR and incurred a charge of $18.3million related to the early repayment of this debt. \n\nAbbott\ndeclared dividends of $1.045 per share in 2016 compared to $0.98 per share in 2015, an increase of approximately 7%. Dividends paid were $1.539billion in 2016 compared to\n$1.443billion 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\n$0.265 per share from $0.26 per share, effective with the dividend paid in February 2017. \n\n\nIn\n2017, 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\nbusiness with Abbott\'s existing vascular business to create a best-in-class organization and to successfully deliver on new product launches that contribute to a broader, more comprehensive\ncardiovascular 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\nhigh-growth emerging markets and implement additional margin improvement initiatives. \n\nIn\nthe established pharmaceuticals business, Abbott will continue to focus on obtaining additional product approvals across numerous countries and increasing its penetration of emerging\nmarkets. 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\ndiagnostics 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\ndifferentiated technologies in higher growth markets. \n\n27\n\n\n\n\n \n\n\n\n\n\n\n\nCritical Accounting Policies \n\n Sales Rebates In 2016, approximately 43percent of Abbott\'s consolidated gross revenues were subject to various forms of rebates\nand allowances that Abbott recorded as reductions of revenues at the time of sale. Most of these rebates and allowances in 2016 are in the Nutritional Products and Diabetes Care segments. Abbott\nprovides rebates to state agencies that administer the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), wholesalers, group purchasing organizations, and other government\nagencies and private entities. Rebate amounts are usually based upon the volume of purchases using contractual or statutory prices for a product. Factors used in the rebate calculations include the\nidentification of which products have been sold subject to a rebate, which customer or government agency price terms apply, and the estimated lag time between sale and payment of a rebate. Using\nhistorical trends, adjusted for current changes, Abbott estimates the amount of the rebate that will be paid, and records the liability as a reduction of gross sales when Abbott records its sale of\nthe product. Settlement of the rebate generally occurs from one to six months after sale. Abbott regularly analyzes the historical rebate trends and makes adjustments to reserves for changes in trends\nand terms of rebate programs. Rebates and chargebacks charged against gross sales in 2016, 2015 and 2014 amounted to approximately $2.5billion, $2.2billion and $2.1billion,\nrespectively, or 22.9percent, 21.6percent and 20.1percent, respectively, based on gross sales of approximately $10.7billion, $10.3billion and\n$10.3billion, respectively, subject to rebate. A one-percentage point increase in the percentage of rebates to related gross sales would decrease net sales by approximately $107million\nin 2016. Abbott considers a one-percentage point increase to be a reasonably likely increase in the percentage of rebates to related gross sales. Other allowances charged against gross sales were\napproximately $160million, $124million and $138million for cash discounts in 2016, 2015 and 2014, respectively, and $242million, $238million and\n$210million for returns in 2016, 2015 and 2014, respectively. Cash discounts are known within 15 to 30days of sale, and therefore can be reliably estimated. Returns can be reliably\nestimated because Abbott\'s historical returns are low, and because sales returns terms and other sales terms have remained relatively unchanged for several periods. \n\nManagement\nanalyzes the adequacy of ending rebate accrual balances each quarter. In the domestic nutritional business, management uses both internal and external data available to\nestimate the level of inventory in the distribution channel. Management has access to several large customers\' inventory management data, and for other customers, utilizes data from a third party that\nmeasures time on the retail shelf. These sources allow management to make reliable estimates of inventory in the distribution channel. Except for a transition period before or after a change in the\nsupplier for the WIC business in a state, inventory in the distribution channel does not vary substantially. Management also estimates the states\' processing lag time based on claims data. In the WIC\nbusiness, the state where the sale is made, which is the determining factor for the applicable price, is reliably determinable. Estimates are required for the amount of WIC sales within each state\nwhere Abbott has the WIC business. External data sources utilized for that estimate are participant data from the U.S. Department of Agriculture (USDA), which administers the WIC program, participant\ndata from some of the states, and internally administered market research. The USDA has been making its data available for many years. Internal data includes historical redemption rates and pricing\ndata. At December31, 2016, Abbott had WIC business in 31 states. \n\nHistorically,\nadjustments to prior years\' rebate accruals have not been material to net income. Abbott employs various techniques to verify the accuracy of claims submitted to it, and\nwhere possible, works with the organizations submitting claims to gain insight into changes that might affect the rebate amounts. For government agency programs, the calculation of a rebate involves\ninterpretations of relevant regulations, which are subject to challenge or change in interpretation. \n\n Income Taxes Abbott operates in numerous countries where its income tax returns are subject to audits and adjustments. Because Abbott\noperates globally, the nature of the audit items is often very complex, and the objectives of the government auditors can result in a tax on the same income in more than one country. Abbott employs\ninternal and external tax professionals to minimize audit adjustment \n\n28\n\n\n\n\n \n\namounts\nwhere possible. In accordance with the accounting rules relating to the measurement of tax contingencies, in order to recognize an uncertain tax benefit, the taxpayer must be more likely than\nnot of sustaining the position, and the measurement of the benefit is calculated as the largest amount that is more than 50percent likely to be realized upon resolution of the benefit.\nApplication of these rules requires a significant amount of judgment. In the U.S., Abbott\'s federal income tax returns through 2013 are settled. Abbott does not record deferred income taxes on\nearnings reinvested indefinitely in foreign subsidiaries. \n\n Pension and Post-Employment Benefits Abbott offers pension benefits and post-employment health care to many of its employees. Abbott\nengages outside actuaries to assist in the determination of the obligations and costs under these programs. Abbott must develop long-term assumptions, the most significant of which are the health care\ncost trend rates, discount rates and the expected return on plan assets. The discount rates used to measure liabilities were determined based on high-quality fixed income securities that match the\nduration of the expected retiree benefits. The health care cost trend rates represent Abbott\'s expected annual rates of change in the cost of health care benefits and are a forward projection of\nhealth care costs as of the measurement date. A difference between the assumed rates and the actual rates, which will not be known for years, can be significant in relation to the obligations and the\nannual cost recorded for these programs. Low interest rates have significantly increased actuarial losses for these plans. At December31, 2016, pretax net actuarial losses and prior service\ncosts and (credits) recognized in Accumulated other comprehensive income (loss) for Abbott\'s defined benefit plans and medical and dental plans were losses of $3.3billion and\n$119million, respectively. Actuarial losses and gains are amortized over the remaining service attribution periods of the employees under the corridor method, in accordance with the rules for\naccounting for post-employment benefits. Differences between the expected long-term return on plan assets and the actual annual return are amortized over a five-year period. Note13 to the\nconsolidated financial statements describes the impact of a one-percentage point change in the health care cost trend rate; however, there can be no certainty that a change would be limited to only\none percentage point. \n\n Valuation of Intangible Assets Abbott has acquired and continues to acquire significant intangible assets that Abbott records at fair\nvalue at the acquisition date. Transactions involving the purchase or sale of intangible assets occur with some frequency between companies in the health care field and valuations are usually based on\na discounted cash flow analysis. The discounted cash flow model requires assumptions about the timing and amount of future net cash flows, risk, cost of capital, terminal values and market\nparticipants. Each of these factors can significantly affect the value of the intangible asset. Abbott engages independent valuation experts who review Abbott\'s critical assumptions and calculations\nfor acquisitions of significant intangibles. Abbott reviews definite-lived intangible assets for impairment each quarter using an undiscounted net cash flows approach. If the undiscounted cash flows\nof an intangible asset are less than the carrying value of an intangible asset, the intangible asset is written down to its fair value, which is usually the discounted cash flow amount. Where cash\nflows cannot be identified for an individual asset, the review is applied at the lowest group level for which cash flows are identifiable. Goodwill and indefinite-lived intangible assets, which relate\nto in-process research and development acquired in a business combination, are reviewed for impairment annually or when an event that could result in impairment occurs. At December31, 2016,\ngoodwill amounted to $7.7billion and intangibles amounted to $4.5billion, excluding approximately $2.0billion of goodwill and $529million of intangibles in Non-current\nassets held for disposition due to the pending sale of AMO. Amortization expense in continuing operations for intangible assets amounted to $550million in 2016, $601million in 2015 and\n$555million in 2014. There were no impairments of goodwill in 2016, 2015 or 2014. \n\n Litigation Abbott accounts for litigation losses in accordance with FASB Accounting Standards Codification No.450,\n"Contingencies." Under ASCNo.450, loss contingency provisions are recorded for probable losses at management\'s best estimate of a loss, or when a best estimate cannot be made, a\nminimum loss contingency amount is recorded. These estimates are often initially developed substantially earlier than the ultimate loss is known, and the estimates are refined each accounting period\nas additional \n\n29\n\n\n\n\n \n\ninformation\nbecomes known. Accordingly, Abbott is often initially unable to develop a best estimate of loss, and therefore the minimum amount, which could be zero, is recorded. As information becomes\nknown, either the minimum loss amount is increased, resulting in additional loss provisions, or a best estimate can be made, also resulting in additional loss provisions. Occasionally, a best estimate\namount is changed to a lower amount when events result in an expectation of a more favorable outcome than previously expected. Abbott estimates the range of possible loss to be from approximately\n$35million to $45million for its legal proceedings and environmental exposures. Accruals of approximately $40million have been recorded at December31, 2016 for these\nproceedings and exposures. These accruals represent management\'s best estimate of probable loss, as defined by FASB ASC No.450, "Contingencies." \n\n\n\n\n\n\n\n\nResults of Operations \n\n\n\n\n\n\n\nSales \n\nThe following table details the components of sales growth by reportable segment for the last two years: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nComponents of % Change \n\n\n\n\n\nTotal\n% Change \n\n\n\n\n\nPrice \n\nVolume \n\nExchange \n\n\n\n Total Net Sales\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2016 vs. 2015\n\n\n\n2.2\n\n\n\n(1.1\n)\n\n\n5.9\n\n\n\n(2.6\n)\n\n\n 2015 vs. 2014\n\n\n0.8\n\n\n(1.1\n)\n\n10.2\n\n\n(8.3\n)\n\n\n Total U.S.\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2016 vs. 2015\n\n\n\n3.4\n\n\n\n(2.9\n)\n\n\n6.3\n\n\n\n\n\n\n\n 2015 vs. 2014\n\n\n2.2\n\n\n(1.5\n)\n\n3.7\n\n\n\n\n\n\n Total International\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2016 vs. 2015\n\n\n\n1.6\n\n\n\n(0.3\n)\n\n\n5.7\n\n\n\n(3.8\n)\n\n\n 2015 vs. 2014\n\n\n0.2\n\n\n(1.0\n)\n\n13.1\n\n\n(11.9\n)\n\n\n Established Pharmaceutical Products Segment\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2016 vs. 2015\n\n\n\n3.7\n\n\n\n3.0\n\n\n\n7.5\n\n\n\n(6.8\n)\n\n\n 2015 vs. 2014\n\n\n19.3\n\n\n0.3\n\n\n33.8\n\n\n(14.8\n)\n\n\n Nutritional Products Segment\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2016 vs. 2015\n\n\n\n(1.1\n)\n\n\n(0.4\n)\n\n\n1.6\n\n\n\n(2.3\n)\n\n\n 2015 vs. 2014\n\n\n0.3\n\n\n\n\n\n5.5\n\n\n(5.2\n)\n\n\n Diagnostic Products Segment\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2016 vs. 2015\n\n\n\n3.6\n\n\n\n(1.2\n)\n\n\n6.7\n\n\n\n(1.9\n)\n\n\n 2015 vs. 2014\n\n\n(1.6\n)\n\n(1.0\n)\n\n8.3\n\n\n(8.9\n)\n\n\n Vascular Products Segment\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n 2016 vs. 2015\n\n\n\n3.7\n\n\n\n(5.3\n)\n\n\n9.8\n\n\n\n(0.8\n)\n\n\n 2015 vs. 2014\n\n\n(6.5\n)\n\n(4.0\n)\n\n5.3\n\n\n(7.8\n)\n\n\n\n \n The\nincreases 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\nsales 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\nand Medicare segments of Abbott\'s Diabetes Care business also contributed to the overall 2.9% price decline in the U.S. in 2016. \n\n30\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\nA\ncomparison of significant product and product group sales is as follows. Percent changes are versus the prior year and are based on unrounded numbers. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(dollars in millions)\n\n2016 \n\nTotal\nChange \n\nImpact of\nExchange \n\nTotal\nChange\nExcl.\nExchange \n\n\n\n Total Established Pharmaceuticals\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Key Emerging Markets\n\n\n\n\n$\n\n2,912\n\n\n\n5\n%\n\n\n(8\n)%\n\n\n13\n%\n\n\n Other\n\n\n947\n\n\n1\n\n\n(1\n)\n\n2\n\n\n\n Nutritionals\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n International Pediatric Nutritionals\n\n\n\n2,206\n\n\n\n(7\n)\n\n\n(4\n)\n\n\n(3\n)\n\n\n U.S. Pediatric Nutritionals\n\n\n1,677\n\n\n5\n\n\n\n\n\n5\n\n\n\n International Adult Nutritionals\n\n\n1,724\n\n\n\n\n\n(4\n)\n\n4\n\n\n\n U.S. Adult Nutritionals\n\n\n1,292\n\n\n1\n\n\n\n\n\n1\n\n\n\n Diagnostics\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Immunochemistry\n\n\n\n3,681\n\n\n\n4\n\n\n\n(2\n)\n\n\n6\n\n\n\n Vascular Products (1)\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Coronary Devices\n\n\n2,186\n\n\n\n\n\n(1\n)\n\n1\n\n\n\n Endovascular\n\n\n562\n\n\n8\n\n\n(1\n)\n\n9\n\n\n\n\n\n\n\n\n \n\n \n(1)Coronary\nDevices include DES / BVS product portfolio, structural heart, guidewires, balloon catheters, and other coronary products. Endovascular includes vessel\nclosure, carotid stents and other peripheral products. \n \n\n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(dollars in millions)\n\n2015 \n\nTotal\nChange \n\nImpact of\nExchange \n\nTotal\nChange\nExcl.\nExchange \n\n\n\n Total Established Pharmaceuticals\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Key Emerging Markets\n\n\n\n\n$\n\n2,781\n\n\n\n17\n%\n\n\n(15\n)%\n\n\n32\n%\n\n\n Other\n\n\n939\n\n\n28\n\n\n(12\n)\n\n40\n\n\n\n Nutritionals\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n International Pediatric Nutritionals\n\n\n\n2,378\n\n\n\n1\n\n\n\n(7\n)\n\n\n8\n\n\n\n U.S. Pediatric Nutritionals\n\n\n1,592\n\n\n4\n\n\n\n\n\n4\n\n\n\n International Adult Nutritionals\n\n\n1,729\n\n\n(2\n)\n\n(11\n)\n\n9\n\n\n\n U.S. Adult Nutritionals\n\n\n1,276\n\n\n(2\n)\n\n\n\n\n(2\n)\n\n\n Diagnostics\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Immunochemistry\n\n\n\n3,529\n\n\n\n(2\n)\n\n\n(10\n)\n\n\n8\n\n\n\n Vascular Products (2)\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Coronary Devices\n\n\n2,176\n\n\n(7\n)\n\n(8\n)\n\n1\n\n\n\n Endovascular\n\n\n520\n\n\n(1\n)\n\n(7\n)\n\n6\n\n\n\n\n\n\n\n\n \n\n \n(2)Coronary\nDevices include DES / BVS product portfolio, structural heart, guidewires, balloon catheters, and other coronary products. Endovascular includes vessel\nclosure, carotid stents and other peripheral products. \n \n Excluding\nthe unfavorable impact of foreign exchange, total Established Pharmaceutical Products sales increased 10.5percent in 2016 and 34.1percent in 2015. The\nEstablished Pharmaceutical Products \n\n31\n\n\n\n\n \n\nsegment\nis focused on several key emerging markets including India, Russia, China and Brazil. Excluding the impact of foreign exchange, sales in these key emerging markets increased\n13.3percent in 2016 and 32.4percent in 2015. Excluding the impact of foreign exchange, sales in Established Pharmaceuticals\' other emerging markets increased 2.0percent in 2016\nand increased 39.6percent in 2015. The increase in 2015 includes the impact of the acquisitions of CFR Pharmaceuticals in September 2014 and Veropharm in December 2014. Excluding sales from\nthe acquisitions and the impact of foreign exchange, revenues increased 13.4 percent in 2015. \n\nExcluding\nthe unfavorable impact of foreign exchange, total Nutritional Products sales increased 1.2percent in 2016 and 5.5percent in 2015. In Abbott\'s International\nPediatric Nutritional business, the 2016 decrease in sales was driven by challenging market conditions in China, including the impact of new food safety regulations which will require the\nre-registration by 2018 of all infant and toddler formulas, contributing to an oversupply of product in the market. The sales decrease in China was partially offset by continued strong performance in\nseveral markets across Latin America and Southeast Asia. The increase in 2016 U.S. Pediatric Nutritional sales primarily reflects above-market performance in Abbott\'s PediaSure toddler\nbrand as well as recent infant product launches including Similac Advance Non-GMO and Similac Sensitive Non-GMO. \n\nExcluding\nthe unfavorable impact of foreign exchange, the 2016 and 2015 increases in International Adult Nutritional sales are due primarily to volume growth in emerging markets and\ncontinued expansion of the adult nutrition category internationally. The increase in 2016 U.S. Adult Nutritional revenues was driven by the growth of Ensure sales and the decrease in 2015\nreflected the effects of increased competition and market dynamics in retail and institutional categories. \n\nExcluding\nthe unfavorable impact of foreign exchange, total Diagnostic Products sales increased 5.5percent in 2016 and 7.3percent in 2015. The sales increases were\nprimarily driven by share gains in the Core Laboratory and Point of Care markets in the U.S. and internationally. 2016 and 2015 sales of immunochemistry products, the largest category in this segment,\nreflect continued execution of Abbott\'s strategy to deliver integrated solutions to large healthcare customers. \n\n\nExcluding\nthe unfavorable impact of foreign exchange, total Vascular Products sales grew 4.5 percent in 2016 and 1.3 percent in 2015. In 2016, double-digit growth in sales of Abbott\'s MitraClip structural heart\ndevice for the treatment of mitral regurgitation was partially offset by lower sales of DES products. The increase in the\nEndovascular business was driven by higher Supera and vessel closure sales. Vascular Products sales in 2016 were also favorably impacted by the\nresolution of previously disputed third party royalty revenue related to the prior year. Excluding this royalty impact, worldwide sales of Vascular Products would have increased 3.4percent in\n2016. In 2015, growth of Abbott\'s MitraClip structural heart product, its Endovascular business, including the Supera peripheral stent, and the\nAbsorb bioresorbable vascular scaffold in various international markets\nwas almost entirely offset by pricing pressures in DES products. \n\nAbbott\nhas periodically sold product rights to non-strategic products and has recorded the related gains in net sales in accordance with Abbott\'s revenue recognition policies as\ndiscussed in Note1 to the consolidated financial statements. Related net sales were not significant in 2016, 2015 and 2014. \n\nThe\nexpiration of licenses and patent protection can affect the future revenues and operating income of Abbott. There are no significant patent or license expirations in the next three\nyears that are expected to affect Abbott. \n\n\n\n\n\n\n\n\nOperating Earnings \n\nGross profit margins were 54.1percent of net sales in 2016, 54.2percent in 2015 and 51.7percent in 2014. In 2016, the\nunfavorable effect of foreign exchange offset continued underlying margin expansion, \n\n32\n\n\n\n\n \n\nprimarily\nin the Diagnostics and Nutritional segments. The improvement in 2015 reflects higher margins in the Nutritional, Diagnostics, and Vascular Products segments. \n\n\nIn\nthe U.S., states receive price rebates from manufacturers of infant formula under the federally subsidized Special Supplemental Nutrition Program for Women, Infants, and Children.\nThere are also rebate programs for pharmaceutical products in numerous countries. These rebate programs continue to have a negative effect on the gross profit margins of the Nutritional and\nEstablished Pharmaceutical Products segments. \n\nResearch\nand development expense was $1.422billion in 2016, $1.405billion in 2015, and $1.345billion in 2014 and represented a 1.2percent increase in\n2016, and a 4.5percent increase in 2015. The 2016 increase in research and development expenses was primarily due to higher spending on various projects and the impairment of an in-process\nresearch and development asset related to a non-reportable segment, partially offset by lower restructuring costs in 2016. In 2016, research and development expenditures totaled $513million\nfor the Diagnostics Products segment, $259million for the Vascular Products segment, $205million for the Nutritional Products segment, and $137million for the Established\nPharmaceutical Products segment. \n\nSelling,\ngeneral and administrative expenses decreased 1.7percent in 2016 and increased 3.9percent in 2015 versus the respective prior year. The 2016 decrease reflects\nthe favorable impact of foreign exchange, continued efforts to reduce back office costs, and lower restructuring charges compared to the prior year. The 2015 increase reflects the impact of the CFR\nand Veropharm acquisitions, partially offset by the impact of cost improvement initiatives and the favorable impact of foreign exchange. \n\n\n\n\n\n\n\nBusiness Acquisitions \n\nOn January4, 2017, Abbott completed the acquisition of St.Jude Medical, a global medical device manufacturer, for approximately\n$23.6billion, including approximately $13.6billion in cash and approximately $10billion in Abbott common shares, which represented approximately 254million shares of\nAbbott common stock, based on Abbott\'s closing stock price on the acquisition date. As part of the acquisition, approximately $5.8billion of St.Jude Medical\'s debt was assumed or\nrefinanced 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,\ndiagnostics, nutritionals and branded generic pharmaceuticals. The combined company will compete in nearly every area of the $30billion cardiovascular market, as well as in the neuromodulation\nmarket. As the acquisition of St.Jude Medical was completed after December31, 2016, Abbott\'s consolidated\nfinancial statements do not include the financial condition or the operating results of St.Jude Medical in any of the periods presented herein. \n\nUnder\nthe 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\nAbbott stock price of $39.36, which reflects the closing price on January4, 2017, this represented a value of approximately $81per St.Jude Medical common share and total\npurchase consideration of $23.6billion. The cash portion of the acquisition was funded through a combination of medium and long-term debt issued in November of 2016 and a $2.0billion\n120-day senior unsecured bridge term loan facility. See Note10 Debt and Lines of Credit for further details regarding these financing arrangements. \n\n33\n\n\n\n\n \n\nThe\npreliminary allocation of the fair value of the St.Jude Medical acquisition is shown in the table below. The allocation of the fair value of the acquisition will be finalized\nwhen the valuation is completed and differences between the preliminary and final allocation could be material. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in billions)\n\n\n\n\n\n Acquired intangible assets, non-deductible\n\n\n\n$\n16.0\n\n\n\n Goodwill, non-deductible\n\n\n14.8\n\n\n\n Acquired net tangible assets\n\n\n3.0\n\n\n\n Deferred income taxes recorded at acquisition\n\n\n(5.0\n)\n\n\n Net debt\n\n\n(5.2\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total preliminary allocation of fair value\n\n\n\n$\n23.6 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n If\nthe acquisition of St.Jude Medical had occurred at the beginning of 2016, unaudited pro forma consolidated net sales would have been approximately $26.8billion and\nunaudited pro forma consolidated net earnings would have been $157million, which includes the amortization of approximately $700million of inventory step-up. The unaudited pro forma\ninformation is not necessarily indicative of the consolidated results of operations that would have been realized had the St.Jude Medical acquisition been completed as of the beginning of\n2016, nor is it meant to be indicative of future results of operations that the combined entity will experience. \n\nIn\n2016, Abbott and St.Jude Medical agreed to sell certain products to Terumo Corporation for approximately $1.12billion. The sale includes the St.Jude Medical\nAngio-Seal and\nFemoseal vascular closure products and Abbott\'s Vado Steerable Sheath. The sale closed on January20, 2017. \n\nOn\nJanuary30, 2016, Abbott entered into a definitive agreement to acquire AlereInc., a diagnostic device and service provider, for $56.00 per common share in cash. The\nacquisition is subject to satisfaction of customary closing conditions, including the accuracy of Alere\'s representations and warranties (subject to certain materiality qualifications), compliance in\nall material respects with Alere\'s covenants and receipt of applicable regulatory approvals. Due to a number of adverse developments that have occurred with respect to Alere since the date of the\nagreement, Abbott has filed a complaint in the Delaware Court of Chancery seeking to terminate the acquisition agreement on the basis that Alere has experienced a "material adverse effect" under the\nacquisition agreement and has materially breached certain of its covenants. \n\nIn\nAugust 2015, Abbott completed the acquisition of the equity of Tendyne Holdings,Inc. (Tendyne) that Abbott did not already own for approximately $225million in cash\nplus additional payments up to $150million to be made upon completion of certain regulatory milestones. The acquisition of Tendyne, which is focused on developing minimally invasive mitral\nvalve replacement therapies, allows Abbott to broaden its foundation in the treatment of mitral valve disease. The final allocation of the fair value of the acquisition resulted in non-deductible\nacquired in-process research and development of approximately $220million, which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation,\nnon-deductible goodwill of approximately $142million, deferred tax assets and other net assets of approximately $18million, deferred tax liabilities of approximately\n$85million, and contingent consideration of approximately $70million. The goodwill is identifiable to the Vascular Products segment. \n\n\nIn\nSeptember 2014, Abbott completed the acquisition of the controlling interest in CFR PharmaceuticalsS.A. (CFR) for approximately $2.9billion in cash\n($2.8billion net of CFR cash on hand at closing). Including the assumption of approximately $570million of debt, the total cost of the acquisition was $3.4billion. The\nacquisition of CFR more than doubles Abbott\'s branded generics pharmaceutical presence in Latin America and further expands its presence in emerging markets. CFR\'s financial results are included in\nAbbott\'s financial statements beginning on September26, 2014, the date that Abbott acquired control of this business. Abbott currently owns 100% of CFR. The fair value of the non-controlling\ninterest at the acquisition date was approximately $3million. The acquisition was funded \n\n34\n\n\n\n\n \n\nwith\ncash and cash equivalents and short-term investments. The final allocation of the fair value of the acquisition is shown in the table below. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in billions)\n\n\n\n\n\n Acquired intangible assets, non-deductible\n\n\n\n$\n1.87\n\n\n\n Goodwill, non-deductible\n\n\n1.42\n\n\n\n Acquired net tangible assets\n\n\n0.03\n\n\n\n Deferred income taxes recorded at acquisition\n\n\n(0.40\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Total final allocation of fair value\n\n\n\n$\n2.92 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n Acquired\nintangible assets consist primarily of product rights for currently marketed products and are amortized over 12 to 16years (weighted average of 15years). The\ngoodwill is primarily attributable to intangible assets that do not qualify for separate recognition. The goodwill is identifiable to the Established Pharmaceutical Products segment. The acquired\ntangible assets consist primarily of cash and cash equivalents of approximately $94million, trade accounts receivable of approximately $180million, inventory of approximately\n$169million, other current assets of approximately $51million, property and equipment of approximately $210million, and other long-term assets of approximately\n$145million. Assumed liabilities consist of borrowings of approximately $570million, trade accounts payable and other current liabilities of approximately $240million and other\nnon-current liabilities of\napproximately $14million. Net sales for CFR Pharmaceuticals totaled approximately $750million in 2015. \n\nIn\nDecember 2014, Abbott acquired control of Veropharm, a leading Russian pharmaceutical company for approximately $315million excluding assumed debt, plus a subsequent\n$5million payment related to a working capital adjustment. Through this acquisition, Abbott establishes a manufacturing footprint in Russia and obtains a portfolio of medicines that is well\naligned with Abbott\'s current pharmaceutical therapeutic areas of focus. Abbott acquired control of Veropharm through its purchase of Limited Liability Company Garden Hills, the holding company that\nowns approximately 98percent of Veropharm. Including the assumption of approximately $90million of debt and a non-controlling interest with a fair value of $5million, the total\nvalue of the acquired business was approximately $415million. The final allocation of the fair value of the acquisition resulted in definite-lived non-deductible intangible assets of\napproximately $100million, non-deductible goodwill of approximately $140million, and net deferred tax liabilities of approximately $25million. Non-deductible goodwill is\nidentifiable with the Established Pharmaceutical Products segment. Additionally, Abbott acquired property, plant, and equipment of approximately $150million, accounts receivable of\napproximately $45million, inventory of approximately $25million, and net liabilities of approximately $20million. Acquired intangible assets consist of developed technology and\nare being amortized over 16years. In 2015, Abbott acquired the remaining shares of Veropharm, increasing its ownership to 100percent. \n\nIn\nDecember 2014, Abbott completed the acquisition of Topera,Inc. for approximately $250million in cash, plus additional payments up to $300million to be made\nupon completion of certain regulatory and sales milestones. The acquisition of Topera provides Abbott a foundational entry in the electrophysiology market. The final allocation of the fair value of\nthe acquisition resulted in non-deductible acquired in-process research and development of approximately $60million, which is accounted for as an indefinite-lived intangible asset until\nregulatory approval or discontinuation, non-deductible definite-lived intangible assets of approximately $215million, non-deductible goodwill of approximately $145million, net deferred\ntax liabilities of approximately $80million, and contingent consideration of approximately $90million. The fair value of the contingent consideration was determined based on an\nindependent appraisal. Acquired intangible assets consist of developed technology and trademarks, and are being amortized over 17years. \n\nExcept\nfor the St.Jude Medical acquisition, had the aggregate in each year of the above acquisitions taken place as of the beginning of the comparable prior annual reporting\nperiod, consolidated net sales and earnings would not have been significantly different from reported amounts. \n\n35\n\n\n\n\n \n\n\n\n\n\n\n\nRestructurings \n\nIn 2016, 2015 and 2014, Abbott management approved plans to streamline operations in order to reduce costs and improve efficiencies in various\nAbbott businesses including the nutritional, established pharmaceuticals and vascular businesses. Abbott recorded employee-related severance and other charges of approximately $33million in\n2016, $95million in 2015 and $164million in 2014. Approximately $9million in 2016, $18million in 2015 and $20million in 2014 are recorded in Cost of products\nsold, approximately $5million in 2016, $34million in 2015 and $53million in 2014 are recorded in Research and development and approximately $19million in 2016,\n$43million in 2015 and $91million in 2014 are recorded in Selling, general and administrative expense. Additional charges of approximately $2million in 2016, $45million\nin 2015 and $39million in 2014 were recorded primarily for accelerated depreciation. \n\n\nFrom\n2013 to 2015, Abbott management approved various plans to reduce costs and improve efficiencies across various functional areas. In 2013, Abbott management also approved plans to\nstreamline certain manufacturing operations in order to reduce costs and improve efficiencies in Abbott\'s established pharmaceuticals business. In 2012, Abbott management approved plans to streamline\nvarious commercial operations in order to reduce costs and improve efficiencies in Abbott\'s core diagnostics, established pharmaceuticals and nutritionals businesses. Abbott recorded employee-related\nseverance charges of approximately $18million in 2016, $66million in 2015 and $125million in 2014. Approximately $4million in 2016, $9million in 2015 and\n$7million in 2014 are recorded in Cost of products sold, approximately $2million in 2015 and $6million in 2014 are recorded in Research and development, and approximately\n$14million in 2016, $55million in 2015 and $112million in 2014 are recorded in Selling, general and administrative expense. \n\n\n\n\n\n\n\nInterest Expense and Interest (Income) \n\nIn 2016, interest expense increased primarily due to the amortization of bridge financing fees related to the financing of the St.Jude\nMedical acquisition, which closed on January4, 2017, and the pending Alere acquisition. Interest expense in 2016 also increased due to the $15.1billion of debt issued in November 2016.\nIn 2015, interest expense increased due to the issuance of $2.5billion of long-term debt during the year. In 2014, interest expense increased due to a higher level of short-term borrowings\nduring the year. Interest income increased in 2015 due to a higher return earned on short-term investments during the year. \n\n\n\n\n\n\n\nOther (Income) Expense, net \n\nOther (income) expense, net, for 2016 includes an expense to adjust Abbott\'s holding of MylanN.V. ordinary shares due to a decline in\nthe fair value of the securities which is considered by Abbott to be other than temporary. 2015 includes a pretax gain on the sale of a portion of the MylanN.V. shares received through the\nsale of the developed markets branded generics pharmaceuticals business and income resulting from a decrease in the fair value of contingent consideration related to a business acquisition. 2014\nincludes charges associated with the impairment of certain equity investments partially offset by gains on sales of investments. \n\n\n\n\n\n\n\nNet Loss on Extinguishment of Debt \n\nIn 2014, Abbott extinguished approximately $500million of long-term debt assumed as part of the CFR Pharmaceuticals acquisition and\nincurred a cost of $18.3million to extinguish this debt. \n\n\n\n\n\n\n\n\nTaxes on Earnings \n\nThe income tax rates on earnings from continuing operations were 24.8percent in 2016, 18.1percent in 2015 and\n31.6percent in 2014. In 2016, taxes on earnings from continuing operations include the impact of a net tax benefit of approximately $225million, primarily as a result of the resolution\nof various tax \n\n36\n\n\n\n\n \n\npositions\nfrom prior years, partially offset by the unfavorable impact of non-deductible foreign exchange losses related to Venezuela and the adjustment of the MylanN.V. equity investment as\nwell as the recognition of deferred taxes associated with the pending sale of AMO. In 2015, taxes on earnings from continuing operations include $71million of tax expense related to gain on\nthe disposal of shares of\nMylanN.V. stock. The 2015 effective tax rate includes the impact of the R&D tax credit that was made permanent in the U.S. by the Protecting Americans from Tax Hikes Act of 2015. In 2014,\ntaxes on earnings from continuing operations include $440million of tax expense associated with a one-time repatriation of 2014 non-U.S. earnings partially offset by $125million of tax\nbenefits related to the resolution of various tax positions and the adjustment of tax uncertainties from prior years. \n\nExclusive\nof these discrete items, tax expense was favorably impacted by lower tax rates and tax exemptions on foreign income primarily derived from operations in Puerto Rico,\nSwitzerland, Ireland, the Netherlands, and Singapore. Abbott benefits from a combination of favorable statutory tax rules, tax rulings, grants, and exemptions in these tax jurisdictions. See\nNote14 to the consolidated financial statements for a full reconciliation of the effective tax rate to the U.S. federal statutory rate. \n\nEarnings\nfrom discontinued operations, net of tax, in 2016 reflects the recognition of $325million of net tax benefits primarily as a result of the resolution of various tax\npositions related to prior years. 2015 tax expense related to discontinued operations includes $667million of tax expense on certain current-year funds earned outside of the U.S. that were not\ndesignated as permanently reinvested overseas. Abbott accrued U.S. taxes on approximately $2.2billion of 2014 earnings generated outside the U.S. in connection with a repatriation of these\nearnings. In addition to the $440million of tax expense discussed above, the repatriation resulted in $82million of additional tax expense in Abbott\'s 2014 income from discontinued\noperations. Abbott accelerated the utilization of deferred tax assets and therefore cash taxes due in the U.S. on this repatriation were not material. \n\n\n\n\n\n\n\n\nDiscontinued Operations \n\nOn February27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business to MylanInc.\n(Mylan) for equity ownership of a newly formed entity (MylanN.V.) that combined Mylan\'s existing business and Abbott\'s developed markets pharmaceuticals business. MylanN.V. is publicly\ntraded. Historically, this business was included in Abbott\'s Established Pharmaceutical Products segment. At the date of the closing, the 110million MylanN.V. shares that Abbott\nreceived were valued at $5.77billion and Abbott recorded an after-tax gain on the sale of the business of approximately $1.6billion. Abbott retained its branded generics\npharmaceuticals business in emerging markets. At the close of this transaction, Abbott and Mylan entered into a transition services agreement pursuant to which Abbott and Mylan are providing various\nback office support services to each other on an interim transitional basis. Transition services may be provided for up to 2years with certain services having been extended for an additional\nfive to ten months. Charges by Abbott under this transition services agreement are recorded as a reduction of the costs to provide the respective service in the applicable expense category in the\nConsolidated Statement of Earnings. This transitional support does not constitute significant continuing involvement in Mylan\'s operations. Abbott also entered into manufacturing supply agreements\nwith Mylan related to certain products, with the supply term ranging from 3 to 10years and requiring a 2year notice prior to termination. The cash flows associated with these\ntransition services and manufacturing supply agreements are not expected to be significant, and therefore, these cash flows are not direct cash flows of the disposed component under Accounting\nStandards Codification 205. \n\nOn\nFebruary10, 2015, Abbott completed the sale of its animal health business to ZoetisInc. In the first quarter of 2016, Abbott received an additional $25million\nof proceeds due to the expiration of a holdback agreement associated with the sale of this business and reported an after-tax gain of $16million. \n\n37\n\n\n\n\n \n\nAs\na result of the disposition of the above businesses, the prior years\' operating results of these businesses up to the date of sale are reported as part of discontinued operations on\nthe Earnings from Discontinued Operations, net of taxes line in the Consolidated Statement of Earnings. Discontinued operations include an allocation of interest expense assuming a uniform ratio of\nconsolidated debt to equity for all of Abbott\'s historical operations. \n\nOn\nJanuary1, 2013, Abbott completed the separation of AbbVieInc. (AbbVie), which was formed to hold Abbott\'s research-based proprietary pharmaceuticals business. Abbott\nhas received a ruling from the Internal Revenue Service that the separation qualifies as a tax-free distribution to Abbott and its U.S. shareholders for U.S. federal income tax purposes. \n\nFor\na small portion of AbbVie\'s operations, the legal transfer of AbbVie\'s assets (net of liabilities) did not occur with the separation of AbbVie on January1, 2013 due to the\ntime required to transfer marketing authorizations and other regulatory requirements in each of these countries. Under the terms of the separation agreement with Abbott, AbbVie is subject to the risks\nand entitled to the benefits generated by these operations and assets. The majority of these operations were transferred to AbbVie in 2013 and 2014. These assets and liabilities were presented as held\nfor disposition in the Consolidated Balance Sheet as of December31, 2015. \n\n\nAbbott\nhas retained all liabilities for all U.S. federal and foreign income taxes on income prior to the separation, as well as certain non-income taxes attributable to AbbVie\'s\nbusiness. AbbVie generally will be liable for all other taxes attributable to its business. In 2016, 2015 and 2014, discontinued operations include a favorable adjustment to tax expense of\n$318million, $3million and $166million, respectively, as a result of the resolution of various tax positions pertaining to AbbVie\'s operations. \n\nThe\noperating results of Abbott\'s developed markets branded generics pharmaceuticals and animal health businesses as well as the income tax benefit related to the businesses transferred\nto AbbVie, which are being reported as discontinued operations are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Net Sales\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health businesses\n\n\n\n$\n\n\n\n\n$\n256\n\n\n\n$\n2,076\n\n\n\n AbbVie\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n\n\n\n\n$\n256\n\n\n\n$\n2,076 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Earnings (Loss) Before Tax\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health businesses\n\n\n\n$\n(4\n)\n\n\n$\n13\n\n\n\n$\n505\n\n\n\n AbbVie\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n(4\n)\n\n\n$\n13\n\n\n\n$\n505 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Net Earnings\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health businesses\n\n\n\n$\n3\n\n\n\n$\n62\n\n\n\n$\n397\n\n\n\n AbbVie\n\n\n318\n\n\n3\n\n\n166 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n321\n\n\n\n$\n65\n\n\n\n$\n563 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 38\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\nAssets and Liabilities Held for Disposition \n\nIn September 2016, Abbott announced that it entered into a definitive agreement to sell AMO, its vision care business, to Johnson&\nJohnson for $4.325billion 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\nportfolio in line with its strategic priorities. The transaction is expected to close in the first quarter of 2017 and is subject to customary closing conditions, including regulatory approvals. The\noperating results of AMO are included in continuing operations as they do not qualify for reporting as discontinued operations. For the year ended December31, 2016 and 2015, AMO\'s earnings\nbefore taxes were $30million and $64million, respectively. As a result of the pending sale of AMO, the assets and liabilities of this business meet the criteria to qualify as being\nheld for disposition at December31, 2016. \n\nThe\nassets and liabilities held for disposition as of December31, 2016 relate to AMO and the assets and liabilities held for disposition as of December31, 2015 relate to\nthe AbbVie business. The following is a summary of the assets and liabilities held for disposition: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\nDecember31,\n2016 \n\nDecember31,\n2015 \n\n\n\n Trade receivables, net\n\n\n\n$\n222\n\n\n\n$\n17\n\n\n\n Total inventories\n\n\n240\n\n\n43\n\n\n\n Prepaid expenses and other current assets\n\n\n51\n\n\n45 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Current assets held for disposition\n\n\n513\n\n\n105 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net property and equipment\n\n\n247\n\n\n1\n\n\n\n Intangible assets, net of amortization\n\n\n529\n\n\n\n\n\n\n Goodwill\n\n\n1,966\n\n\n\n\n\n\n Deferred income taxes and other assets\n\n\n11\n\n\n1 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Non-current assets held for disposition\n\n\n2,753\n\n\n2 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total assets held for disposition\n\n\n\n$\n3,266\n\n\n\n$\n107 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Trade accounts payable\n\n\n\n$\n71\n\n\n\n$\n359\n\n\n\n Salaries, wages, commissions and other accrued liabilities\n\n\n174\n\n\n14 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Current liabilities held for disposition\n\n\n245\n\n\n373\n\n\n\n Post-employment obligations, deferred income taxes and other long-term liabilities\n\n\n59\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total liabilities held for disposition\n\n\n\n$\n304\n\n\n\n$\n373 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n \n\n\n\n\n\nResearch and Development Programs \n\nAbbott currently has numerous pharmaceutical, medical devices, diagnostic and nutritional products in development. \n\n\n\n\n\n\n\n\nResearch and Development Process \n\nIn the Established Pharmaceuticals segment, the development process focuses on the geographic expansion and continuous improvement of the\nsegment\'s existing products to provide benefits to patients and customers. As Established Pharmaceuticals does not actively pursue primary research, development usually begins with work on existing\nproducts or after the acquisition of an advanced stage licensing opportunity. \n\n\nDepending\nupon the product, the phases of development may include:\n\n\n\n Drug product development. \n\n39\n\n\n\n\n \n\n\n PhaseI bioequivalence studies to compare a future Established Pharmaceutical\'s brand with an already marketed compound with the same\nactive pharmaceutical ingredient (API). \n PhaseII studies to test the efficacy of benefits in a small group of patients. \n PhaseIII studies to broaden the testing to a wider population that reflects the actual medical use. \n PhaseIV and other post-marketing studies to obtain new clinical use data on existing products within approved indications. \n\n\nThe\nspecific requirements (e.g.,scope of clinical trials) for obtaining regulatory approval vary across different countries and geographic regions. The process may range from one\nyear for a bioequivalence study project to 6 or more years for complex formulations, new indications, or geographic expansion in specific countries, such as China. \n\nIn\nthe Diagnostics segment, the phases of the research and development process include:\n\n\n\n Discovery which focuses on identification of a product that will address a specific therapeutic area, platform, or unmet clinical need. \n Concept/Feasibility during which the materials and manufacturing processes are evaluated, testing may include product characterization and\nanalysis is performed to confirm clinical utility. \n Development during which extensive testing is performed to demonstrate that the product meets specified design requirements and that the design\nspecifications conform to user needs and intended uses. \n\n\nThe\nregulatory requirements for diagnostic products vary across different countries and geographic regions. In the U.S., the FDA classifies diagnostic products into classes (I, II, or\nIII)and the classification determines the regulatory process for approval. While the Diagnostics segment has products in all three classes, the vast majority of its products are categorized as\nClassI or ClassII. Submission of a separate regulatory filing is not required for ClassI products. ClassII devices typically require pre-market notification to the FDA\nthrough a regulatory filing known as a 510(k) submission. Most ClassIII products are subject to the FDA\'s Pre-Marketing Approval (PMA) requirements. Other ClassIII products, such as\nthose used to screen blood, require the submission and approval of a Biological License Application (BLA). \n\nIn\nthe EU, diagnostic products are also categorized into different categories and the regulatory process, which is governed by the European InVitro Diagnostic Medical Device Directive,\ndepends upon the category. Certain product categories require review and approval by an independent company, known as a Notified Body, before the manufacturer can affix a CE mark to the product to\nshow compliance with the Directive. Other products only require a self-certification process. \n\nIn\nthe Vascular segment, the research and development process begins with research on a specific technology that is evaluated for feasibility and commercial viability. If the research\nprogram passes that hurdle, it moves forward into development. The development process includes evaluation and selection of a product design, completion of clinical trials to test the product\'s safety\nand efficacy, and validation of the manufacturing process to demonstrate its repeatability and ability to consistently meet pre-determined specifications. \n\n\nSimilar\nto the diagnostic products discussed above, in the U.S., vascular products are classified as ClassI, II, or III. Most of Abbott\'s vascular products are classified as\nClassII devices that follow the 510(k) regulatory process or ClassIII devices that are subject to the PMA process. \n\nIn\nthe EU, vascular products are also categorized into different classes and the regulatory process, which is governed by the European Medical Device Directive, varies by class. Each\nproduct must bear a CE mark to show compliance with the Directive. Some products require submission of a design dossier to \n\n40\n\n\n\n\n \n\nthe\nappropriate regulatory authority for review and approval prior to CE marking of the device. For other products, the company is required to prepare a technical file which includes testing results\nand clinical evaluations but can self-certify its ability to apply the CE mark to the product. Outside the U.S. and the EU, the regulatory requirements vary across different countries and regions. \n\nAfter\napproval and commercial launch of some vascular products, post-market trials may be conducted either due to a conditional requirement of the regulatory market approval or with the\nobjective of proving product superiority. \n\nIn\nthe Nutritional segment, the research and development process generally focuses on identifying and developing ingredients and products that address the nutritional needs of particular\npopulations (e.g.,infants and adults) or patients (e.g.,people with diabetes). Depending upon the country and/or region, if claims regarding a product\'s efficacy will be made, clinical\nstudies typically must be conducted. \n\nIn\nthe U.S., the FDA requires that it be notified of proposed new formulations and formulation or packaging changes related to infant formula products. Prior to the launch of an infant\nformula or product packaging change, the company is required to obtain the FDA\'s confirmation that it has no objections to the proposed product or packaging. For other nutritional products,\nnotification or pre-approval from the FDA is not required unless the product includes a new food additive. In some countries, regulatory approval may be required for certain nutritional products,\nincluding infant formula and medical nutritional products. \n\n\n\n\n\n\n\nAreas of Focus \n\nIn 2017 and beyond, Abbott\'s significant areas of therapeutic focus will include the following: \n\nEstablished\nPharmaceuticals Abbott focuses on building country specific portfolios made up of global and local pharmaceutical brands that best meet the needs of patients in\nemerging markets. More than 400 development projects are active for one or several emerging markets. Over the next several years, Established Pharmaceuticals plans to expand its product portfolio in\nkey therapeutic areas with the aim of being among the first to launch new branded generic medicines for particular pharmaceutical products. In addition, Established Pharmaceuticals continues to expand\nexisting brands\ninto new markets, implement product enhancements that provide value to patients and acquire strategic products and technology through licensing activities. Abbott is also actively working on the\nfurther development of several key brands such as Creon, Duphaston and Influvac. Depending on the product, the activities focus on development of new data, markets, formulations, delivery systems, or\nindications. \n\nVascular\nOngoing projects in the pipeline include:\n\n\n\nMitraClip device for the treatment of mitral regurgitation. Consistent with Abbott\'s near-term\nvision to grow its mitral and tricuspid valve programs, Abbott continues to work on expanding the use of its MitraClip device. Clinical trials for MitraClip are underway with the objective of broadening MitraClip\'s footprint into new key markets, and\nenrollment of the COAPT Trial (a study of safety and effectiveness of the MitraClip device in heart failure patients with functional mitral\nregurgitation) is projected to be completed in 2017. Leveraging expertise in percutaneous leaflet coaptation, Abbott is working to expand its clip-based technology to address unmet needs in tricuspid\nregurgitation. \n Portico Re-sheathable Transcatheter Aortic Valve System U.S. Clinical\nTrial.The objective of this clinical trial is to evaluate the safety and effectiveness of the Portico transcatheter heart valve and delivery\nsystems via transfemoral and alternative delivery methods. \nThoratec MOMENTUM 3, Multi-center Study of MagLev Technology with HeartMate 3 (HM3) Clinical Study\nProtocol. The objective of this clinical study is to evaluate the safety and effectiveness of the HM3 Left Ventricular Assist System (LVAS) when used for the treatment of\nadvanced, \n\n41\n\n\n\n\n \n\n\n\nrefractory,\nleft ventricular heart failure. The short term arm of the study is complete and results were presented at the American Heart Association in November 2016. The long term arm requires\ntwo-year patient follow-up. The HM3 is intended for use inside or outside the hospital. \n\n\n\n AMPLATZER Amulet LAA Occluder Trial.The\nobjective of this clinical trial is to evaluate the safety and efficacy of this device in patients with non-valvular atrial fibrillation. Patients who are eligible for the trial will be randomized to\nreceive either the Amulet device or the commercially available WATCHMAN device and will be followed for 5years after device implant. \n Tendyne transcatheter mitral valve replacement device. This device is a self-expanding, fully retrievable and repositionable bioprosthesis with\na simple and controlled deployment procedure. The trial to support CE Mark began in 2016 and is projected to be completed in 2017. \nSupera self-expanding nitinol stent system which was acquired as part of the acquisition of\nIDEV Technologies in August 2013. With its proprietary interwoven wire technology, Supera is designed based on biomimetic principles to mimic the body\'s\nnatural movement. Supera is available in the U.S., Europe, and various countries in Asia, the Middle East and Latin America for the treatment of\nblockages in blood vessels due to peripheral artery disease, with expanded size matrix approved in the U.S. Abbott is developing Supera\'s next\ngeneration delivery system. \n Abbott is also developing future versions of metallic DES, guide wires and balloon delivery catheters. \n\n\nMolecular\nDiagnostics Various new molecular in vitro diagnostic (IVD) products and next generation instrument systems are in various stages of development and commercialization. \n\nCore\nLaboratory Diagnostics Abbott continues to commercialize its next-generation blood screening, immunoassay, clinical chemistry and hematology systems, along with assays in\nvarious areas including infectious disease, cardiac care, metabolics, oncology, as well as informatics and automation solutions to increase efficiency in laboratories. \n\nDiabetes\nCare In 2016 Abbott expanded on the results of its REPLACE outcome trial (which covered Type2 diabetes patients) with the publication of the results of its IMPACT\nstudy, which\nshowed improved glycemic outcomes in people with Type1 diabetes using the FreeStyle Libre system. The FreeStyle Libre system eliminates the need for routine finger sticks by reading glucose\nlevels through a sensor that can be worn on the back of the upper arm for up to 14days. It also requires no finger sticks for calibration. In 2014, Abbott attained the CE Mark in Europe for\nthe FreeStyle Libre system. In 2016, Abbott launched two apps in Europe for FreeStyle Libre: LibreLink, which enables people with diabetes to access glucose data directly from their FreeStyle Libre\nsensor on their Android smartphones and LibreLinkUp, a caregiver app for remotely monitoring glucose values. In the U.S., in the third quarter of 2016 Abbott received FDA approval for FreeStyle Libre\nPro, which is designed to be used by healthcare professionals in a clinic setting, and submitted the PMA for a consumer version of FreeStyle Libre. \n\nNutritionals\nAbbott is focusing its research and development spend on platforms that span the pediatric, adult and performance nutrition areas: gastro intestinal/immunity health,\nbrain health, mobility and metabolism, and user experience platforms. Numerous new products that build on advances in these platforms are currently under development, including clinical outcome\ntesting, and are expected to be launched over the coming years. \n\nGiven\nthe diversity of Abbott\'s business, its intention to remain a broad-based healthcare company and the numerous sources for potential future growth, no individual project is expected\nto be material to cash flows or results of operations over the next five years. Factors considered included research and development expenses projected to be incurred for the project over the next\nyear relative to Abbott\'s total research and development expenses as well as qualitative factors, such as marketplace perceptions and \n\n42\n\n\n\n\n \n\nimpact\nof a new product on Abbott\'s overall market position. There were no delays in Abbott\'s 2016 research and development activities that are expected to have a material impact on operations. \n\nWhile\nthe 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\nsuccessfully complete each project, the rate at which each project advances, and the ultimate timing for completion. Given the potential for significant delays and the high rate of failure inherent in\nthe development of pharmaceutical, medical device and diagnostic products and technologies, it is not possible to accurately estimate the total cost to complete all projects currently in development.\nAbbott plans to manage its portfolio of projects to achieve research and development spending that will be competitive in each of the businesses in which it participates, and such spending is expected\nto approximate 7.5percent of total Abbott sales in 2017. Abbott does not regularly accumulate or make management decisions based on the total expenses incurred for a particular development\nphase in a given period. \n\n\n\n\n\n\n\nGoodwill \n\nAt December31, 2016, goodwill recorded as a result of business combinations totaled $7.7billion. Goodwill is reviewed for\nimpairment annually in the third quarter or when an event that could result in an impairment occurs, using a quantitative assessment to determine whether it is more likely than not that the fair value\nof any reporting unit is less than its carrying amount. The income and market approaches are used to calculate the fair value of each reporting unit. The results of the last impairment test indicated\nthat the fair value of each reporting unit was substantially in excess of its carrying value. \n\n\n\n\n\n\n\nFinancial Condition \n\n\n\n\n\n\n\nCash Flow \n\nNet cash from operating activities amounted to $3.2billion, $3.0billion and $3.7billion in 2016, 2015 and 2014,\nrespectively. The increase in Net cash from operating activities in 2016 reflects additional focus on the management of working capital. The decrease in Net cash from operating activities in 2015 was\ndue in large part to the divestiture of the developed market established pharmaceuticals business in February 2015, as well as an increase in contributions to defined benefit plans in 2015. The income\ntax component of operating cash flow in 2016, 2015 and 2014 includes $550million, $70million and $268million, respectively, of non-cash tax benefits primarily related to the\nfavorable resolution of various tax positions pertaining to prior years; 2015 reflects the non-cash impact of approximately $1.1billion of tax expense associated with the gain on sale of\nbusinesses. \n\nThe\nforeign currency loss related to Venezuela reduced Abbott\'s cash by approximately $410million in 2016 and is included in the Effect of exchange rate changes on cash and cash\nequivalents line within the Consolidated Statement of Cash Flows. Future fluctuations in the strength of the U.S. dollar against foreign currencies are not expected to materially impact Abbott\'s\nliquidity. \n\nExcluding\nthe proceeds from the November 2016 long-term debt issuance, over 85% of the cash and cash equivalents at December31, 2016 is considered reinvested indefinitely in\nforeign subsidiaries.\nAbbott does not expect such reinvestment to affect its liquidity and capital resources. If these funds were needed for operations in the U.S., Abbott may be required to accrue and pay U.S. income\ntaxes to repatriate these funds. Abbott believes that it has sufficient sources of liquidity to support its assumption that the disclosed amount of undistributed earnings at December31, 2016\ncan be considered to be reinvested indefinitely. \n\nAbbott\nfunded $582million in 2016, $579million in 2015 and $393million in 2014 to defined benefit pension plans. Abbott expects pension funding of approximately\n$364million in 2017 for its pension plans, of which approximately $270million relates to its main domestic pension plan. Abbott expects annual cash flow from operating activities to\ncontinue to exceed Abbott\'s capital expenditures and cash dividends. \n\n43\n\n\n\n\n \n\n\n\n\n\n\n\nDebt and Capital \n\nAt December31, 2016, Abbott\'s long-term debt rating was A+ by Standard& Poor\'s Corporation and A2 by Moody\'s Investors Service.\nIn conjunction with the completion of the St.Jude Medical acquisition on January4, 2017, the ratings were adjusted to BBB by Standard& Poor\'s Corporation and Baa3 by Moody\'s\nInvestors Service. Abbott expects to maintain an investment grade rating. Abbott has readily available financial resources, including unused lines of credit of $5.0billion which expire in 2019\nand that support commercial paper borrowing arrangements. \n\nIn\nNovember 2016, Abbott issued $15.1billion of medium and long-term debt to primarily fund the cash portion of the acquisition of St.Jude Medical. Abbott issued\n$2.85billion of 2.35% Senior Notes due November22, 2019; $2.85billion of 2.90% Senior Notes due November30, 2021; $1.50billion of 3.40% Senior Notes due\nNovember30, 2023; $3.00billion of 3.75% Senior Notes due November30, 2026; $1.65billion of 4.75% Senior Notes due November30, 2036; and $3.25billion of\n4.90% Senior Notes due November30, 2046. In November 2016, Abbott also entered into interest rate swap contracts totaling $3.0billion related to the new debt; the swaps have the effect\nof changing Abbott\'s obligation from a fixed interest rate to a variable interest rate obligation on the related debt instruments. \n\nIn\nApril 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $17.2billion, comprised of $15.2billion\nfor a 364-day bridge loan and $2.0billion for a 120-day bridge loan to provide financing for the acquisition of St.Jude Medical. The $15.2billion component of the commitment\nterminated in November 2016 when Abbott issued the\n$15.1billion of long-term debt. In December 2016, Abbott formalized the $2.0billion component and entered into a 120-day bridge term loan facility that provided Abbott the ability to\nborrow up to $2.0billion on an unsecured basis to partially fund the St.Jude Medical acquisition. On January4, 2017, Abbott borrowed $2.0billion under this facility, of\nwhich $1.2billion had been repaid as of January31, 2017. \n\nIn\nFebruary 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $9billion in conjunction with its pending\nacquisition of Alere. This commitment was automatically extended for up to 90days on January29, 2017. \n\n\nIn\nMarch 2015, Abbott issued $2.5billion of long-term debt consisting of $750million of 2.00% Senior Notes due March15, 2020; $750million of 2.55% Senior\nNotes due March15, 2022; and $1.0billion of 2.95% Senior Notes due March15, 2025. Proceeds from this debt were used to pay down short-term borrowings. In March 2015, Abbott\nalso entered into interest rate swap contracts totaling $2.5billion. These contracts have the effect of changing Abbott\'s obligation from a fixed interest rate to a variable interest rate\nobligation. \n\nIn\n2014, Abbott redeemed approximately $500million of long-term notes that were assumed as part of the acquisition of CFR Pharmaceuticals. \n\n\nIn\nSeptember 2014, the board of directors authorized the repurchase of up to $3.0billion of Abbott\'s common shares from time to time. The 2014 authorization was in addition to\nthe $512million unused portion of a previous program announced in June 2013. In 2016, Abbott repurchased 10.4million shares at a cost of $408million under the program\nauthorized in 2014. In 2015, Abbott repurchased 11.3million shares at a cost of $512million under the unused portion of the 2013 authorization and 36.2million shares at a cost\nof $1.7billion under the program authorized in 2014 for a total of 47.5million shares at a cost of $2.2billion. In 2014, Abbott repurchased 54.6million shares at a cost\nof $2.1billion under the program announced in June 2013. \n\nOn\nApril27, 2016, the board of directors authorized the issuance and sale for general corporate purposes of up to 75million common shares that would result in proceeds of\nup to $3billion. No shares have been issued under this authorization. \n\n44\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\nAbbott\ndeclared dividends of $1.045 per share in 2016 compared to $0.98 per share in 2015, an increase of approximately 7%. Dividends paid were $1.539billion in 2016 compared to\n$1.443billion in 2015. The year-over-year change in dividends reflects the impact of the increase in the dividend rate. \n\n\n\n\n\n\n\nWorking Capital \n\nWorking capital was $20.1billion at December31, 2016 and $5.0billion at December31, 2015. The increase in\nworking capital in 2016 was due to a $13.6billion increase in cash and cash equivalents and a $1.8billion reduction in short-term borrowings, resulting from the proceeds from the\nlong-term debt issued in November 2016 as well as cash generated from operating activities. On January4, 2017, approximately $13.6billion of the $18.6billion in cash and cash\nequivalents at December31, 2016 was used to fund the cash portion of the acquisition of St.Jude Medical. \n\nSubstantially\nall of Abbott\'s trade receivables in Italy, Spain, Portugal, and Greece are with governmental health systems. The collection of outstanding receivables in these countries\nwas stable in\n2015 and 2016. Governmental receivables in these four countries accounted for less than 1percent of Abbott\'s total assets in both years and 6percent of total net trade receivables as\nof December31, 2016, down from 7percent as of December31, 2015. \n\n\nWith\nthe exception of Greece, Abbott historically has collected almost all of the outstanding receivables in these countries. Abbott continues to monitor the credit worthiness of\ncustomers located in these and other geographic areas and establishes an allowance against a trade receivable when it is probable that the balance will not be collected. In addition to closely\nmonitoring economic conditions and budgetary and other fiscal developments in these countries, Abbott regularly communicates with its customers regarding the status of receivable balances, including\ntheir payment plans and obtains positive confirmation of the validity of the receivables. Abbott also monitors the potential for and periodically has utilized factoring arrangements to mitigate credit\nrisk although the receivables included in such arrangements have historically not been a material amount of total outstanding receivables. If government funding were to become unavailable in these\ncountries or if significant adverse changes in their reimbursement practices were to occur, Abbott may not be able to collect the entire balance. \n\n\n\n\n\n\n\nVenezuela Operations \n\nSince January 2010, Venezuela has been designated as a highly inflationary economy under U.S.GAAP. In 2014 and 2015, the government of\nVenezuela operated multiple mechanisms to exchange bolivars into U.S. dollars. These mechanisms included the CENCOEX, SICAD, and SIMADI rates, which stood at 6.3, 13.5, and approximately 200,\nrespectively, at December31, 2015. In 2015, Abbott continued to use the CENCOEX rate of 6.3 Venezuelan bolivars to the U.S. dollar to report the results, financial position, and cash flows\nrelated to its operations in Venezuela since Abbott continued to qualify for this exchange rate to pay for the import of various products into Venezuela. \n\nOn\nFebruary17, 2016, the Venezuelan government announced that the three-tier exchange rate system would be reduced to two rates renamed the DIPRO and DICOM rates. The DIPRO rate\nis the official rate for food and medicine imports and was adjusted from 6.3 to 10 bolivars per U.S. dollar. The DICOM rate is a floating market rate published daily by the Venezuelan central bank,\nwhich at the end of the first quarter of 2016 was approximately 263 bolivars per U.S. dollar. As a result of decreasing government approvals to convert bolivars to U.S. dollars to pay for intercompany\naccounts, as well as the accelerating deterioration of economic conditions in the country, Abbott concluded that it was appropriate to move to the DICOM rate at the end of the first quarter of 2016.\nAs a result, Abbott recorded a foreign currency exchange loss of $480million in 2016 to revalue its net monetary assets in Venezuela. Abbott is continuing to use the DICOM rate to report the\nresults of operations and to remeasure net monetary assets for Venezuela at the end of each quarter. As of December31, 2016, Abbott\'s Venezuelan operations represented approximately 0.1% of\nAbbott\'s consolidated assets and any additional foreign currency losses related to Venezuela are not expected to be material. \n\n45\n\n\n\n\n \n\n\n\n\n\n\n\nCapital Expenditures \n\nCapital expenditures of $1.1billion in 2016, 2015 and 2014 were principally for upgrading and expanding manufacturing and research and\ndevelopment facilities and equipment in various segments, investments in information technology, and laboratory instruments placed with customers. \n\n\n\n\n\n\n\nContractual Obligations \n\nThe table below summarizes Abbott\'s estimated contractual obligations as of December31, 2016. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nPayments Due By Period \n\n\n\n\n\nTotal \n\n2017 \n\n2018-2019 \n\n2020-2021 \n\n2022 and\nThereafter \n\n\n\n\n\n(in millions)\n\n\n\n Long-term debt, including current maturities\n\n\n\n\n$\n20,914\n\n\n\n$\n3\n\n\n\n$\n3,801\n\n\n\n$\n4,198\n\n\n\n$\n12,912\n\n\n\n Interest on debt obligations\n\n\n11,234\n\n\n789\n\n\n1,536\n\n\n1,275\n\n\n7,634\n\n\n\n Operating lease obligations\n\n\n778\n\n\n145\n\n\n234\n\n\n141\n\n\n258\n\n\n\n Capitalized auto lease obligations\n\n\n40\n\n\n13\n\n\n27\n\n\n\n\n\n\n\n\n\n Purchase commitments(a)\n\n\n1,353\n\n\n1,294\n\n\n46\n\n\n12\n\n\n1\n\n\n\n Other long-term liabilities\n\n\n1,431\n\n\n\n\n\n784\n\n\n449\n\n\n198 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Total(b)\n\n\n\n$\n35,750\n\n\n\n$\n2,244\n\n\n\n$\n6,428\n\n\n\n$\n6,075\n\n\n\n$\n21,003 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(a)Purchase\ncommitments are for purchases made in the normal course of business to meet operational and capital expenditure requirements.\n(b)Net\nunrecognized tax benefits totaling approximately $560million are excluded from the table above as Abbott is unable to reasonably estimate the period of\ncash settlement with the respective taxing authorities on such items. See Note14 Taxes on Earnings from Continuing Operations for further details. The company has employee\nbenefit obligations consisting of pensions and other post-employment benefits, including medical and life, which have been excluded from the table. A discussion of the company\'s pension and\npost-retirement plans, including funding matters is included in Note13 Post-employment Benefits. \n \n \n\n\n\n\n\nContingent Obligations \n\nAbbott has periodically entered into agreements with other companies in the ordinary course of business, such as assignment of product rights,\nwhich has resulted in Abbott becoming secondarily liable for obligations that Abbott was previously primarily liable. Since Abbott no longer maintains a business relationship with the other parties,\nAbbott is unable to develop an estimate of the maximum potential amount of future payments, if any, under these obligations. Based upon past experience, the likelihood of payments under these\nagreements is remote. In addition, Abbott periodically acquires a business or product rights in which Abbott agrees to pay contingent consideration based on attaining certain thresholds or based on\nthe occurrence of certain events. \n\n\n\n\n\n\n\n\nLegislative Issues \n\nAbbott\'s primary markets are highly competitive and subject to substantial government regulations throughout the world. Abbott expects debate to\ncontinue over the availability, method of delivery, and payment for health care products and services. It is not possible to predict the extent to which Abbott or the health care industry in general\nmight be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item1, Business, and Item1A, Risk Factors. \n\n46\n\n\n\n\n \n\n\n\n\n\n\n\nRecently Issued Accounting Standards \n\nIn October 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-16, Income Taxes (Topic 740): Intra-Entity\nTransfers of Assets Other Than Inventory, which requires the recognition of the income tax effects of\nintercompany sales and transfers of assets, other than inventory, in the period in which the transfer occurs. The standard becomes effective for Abbott beginning in the first quarter of 2018 and early\nadoption is permitted.\nAbbott is currently evaluating the impact ASU 2016-16 will have on its consolidated financial statements. \n\nIn\nMarch 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. ASU 2016-09 modifies several aspects\nof the accounting for share-based payment transactions, including the accounting for income taxes and classification on the statement of cash flows. The standard becomes effective for Abbott beginning\nin the first quarter of 2017. Abbott does not anticipate that the new guidance will have a material impact on its consolidated financial statements. Abbott cannot predict the impact on its\nconsolidated financial statements in future reporting periods following adoption as this will be dependent upon various factors including the number of shares issued and changes in the price of its\nshares. \n\nIn\nFebruary 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize assets and liabilities for most leases on the\nbalance sheet. The standard becomes effective for Abbott beginning in the first quarter of 2019 and early adoption is permitted. Adoption requires application of the new guidance for all periods\npresented. Abbott is currently evaluating the impact the new guidance will have on its consolidated financial statements. \n\n\nIn\nJanuary 2016, the FASB issued ASU 2016-01, Financial Instruments Recognition and Measurement of Financial Assets and Financial\nLiabilities, which provides new guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. The standard becomes effective for\nAbbott beginning in the first quarter of 2018 and early adoption is permitted. Abbott is currently evaluating the effect, if any, that the standard will have on its consolidated financial statements\nand related disclosures. \n\nIn\nMay 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per\nShare (or its Equivalent), which removes the requirement to categorize in the fair value hierarchy all investments measured at net asset value per share using the practical\nexpedient. This guidance is effective for public business entities for years beginning after December15, 2015. Abbott has adopted this guidance as of December31, 2016, and has applied\nit on a retrospective basis. The adoption of ASU 2015-07 only impacted the form and content of the basis of fair value measurement disclosures related to the assets associated with the defined benefit\nand medical and dental plans and did not have an impact on Abbott\'s consolidated financial position, results of operations or cash flows. \n\nIn\nMay 2014, the FASB issued ASU2014-09, Revenue from Contracts with Customers, which provides a single comprehensive model for\naccounting for revenue from contracts with customers and will supersede most existing revenue recognition guidance. The standard becomes effective for Abbott in the first quarter of 2018. Abbott is\ncontinuing to evaluate the effect that the standard will have on its consolidated financial statements and related disclosures including the areas of variable consideration and new disclosure\nrequirements. Abbott will continue to monitor additional modifications, clarifications or interpretations undertaken by the FASB that may impact Abbott\'s current conclusions. Abbott is currently\nexpecting to use the modified retrospective method to adopt this standard. \n\n\n\n\n\n\n\nPrivate Securities Litigation Reform Act of 1995 A Caution Concerning\nForward-Looking Statements \n\nUnder the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Abbott cautions investors that any forward-looking\nstatements or projections made by Abbott, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected.\nEconomic, competitive, governmental, technological and other factors that may affect Abbott\'s operations are discussed in Item1A, Risk Factors. \n\n47\n\n\n\n\n \n\n \n ITEM 7A.QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK \n\n \n Financial Instruments and Risk Management \n\n\n\n\n\n\n\nMarket Price Sensitive Investments \n\nThe fair value of the available-for-sale equity securities held by Abbott was approximately $2.7billion and $3.8billion as of\nDecember31, 2016 and 2015, respectively. The\nyear-over-year decrease is primarily due to a decline in the share price of the ordinary shares of MylanN.V. that Abbott received in the sale of its developed markets branded generics\npharmaceuticals business and that it continued to hold at December31, 2016. All available-for-sale equity securities are subject to potential changes in fair value. A hypothetical\n20percent decrease in the share prices of these investments would decrease their fair value at December31, 2016 by approximately $540million. Abbott monitors these investments\nfor other than temporary declines in fair value, and charges impairment losses to income when an other than temporary decline in fair value occurs. \n\n\n\n\n\n\n\nNon-Publicly Traded Equity Securities \n\nAbbott holds equity securities from strategic technology acquisitions that are not traded on public stock exchanges. The carrying value of these\ninvestments was approximately $151million and $120million as of December31, 2016 and 2015, respectively. No individual investment is recorded at a value in excess of\n$35million. 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\nvalue occurs. \n\n\n\n\n\n\n\nInterest Rate Sensitive Financial Instruments \n\nAt December31, 2016 and 2015, Abbott had interest rate hedge contracts totaling $5.5billion and $4.0billion,\nrespectively, 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\nhedged. 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 December31,\n2016, Abbott had $0.9billion of domestic commercial paper outstanding with an average annual interest rate of 0.91% with an average remaining life of 17days. The fair value of\nlong-term debt at December31, 2016 and 2015 amounted to $21.1billion and $6.3billion, respectively (average interest rates of 3.8% and 4.1% as of December31, 2016 and\n2015, respectively) with maturities through 2046. At December31, 2016 and 2015, the fair value of current and long-term investment securities amounted to approximately $3.1billion and\n$5.2billion, 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\nbelieved to be a reasonably possible near-term change in rates.) \n\n\n\n\n\n\n\nForeign Currency Sensitive Financial Instruments \n\nCertain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange\nrates 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\ncash 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\nwill be included in Cost of products sold at the time the products are sold, generally within the next twelve to eighteen months. At December31, 2016 and 2015, Abbott held $2.6billion\nand $2.4billion, respectively, of such contracts. Contracts held at December31, 2016 will mature in 2017 or 2018 depending upon the contract. Contracts held at December31, 2015\nmatured in 2016 or will mature in 2017 depending upon the contract. At December31, 2016, $107million of the notional amount relates to AMO, a business that is expected to be divested\nin the first quarter of 2017. \n\n48\n\n\n\n\n \n\nAbbott\nenters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated intercompany loans and trade payables and third-party trade payables\nand 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.\nAt December31, 2016 and 2015, Abbott held $14.9billion and $14.0billion, respectively, of such contracts, which generally mature in the next twelve months. At\nDecember31, 2016, $1.2billion of the contracts relate to AMO, a business that is expected to be divested in the first quarter of 2017. \n\nAbbott\nhas designated foreign denominated short-term debt of approximately $454million and approximately $439million as of December31, 2016 and 2015,\nrespectively, as a hedge of the net investment in a foreign subsidiary. Accordingly, changes in the fair value of this debt due to changes in exchange rates are recorded in Accumulated other\ncomprehensive income (loss), net of tax. \n\nThe\nfollowing table reflects the total foreign currency forward contracts outstanding at December31, 2016 and 2015: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n\n\n\n\nContract\nAmount \n\nWeighted\nAverage\nExchange\nRate \n\nFair and\nCarrying Value\nReceivable/\n(Payable) \n\nContract\nAmount \n\nWeighted\nAverage\nExchange\nRate \n\nFair and\nCarrying Value\nReceivable/\n(Payable) \n\n\n\n\n\n(dollars in millions)\n\n\n\n Primarily U.S. Dollars\nto be exchanged for\nthe following currencies:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Euro\n\n\n\n$\n11,110\n\n\n1.0570\n\n\n\n$\n28\n\n\n\n$\n8,999\n\n\n1.0943\n\n\n\n$\n67\n\n\n\n British Pound\n\n\n514\n\n\n1.2817\n\n\n15\n\n\n1,531\n\n\n1.5098\n\n\n6\n\n\n\n Japanese Yen\n\n\n1,024\n\n\n110.6955\n\n\n44\n\n\n711\n\n\n121.8078\n\n\n(1\n)\n\n\n Canadian Dollar\n\n\n639\n\n\n1.3378\n\n\n3\n\n\n312\n\n\n1.2917\n\n\n18\n\n\n\n All other currencies\n\n\n4,166\n\n\nN/A\n\n\n104\n\n\n4,880\n\n\nN/A\n\n\n(13\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n17,453\n\n\n\n\n\n\n$\n194\n\n\n\n$\n16,433\n\n\n\n\n\n\n$\n77 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 49\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n\n ITEM 8.FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA \n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nPage \n\n\n\n Consolidated Statement of Earnings\n\n\n51\n\n\n\n Consolidated Statement of Comprehensive Income\n\n\n52\n\n\n\n Consolidated Statement of Cash Flows\n\n\n53\n\n\n\n Consolidated Balance Sheet\n\n\n54\n\n\n\n Consolidated Statement of Shareholders\' Investment\n\n\n56\n\n\n\n Notes to Consolidated Financial Statements\n\n\n57\n\n\n\n Management Report on Internal Control Over Financial Reporting\n\n\n91\n\n\n\n Report of Independent Registered Public Accounting Firm\n\n\n92\n\n\n\n Report of Independent Registered Public Accounting Firm\n\n\n93\n\n\n\n\n\n \n 50\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n Abbott Laboratories and Subsidiaries Consolidated Statement of Earnings (in millions except per share data) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Net Sales\n\n\n\n$\n20,853\n\n\n\n$\n20,405\n\n\n\n$\n20,247 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Cost of products sold, excluding amortization of intangible assets\n\n\n9,024\n\n\n8,747\n\n\n9,218\n\n\n\n Amortization of intangible assets\n\n\n550\n\n\n601\n\n\n555\n\n\n\n Research and development\n\n\n1,422\n\n\n1,405\n\n\n1,345\n\n\n\n Selling, general and administrative\n\n\n6,672\n\n\n6,785\n\n\n6,530 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Operating Cost and Expenses\n\n\n17,668\n\n\n17,538\n\n\n17,648 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Operating Earnings\n\n\n3,185\n\n\n2,867\n\n\n2,599\n\n\n\n Interest expense\n\n\n431\n\n\n163\n\n\n150\n\n\n\n Interest income\n\n\n(99\n)\n\n(105\n)\n\n(77\n)\n\n\n Net loss on extinguishment of debt\n\n\n\n\n\n\n\n\n18\n\n\n\n Net foreign exchange (gain) loss\n\n\n495\n\n\n(93\n)\n\n(24\n)\n\n\n Other (income) expense, net\n\n\n945\n\n\n(281\n)\n\n14 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Earnings from Continuing Operations Before Taxes\n\n\n1,413\n\n\n3,183\n\n\n2,518\n\n\n\n Taxes on Earnings from Continuing Operations\n\n\n350\n\n\n577\n\n\n797 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Earnings from Continuing Operations\n\n\n1,063\n\n\n2,606\n\n\n1,721\n\n\n\n Earnings from Discontinued Operations, net of taxes\n\n\n\n321\n\n\n\n65\n\n\n\n563\n\n\n\n Gain on sale of Discontinued Operations, net of taxes\n\n\n16\n\n\n1,752\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Earnings from Discontinued Operations, net of taxes\n\n\n337\n\n\n1,817\n\n\n563 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Earnings\n\n\n\n$\n1,400\n\n\n\n$\n4,423\n\n\n\n$\n2,284 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Basic Earnings Per Common Share\n\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations\n\n\n\n$\n0.71\n\n\n\n$\n1.73\n\n\n\n$\n1.13\n\n\n\n Discontinued Operations\n\n\n0.23\n\n\n1.21\n\n\n0.37\n\n\n\n Net Earnings\n\n\n\n$\n0.94\n\n\n\n$\n2.94\n\n\n\n$\n1.50\n\n\n\n Diluted Earnings Per Common Share\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations\n\n\n\n$\n0.71\n\n\n\n$\n1.72\n\n\n\n$\n1.12\n\n\n\n Discontinued Operations\n\n\n0.23\n\n\n1.20\n\n\n0.37\n\n\n\n Net Earnings\n\n\n\n$\n0.94\n\n\n\n$\n2.92\n\n\n\n$\n1.49\n\n\n\n Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share\n\n\n\n1,477\n\n\n\n1,496\n\n\n\n1,516\n\n\n\n Dilutive Common Stock Options\n\n\n6\n\n\n10\n\n\n11 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options\n\n\n1,483\n\n\n1,506\n\n\n1,527 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Outstanding Common Stock Options Having No Dilutive Effect\n\n\n5\n\n\n1\n\n\n1 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n51\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n Abbott Laboratories and Subsidiaries Consolidated Statement of Comprehensive Income (in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Net Earnings\n\n\n\n$\n1,400\n\n\n\n$\n4,423\n\n\n\n$\n2,284\n\n\n\n Foreign currency translation (loss) adjustments\n\n\n(130\n)\n\n(2,013\n)\n\n(2,206\n)\n\n\n Net actuarial gains (losses) and prior service cost and credits and amortization of net actuarial losses and prior service cost and credits, net of taxes\nof $(125)in 2016, $101 in 2015 and $(459)in 2014\n\n\n(326\n)\n\n252\n\n\n(917\n)\n\n\n Unrealized gains (losses) on marketable equity securities, net of taxes of $(28) in 2016, $104 in 2015 and $(7) in 2014\n\n\n(134\n)\n\n64\n\n\n(12\n)\n\n\n Net (losses) gains on derivative instruments designated as cash flow hedges, net of taxes of $(4) in 2016, $(9) in 2015 and $24 in 2014\n\n\n(15\n)\n\n(35\n)\n\n94 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Other Comprehensive (Loss) Income\n\n\n(605\n)\n\n(1,732\n)\n\n(3,041\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Comprehensive Income (Loss)\n\n\n\n$\n795\n\n\n\n$\n2,691\n\n\n\n$\n(757\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Supplemental Accumulated Other Comprehensive Income Information, net of tax as of December31:\n\n\n\n\n\n\n\n\n\n\n\n\n Cumulative foreign currency translation (loss) adjustments\n\n\n\n$\n(4,959\n)\n\n\n$\n(4,829\n)\n\n\n$\n(2,924\n)\n\n\n Net actuarial (losses) and prior service (cost) and credits\n\n\n(2,284\n)\n\n(1,958\n)\n\n(2,229\n)\n\n\n Cumulative unrealized (losses) gains on marketable equity securities\n\n\n(69\n)\n\n65\n\n\n1\n\n\n\n Cumulative gains on derivative instruments designated as cash flow hedges\n\n\n49\n\n\n64\n\n\n99\n\n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n52\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n Abbott Laboratories and Subsidiaries Consolidated Statement of Cash Flows (in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Cash Flow From (Used in) Operating Activities:\n\n\n\n\n\n\n\n\n\n\n\n\n Net earnings\n\n\n\n$\n1,400\n\n\n\n$\n4,423\n\n\n\n$\n2,284\n\n\n\n Adjustments to reconcile earnings to net cash from operating activities\n\n\n\n\n\n\n\n\n\n\n\n\n Depreciation\n\n\n803\n\n\n871\n\n\n918\n\n\n\n Amortization of intangible assets\n\n\n550\n\n\n601\n\n\n630\n\n\n\n Share-based compensation\n\n\n310\n\n\n292\n\n\n246\n\n\n\n Impact of currency devaluation\n\n\n480\n\n\n\n\n\n\n\n\n\n Investing and financing (gains) losses, net\n\n\n86\n\n\n(18\n)\n\n69\n\n\n\n Amortization of bridge financing fees\n\n\n165\n\n\n\n\n\n\n\n\n\n Net loss on extinguishment of debt\n\n\n\n\n\n\n\n\n18\n\n\n\n Gain on sale of discontinued operations\n\n\n(25\n)\n\n(2,840\n)\n\n\n\n\n\n MylanN.V. equity investment adjustment\n\n\n947\n\n\n\n\n\n\n\n\n\n Gain on sale of MylanN.V. shares\n\n\n\n\n\n(207\n)\n\n\n\n\n\n Trade receivables\n\n\n(177\n)\n\n(171\n)\n\n(195\n)\n\n\n Inventories\n\n\n(98\n)\n\n(257\n)\n\n(297\n)\n\n\n Prepaid expenses and other assets\n\n\n113\n\n\n57\n\n\n30\n\n\n\n Trade accounts payable and other liabilities\n\n\n(652\n)\n\n(742\n)\n\n(225\n)\n\n\n Income taxes\n\n\n(699\n)\n\n957\n\n\n197 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Cash From Operating Activities\n\n\n3,203\n\n\n2,966\n\n\n3,675 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Cash Flow From (Used in) Investing Activities:\n\n\n\n\n\n\n\n\n\n\n\n\n Acquisitions of property and equipment\n\n\n(1,121\n)\n\n(1,110\n)\n\n(1,077\n)\n\n\n Acquisitions of businesses and technologies, net of cash acquired\n\n\n(80\n)\n\n(235\n)\n\n(3,317\n)\n\n\n Proceeds from business dispositions\n\n\n25\n\n\n230\n\n\n5\n\n\n\n Proceeds from the sale of MylanN.V. shares\n\n\n\n\n\n2,290\n\n\n\n\n\n\n Purchases of investment securities\n\n\n(2,823\n)\n\n(4,933\n)\n\n(1,507\n)\n\n\n Proceeds from sales of investment securities\n\n\n3,709\n\n\n4,112\n\n\n5,624\n\n\n\n Other\n\n\n42\n\n\n52\n\n\n70 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Cash From (Used in) Investing Activities\n\n\n(248\n)\n\n406\n\n\n(202\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Cash Flow From (Used in) Financing Activities:\n\n\n\n\n\n\n\n\n\n\n\n\n Proceeds from issuance of (repayments of) short-term debt and other\n\n\n(1,767\n)\n\n(1,281\n)\n\n1,343\n\n\n\n Proceeds from issuance of long-term debt and debt with maturities over 3months\n\n\n14,934\n\n\n2,485\n\n\n\n\n\n\n Repayments of long-term debt and debt with maturities over 3months\n\n\n(12\n)\n\n(57\n)\n\n(577\n)\n\n\n Payment of bridge financing fees\n\n\n(170\n)\n\n\n\n\n\n\n\n\n Acquisition and contingent consideration payments related to business acquisitions\n\n\n(25\n)\n\n(17\n)\n\n(400\n)\n\n\n Purchases of common shares\n\n\n(522\n)\n\n(2,237\n)\n\n(2,195\n)\n\n\n Proceeds from stock options exercised, including income tax benefit\n\n\n248\n\n\n314\n\n\n429\n\n\n\n Dividends paid\n\n\n(1,539\n)\n\n(1,443\n)\n\n(1,342\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Cash From (Used in) Financing Activities\n\n\n11,147\n\n\n(2,236\n)\n\n(2,742\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Effect of exchange rate changes on cash and cash equivalents\n\n\n(483\n)\n\n(198\n)\n\n(143\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net (Decrease) Increase in Cash and Cash Equivalents\n\n\n13,619\n\n\n938\n\n\n588\n\n\n\n Cash and Cash Equivalents, Beginning of Year\n\n\n5,001\n\n\n4,063\n\n\n3,475 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Cash and Cash Equivalents, End of Year\n\n\n\n$\n18,620\n\n\n\n$\n5,001\n\n\n\n$\n4,063 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Supplemental Cash Flow Information:\n\n\n\n\n\n\n\n\n\n\n\n\n Income taxes paid\n\n\n\n$\n620\n\n\n\n$\n631\n\n\n\n$\n448\n\n\n\n Interest paid\n\n\n181\n\n\n166\n\n\n146\n\n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n53\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Consolidated Balance Sheet\n(dollars in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDecember31 \n\n\n\n\n\n2016 \n\n2015 \n\n\n\n Assets\n\n\n\n\n\n\n\n\n\n Current Assets:\n\n\n\n\n\n\n\n\n\n Cash and cash equivalents\n\n\n\n$\n18,620\n\n\n\n$\n5,001\n\n\n\n Investments, primarily bank time deposits and U.S. treasury bills\n\n\n155\n\n\n1,124\n\n\n\n Trade receivables, less allowances of 2016: $250; 2015: $337\n\n\n3,248\n\n\n3,418\n\n\n\n Inventories:\n\n\n\n\n\n\n\n\n\n Finished products\n\n\n1,624\n\n\n1,744\n\n\n\n Work in process\n\n\n294\n\n\n316\n\n\n\n Materials\n\n\n516\n\n\n539 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total inventories\n\n\n2,434\n\n\n2,599\n\n\n\n Other prepaid expenses and receivables\n\n\n1,806\n\n\n1,908\n\n\n\n Current assets held for disposition\n\n\n513\n\n\n105 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Current Assets\n\n\n26,776\n\n\n14,155 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Investments\n\n\n2,947\n\n\n4,041\n\n\n\n Property and Equipment, at Cost:\n\n\n\n\n\n\n\n\n\n Land\n\n\n408\n\n\n432\n\n\n\n Buildings\n\n\n2,602\n\n\n2,769\n\n\n\n Equipment\n\n\n8,394\n\n\n8,254\n\n\n\n Construction in progress\n\n\n962\n\n\n928 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n12,366\n\n\n12,383\n\n\n\n Less: accumulated depreciation and amortization\n\n\n6,661\n\n\n6,653 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net Property and Equipment\n\n\n5,705\n\n\n5,730 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Intangible Assets, net of amortization\n\n\n4,539\n\n\n5,562\n\n\n\n Goodwill\n\n\n7,683\n\n\n9,638\n\n\n\n Deferred Income Taxes and Other Assets\n\n\n2,263\n\n\n2,119\n\n\n\n Non-current Assets Held for Disposition\n\n\n2,753\n\n\n2 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n$\n52,666\n\n\n\n$\n41,247 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 54\n\n\n\n\n \n \n Abbott Laboratories and Subsidiaries Consolidated Balance Sheet (dollars in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDecember31 \n\n\n\n\n\n2016 \n\n2015 \n\n\n\n Liabilities and Shareholders\' Investment\n\n\n\n\n\n\n\n\n\n Current Liabilities:\n\n\n\n\n\n\n\n\n\n Short-term borrowings\n\n\n\n$\n1,322\n\n\n\n$\n3,127\n\n\n\n Trade accounts payable\n\n\n1,178\n\n\n1,081\n\n\n\n Salaries, wages and commissions\n\n\n752\n\n\n746\n\n\n\n Other accrued liabilities\n\n\n2,581\n\n\n3,043\n\n\n\n Dividends payable\n\n\n391\n\n\n383\n\n\n\n Income taxes payable\n\n\n188\n\n\n430\n\n\n\n Current portion of long-term debt\n\n\n3\n\n\n3\n\n\n\n Current liabilities held for disposition\n\n\n245\n\n\n373 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Current Liabilities\n\n\n6,660\n\n\n9,186 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Long-term Debt\n\n\n20,681\n\n\n5,871\n\n\n\n Post-employment Obligations and other long-term liabilities\n\n\n4,549\n\n\n4,864\n\n\n\n Non-current liabilities held for disposition\n\n\n59\n\n\n\n\n\n\n Commitments and Contingencies\n\n\n\n\n\n\n\n\n\n Shareholders\' Investment:\n\n\n\n\n\n\n\n\n\n Preferred shares, one dollar par value Authorized 1,000,000 shares, none issued\n\n\n\n\n\n\n\n\n\n Common shares, without par value Authorized 2,400,000,000 shares Issued at stated capital amount Shares: 2016: 1,707,475,455;\n2015: 1,702,017,390\n\n\n13,027\n\n\n12,734\n\n\n\n Common shares held in treasury, at cost Shares: 2016: 234,606,250; 2015: 229,352,338\n\n\n(10,791\n)\n\n(10,622\n)\n\n\n Earnings employed in the business\n\n\n25,565\n\n\n25,757\n\n\n\n Accumulated other comprehensive income (loss)\n\n\n(7,263\n)\n\n(6,658\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Abbott Shareholders\' Investment\n\n\n20,538\n\n\n21,211\n\n\n\n Noncontrolling Interests in Subsidiaries\n\n\n179\n\n\n115 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Shareholders\' Investment\n\n\n20,717\n\n\n21,326 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n$\n52,666\n\n\n\n$\n41,247 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n55\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n Abbott Laboratories and Subsidiaries Consolidated Statement of Shareholders\' Investment (in millions except shares and per share data) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Common Shares:\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2016: 1,702,017,390; 2015: 1,694,929,949; 2014: 1,685,827,096\n\n\n\n$\n12,734\n\n\n\n$\n12,383\n\n\n\n$\n12,048\n\n\n\n Issued under incentive stock programs\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2016: 5,458,065; 2015: 7,087,441; 2014: 9,102,853\n\n\n222\n\n\n289\n\n\n404\n\n\n\n Share-based compensation\n\n\n311\n\n\n292\n\n\n245\n\n\n\n Issuance of restricted stock awards\n\n\n(240\n)\n\n(230\n)\n\n(314\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2016: 1,707,475,455; 2015: 1,702,017,390; 2014: 1,694,929,949\n\n\n\n$\n13,027\n\n\n\n$\n12,734\n\n\n\n$\n12,383 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Common Shares Held in Treasury:\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2016: 229,352,338; 2015: 186,894,515; 2014: 137,728,810\n\n\n\n$\n(10,622\n)\n\n\n$\n(8,678\n)\n\n\n$\n(6,844\n)\n\n\n Issued under incentive stock programs\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2016: 5,398,469; 2015: 5,381,586; 2014: 5,818,599\n\n\n250\n\n\n250\n\n\n283\n\n\n\n Purchased\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2016: 10,652,381; 2015: 47,839,409; 2014: 54,984,304\n\n\n(419\n)\n\n(2,194\n)\n\n(2,117\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n\n\n\n\n\n\n\n\n\n Shares: 2016: 234,606,250; 2015: 229,352,338; 2014: 186,894,515\n\n\n\n$\n(10,791\n)\n\n\n$\n(10,622\n)\n\n\n$\n(8,678\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Earnings Employed in the Business:\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n$\n25,757\n\n\n\n$\n22,874\n\n\n\n$\n21,979\n\n\n\n Net earnings\n\n\n1,400\n\n\n4,423\n\n\n2,284\n\n\n\n Cash dividends declared on common shares (per share 2016: $1.045; 2015: $0.98; 2014: $0.90)\n\n\n(1,547\n)\n\n(1,464\n)\n\n(1,363\n)\n\n\n Effect of common and treasury share transactions\n\n\n(45\n)\n\n(76\n)\n\n(26\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n$\n25,565\n\n\n\n$\n25,757\n\n\n\n$\n22,874 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Accumulated Other Comprehensive Income (Loss):\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n$\n(6,658\n)\n\n\n$\n(5,053\n)\n\n\n$\n(2,012\n)\n\n\n Business dispositions / separation\n\n\n\n\n\n127\n\n\n\n\n\n\n Other comprehensive income (loss)\n\n\n(605\n)\n\n(1,732\n)\n\n(3,041\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n$\n(7,263\n)\n\n\n$\n(6,658\n)\n\n\n$\n(5,053\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Noncontrolling Interests in Subsidiaries:\n\n\n\n\n\n\n\n\n\n\n\n\n Beginning of Year\n\n\n\n$\n115\n\n\n\n\n$\n113\n\n\n\n$\n96\n\n\n\n Noncontrolling Interests\' share of income, business combinations, net of distributions and share repurchases\n\n\n64\n\n\n2\n\n\n17 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n End of Year\n\n\n\n$\n179\n\n\n\n$\n115\n\n\n\n$\n113 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\naccompanying notes to consolidated financial statements are an integral part of this statement. \n\n56\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n Abbott Laboratories and Subsidiaries Notes to Consolidated Financial Statements \n\n\n\n\n\n\n\nNote1 Summary of Significant Accounting Policies \n\n\nNATURE OF BUSINESS Abbott\'s principal business is the discovery, development, manufacture and sale of a broad line of health care products. \n\nCHANGES\nIN PRESENTATION In September 2016, Abbott announced that it had entered into an agreement to sell Abbott Medical Optics (AMO), its vision care business, to\nJohnson& Johnson. The transaction is expected to close in the first quarter of 2017 and is subject to customary closing conditions, including regulatory approvals. The operating results of AMO\nare reported as part of continuing operations as AMO does not qualify for reporting as a discontinued operation. The assets and liabilities of AMO are reported as held for disposition in Abbott\'s\nConsolidated Balance Sheet at December31, 2016. \n\nOn\nFebruary27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business to MylanInc. (Mylan) for equity ownership of a newly\nformed entity that combined Mylan\'s existing business and Abbott\'s developed markets pharmaceuticals business. On February10, 2015, Abbott completed the sale of its animal health business to\nZoetisInc. The historical operating results of these two businesses up to the date of sale are excluded from Earnings from Continuing Operations and are presented on the Earnings from\nDiscontinued Operations line in Abbott\'s Consolidated Statement of Earnings. The cash flows of these businesses are included in Abbott\'s Consolidated Statement of Cash Flows up to the date of\ndisposition. See Note2 Discontinued Operations for additional information. \n\nBASIS\nOF CONSOLIDATION The consolidated financial statements include the accounts of the parent company and subsidiaries, after elimination of intercompany\ntransactions. \n\nUSE\nOF ESTIMATES The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States and\nnecessarily include amounts based on estimates and assumptions by management. Actual results could differ from those\namounts. Significant estimates include amounts for sales rebates; income taxes; pension and other post-employment benefits, including certain asset values that are based on significant unobservable\ninputs; valuation of intangible assets; litigation; derivative financial instruments; and inventory and accounts receivable exposures. \n\nFOREIGN\nCURRENCY TRANSLATION The statements of earnings of foreign subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S.\ndollars using average exchange rates for the period. The net assets of foreign subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S. dollars using exchange\nrates as of the balance sheet date. The U.S. dollar effects that arise from translating the net assets of these subsidiaries at changing rates are recorded in the foreign currency translation\nadjustment account, which is included in equity as a component of Accumulated other comprehensive income (loss). Transaction gains and losses are recorded on the Net foreign exchange (gain) loss line\nof the Consolidated Statement of Earnings. \n\nREVENUE\nRECOGNITION Revenue from product sales is recognized upon passage of title and risk of loss to customers. Provisions for discounts, rebates and sales\nincentives to customers, and returns and other adjustments are provided for in the period the related sales are recorded. Sales incentives to customers are not material. Historical data is readily\navailable and reliable, and is used for estimating the amount of the reduction in gross sales. Revenue from the launch of a new product, from an improved version of an existing product, or for\nshipments in excess of a customer\'s normal requirements are recorded when the conditions noted above are met. In those situations, management records a returns reserve for such revenue, if necessary.\nIn certain of Abbott\'s businesses, primarily within diagnostics and medical optics, Abbott participates in selling arrangements that include multiple deliverables \n\n57\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote1 Summary of Significant Accounting Policies (Continued) \n\n(e.g.,instruments,\nreagents, procedures, and service agreements). Under these arrangements, Abbott recognizes revenue upon delivery of the product or performance of the service and allocates\nthe revenue based on the relative selling price of each deliverable, which is based primarily on vendor specific objective evidence. Sales of product rights for marketable products are recorded as\nrevenue upon disposition of the rights. Revenue from license of product rights, or for performance of research or selling activities, is recorded over the periods earned. \n\nIn\nMay 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No.2014-09, Revenue from Contracts with\nCustomers, which provides a single comprehensive model for accounting for revenue from contracts with customers and will supersede most existing revenue recognition guidance.\nThe standard becomes effective for Abbott in the first quarter of 2018. Abbott is continuing to evaluate the effect that the standard will have on its consolidated financial statements and related\ndisclosures including the areas of variable consideration and new disclosure requirements. Abbott will continue to monitor additional modifications, clarifications or interpretations\nundertaken by the FASB that may impact Abbott\'s current conclusions. Abbott is currently expecting to use the modified retrospective method to adopt this standard. \n\nINCOME\nTAXES Deferred income taxes are provided for the tax effect of differences between the tax bases of assets and liabilities and their reported amounts in the\nfinancial statements at the enacted statutory rate to be in effect when the taxes are paid. U.S. income taxes are provided on those earnings of foreign subsidiaries which are intended to be remitted\nto the parent company. Deferred income taxes are not provided on undistributed earnings reinvested indefinitely in foreign subsidiaries. Interest and penalties on income tax obligations are included\nin taxes on income. \n\nEARNINGS\nPER SHARE Unvested restricted stock units and awards that contain non-forfeitable rights to dividends are treated as participating securities and are\nincluded in the computation of earnings per share under the two-class method. Under the two-class method, net earnings are allocated between common shares and participating securities. Earnings from\nContinuing Operations allocated to common shares in 2016, 2015 and 2014 were $1.057billion, $2.595billion and $1.713billion, respectively. Net earnings allocated to common\nshares in 2016, 2015 and 2014 were $1.393billion, $4.403billion and $2.273billion, respectively. \n\nPENSION\nAND POST-EMPLOYMENT BENEFITS Abbott accrues for the actuarially determined cost of pension and post-employment benefits over the service attribution periods\nof the employees. Abbott must develop long-term assumptions, the most significant of which are the health care cost trend rates, discount rates and the expected return on plan assets. Differences\nbetween the expected long-term return on plan assets and the actual return are amortized over a five-year period. Actuarial losses and gains are amortized over the remaining service attribution\nperiods of the employees under the corridor method. \n\nFAIR\nVALUE MEASUREMENTS For assets and liabilities that are measured using quoted prices in active markets, total fair value is the published market price per unit\nmultiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are valued by reference to similar\nassets or liabilities, adjusted for contract restrictions and other terms specific to that asset or liability. For these items, a significant portion of fair value is derived by reference to quoted\nprices of similar assets or liabilities in active markets. For all remaining assets and liabilities, fair value is derived using a fair value model, such as a discounted cash flow model or\nBlack-Scholes model. Purchased intangible assets are recorded at fair value. The fair value of \n\n58\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote1 Summary of Significant Accounting Policies (Continued) \n\nsignificant\npurchased intangible assets is based on independent appraisals. Abbott uses a discounted cash flow model to value intangible assets. The discounted cash flow model requires assumptions\nabout\nthe timing and amount of future net cash flows, risk, the cost of capital, terminal values and market participants. Intangible assets are reviewed for impairment on a quarterly basis. Goodwill and\nindefinite-lived intangible assets are tested for impairment at least annually. \n\n\nSHARE-BASED\nCOMPENSATION The fair value of stock options and restricted stock awards and units are amortized over their requisite service period, which could be\nshorter than the vesting period if an employee is retirement eligible, with a charge to compensation expense. \n\nLITIGATION\nAbbott accounts for litigation losses in accordance with FASB ASC No.450, "Contingencies." Under ASC No.450, loss contingency provisions\nare recorded for probable losses at management\'s best estimate of a loss, or when a best estimate cannot be made, a minimum loss contingency amount is recorded. Legal fees are recorded as incurred. \n\n\nCASH,\nCASH EQUIVALENTS AND INVESTMENTS Cash equivalents consist of bank time deposits, U.S. government securities money market funds and U.S. treasury bills with\noriginal maturities of three months or less. An investment in a publicly traded company, with a carrying value of approximately $58million, is accounted for under the equity method of\naccounting. All other investments in marketable equity securities are classified as available-for-sale and are recorded at fair value with any unrealized holding gains or losses, net of tax, included\nin Accumulated other comprehensive income (loss). Investments in equity securities that are not traded on public stock exchanges are recorded at cost. Investments in debt securities are classified as\nheld-to-maturity, as management has both the intent and ability to hold these securities to maturity, and are reported at cost, net of any unamortized premium or discount. Income relating to these\nsecurities is reported as interest income. \n\nAbbott\nreviews the carrying value of investments each quarter to determine whether an other than temporary decline in fair value exists. Abbott considers factors affecting the investee,\nfactors affecting the industry the investee operates in and general equity market trends. Abbott considers the length of time an investment\'s fair value has been below carrying value and the near-term\nprospects for recovery to carrying value. When Abbott determines that an other than temporary decline has occurred, the investment is written down with a charge to Other (income) expense, net. \n\n\nTRADE\nRECEIVABLE VALUATIONS Accounts receivable are stated at their net realizable value. The allowance against gross trade receivables reflects the best estimate of\nprobable losses inherent in the receivables portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other currently available information.\nAccounts receivable are charged off after all reasonable means to collect the full amount (including litigation, where appropriate) have been exhausted. \n\nINVENTORIES\nInventories are stated at the lower of cost (first-in, first-out basis) or market. Cost includes material and conversion costs. \n\n\nPROPERTY\nAND EQUIPMENT Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. The following table shows\nestimated useful lives of property and equipment: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\nClassification\n\n\n\n \n\nEstimated Useful Lives \n\n\n Buildings\n\n10 to 50years (average 27years)\n\n\n Equipment\n\n3 to 20years (average 11years)\n\n\n\n \n 59\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote1 Summary of Significant Accounting Policies (Continued) \n\nPRODUCT\nLIABILITY Abbott accrues for product liability claims when it is probable that a liability has been incurred and the amount of the liability can be\nreasonably estimated based on existing information. The liabilities are adjusted quarterly as additional information becomes available. Receivables for insurance recoveries for product liability\nclaims are recorded as assets, on an undiscounted basis, when it is probable that a recovery will be realized. Product liability losses are self-insured. \n\nRESEARCH\nAND DEVELOPMENT COSTS Internal research and development costs are expensed as incurred. Clinical trial costs incurred by third parties are expensed as the\ncontracted work is performed. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the\nmilestone results are achieved. \n\nACQUIRED\nIN-PROCESS AND COLLABORATIONS RESEARCH AND DEVELOPMENT (IPR&D) The initial costs of rights to IPR&D projects obtained in an asset acquisition are expensed\nas IPR&D unless the project has an alternative future use. These costs include initial payments incurred prior to regulatory approval in connection with research and development collaboration\nagreements that provide rights to develop, manufacture, market and/or sell pharmaceutical products. The fair value of IPR&D projects acquired in a business combination are capitalized and accounted\nfor as indefinite-lived intangible assets until completed and are then amortized over the remaining useful life. Collaborations are not significant. \n\nCONCENTRATION\nOF RISK AND GUARANTEES Due to the nature of its operations, Abbott is not subject to significant concentration risks relating to customers, products or\ngeographic locations. Governmental accounts in Italy, Spain, Greece and Portugal accounted for 6percent and 7percent of total net trade receivables as of December31, 2016 and\n2015, respectively. Product warranties are not significant. \n\nAbbott\nhas no material exposures to off-balance sheet arrangements; no special purpose entities; nor activities that include non-exchange-traded contracts accounted for at fair value.\nAbbott has periodically entered into agreements in the ordinary course of business, such as assignment of product rights, with other companies, which has resulted in Abbott becoming secondarily liable\nfor obligations that Abbott was previously primarily liable. Since Abbott no longer maintains a business relationship with the other parties, Abbott is unable to develop an estimate of the maximum\npotential amount of future payments, if any, under these obligations. Based upon past experience, the likelihood of payments under these agreements is remote. Abbott periodically acquires a business\nor product rights in which Abbott agrees to pay contingent consideration based on attaining certain thresholds or based on the occurrence of certain events. \n\n\n\n\n\n\n\nNote2 Discontinued Operations \n\n\nOn February27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business to MylanInc. (Mylan) for 110million shares (or\napproximately 22%) of a newly formed entity (MylanN.V.) that combined Mylan\'s existing business and Abbott\'s developed markets branded generics pharmaceuticals business. MylanN.V. is\npublicly traded. Historically, this business was included in Abbott\'s Established Pharmaceutical Products segment. Abbott retained its branded generics pharmaceuticals business in emerging markets. At\nthe date of closing, the 110million MylanN.V. shares that Abbott received were valued at $5.77billion and Abbott recorded an after-tax gain on the sale of the business of\napproximately $1.6billion. The shareholder agreement with MylanN.V. includes voting and \n\n60\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\n\nNote2 Discontinued Operations (Continued) \n\nother\nrestrictions that prevent Abbott from exercising significant influence over the operating and financial policies of MylanN.V. \n\nAt\nthe close of this transaction Abbott and Mylan entered into a transition services agreement pursuant to which Abbott and Mylan are providing various back office support services to\neach other on an interim transitional basis. Transition services may be provided for up to 2years with certain services having been extended for an additional five to ten months. Charges by\nAbbott under this transition services agreement are recorded as a reduction of the costs to provide the respective service in the applicable expense category in the Consolidated Statement of Earnings.\nThis transition support does not constitute significant continuing involvement in Mylan\'s operations. Abbott also entered into manufacturing supply agreements with Mylan related to certain products,\nwith the supply term ranging from 3 to 10years and requiring a 2year notice prior to termination. The cash flows associated with these transition services and manufacturing supply\nagreements are not expected to be significant, and therefore, these cash flows are not direct cash flows of the disposed component under Accounting Standards Codification 205. \n\nIn\nApril 2015, Abbott sold 40.25million of the 110million ordinary shares of MylanN.V. received in the sale of the developed markets branded generics\npharmaceuticals business to Mylan. Abbott recorded a pretax gain of $207million on $2.29billion in net proceeds from the sale of these shares. The gain is recognized in the Other\n(income) expense line of the 2015 Consolidated Statement of Earnings. As a result of this sale, Abbott\'s ownership interest in MylanN.V. decreased to approximately 14%. \n\nOn\nFebruary10, 2015, Abbott completed the sale of its animal health business to ZoetisInc. Abbott received cash proceeds of $230million and reported an after tax\ngain on the sale of approximately $130million. In the first quarter of 2016, Abbott received an additional $25million of proceeds due to the expiration of a holdback agreement\nassociated with the sale of this business and reported an after-tax gain of $16million. \n\nAs\na result of the disposition of the above businesses, the operating results of these businesses up to the date of sale are reported as part of discontinued operations on the Earnings\nfrom Discontinued Operations, net of taxes line in the Consolidated Statement of Earnings. Discontinued operations include an allocation of interest expense assuming a uniform ratio of consolidated\ndebt to equity for all of Abbott\'s historical operations. \n\nOn\nJanuary1, 2013, Abbott completed the separation of AbbVieInc. (AbbVie), which was formed to hold Abbott\'s research-based proprietary pharmaceuticals business. For a\nsmall portion of AbbVie\'s operations, the legal transfer of AbbVie\'s assets (net of liabilities) did not occur with the separation of AbbVie on January1, 2013 due to the time required to\ntransfer marketing authorizations and other regulatory requirements in each of these countries. Under the terms of the separation agreement with\nAbbott, AbbVie is subject to the risks and entitled to the benefits generated by these operations and assets. The majority of these operations were transferred to AbbVie in 2013 and 2014. These assets\nand liabilities were presented as held for disposition in the Consolidated Balance Sheet as of December31, 2015. \n\nAbbott\nhas retained all liabilities for all U.S. federal and foreign income taxes on income prior to the separation, as well as certain non-income taxes attributable to AbbVie\'s\nbusiness. AbbVie generally will be liable for all other taxes attributable to its business. \n\n61\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote2 Discontinued Operations (Continued) \n\nThe\noperating results of Abbott\'s developed markets branded generics pharmaceuticals and animal health businesses as well as the income tax benefit related to the businesses transferred\nto AbbVie, which are being reported as discontinued operations are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nYear Ended December31 \n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Net Sales\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health businesses\n\n\n\n$\n\n\n\n\n$\n256\n\n\n\n$\n2,076\n\n\n\n AbbVie\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n\n$\n\n\n\n\n$\n256\n\n\n\n$\n2,076 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Earnings (Loss) Before Tax\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health businesses\n\n\n\n$\n(4\n)\n\n\n$\n13\n\n\n\n$\n505\n\n\n\n AbbVie\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n\n$\n(4\n)\n\n\n$\n13\n\n\n\n$\n505 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Net Earnings\n\n\n\n\n\n\n\n\n\n\n\n\n Developed markets generics pharmaceuticals and animal health businesses\n\n\n\n$\n3\n\n\n\n$\n62\n\n\n\n$\n397\n\n\n\n AbbVie\n\n\n318\n\n\n3\n\n\n166 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n\n$\n321\n\n\n\n$\n65\n\n\n\n$\n563 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\nnet earnings of discontinued operations include income tax benefits of $325million in 2016, $52million in 2015 and $58million in 2014. 2016 includes\n$318million of tax benefits as a result of the resolution of various tax positions related to AbbVie\'s operations for years prior to the separation. 2015 includes $48million of tax\nbenefits related to the resolution of various tax positions related to prior years. 2014 includes $166million of tax benefits as a result of the resolution of various tax positions related to\nAbbVie\'s operations for years prior to the separation. \n\nThe\nsale of the developed markets branded generics pharmaceuticals and animal health business in 2015 resulted in the recognition of a pretax gain of $2.840billion, tax expense\nof $1.088billion and an after tax gain of $1.752billion. The 2015 tax provision included $667million of tax expense on certain prior year funds earned outside the U.S. related\nto the developed markets branded generics pharmaceuticals businesses that were not designated as permanently reinvested overseas. \n\n\n\n\n\n\n\nNote3 Assets and Liabilities Held for Disposition \n\n\n\nIn September 2016, Abbott announced that it entered into a definitive agreement to sell AMO, its vision care business, to Johnson& Johnson for $4.325billion in cash,\nsubject 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.\nThe transaction is expected to close in the first quarter of 2017 and is subject to customary closing conditions, including regulatory approvals. The operating results of AMO are included in\ncontinuing operations as they do not qualify for reporting as discontinued operations. For the year ended December31, 2016 and 2015, AMO\'s earnings before taxes were $30million and\n$64million, respectively. As a result of the pending sale of AMO, the assets and liabilities of this business meet the criteria to qualify as being held for disposition at December31,\n2016. \n\n62\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote3 Assets and Liabilities Held for Disposition (Continued) \n\nThe\nassets and liabilities held for disposition as of December31, 2016 relate to AMO and the assets and liabilities held for disposition as of December31, 2015 relate to\nthe AbbVie business. The following is a summary of the assets and liabilities held for disposition: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\nDecember31,\n2016 \n\nDecember31,\n2015 \n\n\n\n Trade receivables, net\n\n\n\n$\n222\n\n\n\n$\n17\n\n\n\n Total inventories\n\n\n240\n\n\n43\n\n\n\n Prepaid expenses and other current assets\n\n\n51\n\n\n45 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Current assets held for disposition\n\n\n513\n\n\n105 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net property and equipment\n\n\n247\n\n\n1\n\n\n\n Intangible assets, net of amortization\n\n\n529\n\n\n\n\n\n\n Goodwill\n\n\n1,966\n\n\n\n\n\n\n Deferred income taxes and other assets\n\n\n11\n\n\n1 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Non-current assets held for disposition\n\n\n2,753\n\n\n2 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total assets held for disposition\n\n\n\n$\n3,266\n\n\n\n$\n107 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Trade accounts payable\n\n\n\n$\n71\n\n\n\n$\n359\n\n\n\n Salaries, wages, commissions and other accrued liabilities\n\n\n174\n\n\n14 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Current liabilities held for disposition\n\n\n245\n\n\n373\n\n\n\n Post-employment obligations, deferred income taxes and other long-term liabilities\n\n\n59\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total liabilities held for disposition\n\n\n\n$\n304\n\n\n\n$\n373 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n \n\n\n\n\n\nNote4 Supplemental Financial Information \n\n\nOther (income) expense, net, for 2016 includes expense of $947million to adjust Abbott\'s holding of MylanN.V. ordinary shares due to a decline in the fair value of the\nsecurities which is considered by Abbott to be other than temporary. Other (income) expense, net, for 2015 primarily relates to a $207million gain on the sale of a portion of Abbott\'s position\nin MylanN.V. stock and $79million of income resulting from a decrease in the fair value of contingent consideration related to a business acquisition. In April 2015, Abbott sold\n40.25million of the 110million ordinary shares of MylanN.V. received in the sale of the developed markets branded generics pharmaceuticals business to Mylan. Abbott received\n$2.29billion in net proceeds from the sale of these shares. As a result of this sale, Abbott\'s ownership interest in MylanN.V. decreased from approximately 22% to approximately 14%.\nOther (income) expense, net, for 2014 primarily relates to impairment charges related to non-publically traded equity securities partially offset by gains from the sales of equity securities. The loss\non the extinguishment of debt of $18million in 2014 relates to the early redemption of approximately $500million of long-term notes. \n\n63\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\n\nNote4 Supplemental Financial Information (Continued) \n\n\nThe detail of various balance sheet components is as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n\n\n\n\n(in millions)\n\n\n\n Long-term Investments:\n\n\n\n\n\n\n\n\n\n Equity securities\n\n\n\n$\n2,906\n\n\n\n$\n4,014\n\n\n\n Other\n\n\n41\n\n\n27 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n2,947\n\n\n\n$\n4,041 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\nlong-term investments in equity securities as of December31, 2016 and 2015 include 69.7million of ordinary shares of MylanN.V. with a carrying value of\n$2.661billion and $3.771billion, respectively. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n\n\n\n\n(in millions)\n\n\n\n Other Accrued Liabilities:\n\n\n\n\n\n\n\n\n\n Accrued rebates payable to government agencies\n\n\n\n$\n110\n\n\n\n$\n140\n\n\n\n Accrued other rebates (a)\n\n\n296\n\n\n301\n\n\n\n All other\n\n\n2,175\n\n\n2,602 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n2,581\n\n\n\n$\n3,043 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n\n\n\n\n \n\n \n(a)Accrued\nwholesaler chargeback rebates of $214million and $170million at December31, 2016 and 2015, respectively, are netted in trade\nreceivables because Abbott\'s customers are invoiced at a higher catalog price but only remit to Abbott their contract price for the products. \n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n\n\n\n\n(in millions)\n\n\n\n Post-employment Obligations and Other Long-term Liabilities:\n\n\n\n\n\n\n\n\n\n Defined benefit pension plans and post-employment medical and dental plans for significant plans\n\n\n\n$\n2,154\n\n\n\n$\n2,241\n\n\n\n Deferred income taxes\n\n\n356\n\n\n808\n\n\n\n All other (b)\n\n\n2,039\n\n\n1,815 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n4,549\n\n\n\n$\n4,864 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(b)2016\nincludes approximately $560million of net unrecognized tax benefits, as well as approximately $130million of acquisition consideration payable.\n2015 includes approximately $600million of net unrecognized tax benefits as well as approximately $148million of acquisition consideration payable. \n \n Since\nJanuary 2010, Venezuela has been designated as a highly inflationary economy under U.S.GAAP. In 2014 and 2015, the government of Venezuela operated multiple mechanisms to\nexchange bolivars into U.S. dollars. These mechanisms included the CENCOEX, SICAD, and SIMADI rates, which stood at 6.3, 13.5, and approximately 200, respectively, at December31, 2015. In\n2015, Abbott continued to use the CENCOEX rate of 6.3 Venezuelan bolivars to the U.S. dollar to report the results, financial position, and cash flows related to its operations in Venezuela since\nAbbott continued to qualify for this exchange rate to pay for the import of various products into Venezuela. \n\n64\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote4 Supplemental Financial Information (Continued) \n\n\nOn\nFebruary17, 2016, the Venezuelan government announced that the three-tier exchange rate system would be reduced to two rates renamed the DIPRO and DICOM rates. The DIPRO rate\nis the official rate for food and medicine imports and was adjusted from 6.3 to 10 bolivars per U.S. dollar. The DICOM rate is a floating market rate published daily by the Venezuelan central bank,\nwhich at the end of the first quarter of 2016 was approximately 263 bolivars per U.S. dollar. As a result of decreasing government approvals to convert bolivars to U.S. dollars to pay for intercompany\naccounts, as well as the accelerating deterioration of economic conditions in the country, Abbott concluded that it was\nappropriate to move to the DICOM rate at the end of the first quarter of 2016. As a result, Abbott recorded a foreign currency exchange loss of $480million in 2016 to revalue its net monetary\nassets in Venezuela. Abbott is continuing to use the DICOM rate to report the results of operations and to remeasure net monetary assets for Venezuela at the end of each quarter. As of\nDecember31, 2016, Abbott\'s Venezuelan operations represented approximately 0.1% of Abbott\'s consolidated assets and any additional foreign currency losses related to Venezuela are not expected\nto be material. \n\n\n\n\n\n\n\nNote5 Accumulated Other Comprehensive Income \n\n\n\nThe components of the changes in accumulated other comprehensive income from continuing operations, net of income taxes, are as follows: (in\nmillions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nCumulative\nForeign\nCurrency\nTranslation\nAdjustments \n\nNet\nActuarial\nLosses and\nPrior Service\nCosts and\nCredits \n\nCumulative\nUnrealized\nGains\n(Losses) on\nMarketable\nEquity\nSecurities \n\nCumulative\nGains on\nDerivative\nInstruments\nDesignated as\nCash Flow\nHedges \n\nTotal \n\n\n\n Balance at December31, 2014\n\n\n\n$\n(2,924\n)\n\n\n$\n(2,229\n)\n\n\n$\n1\n\n\n\n$\n99\n\n\n\n$\n(5,053\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Impact of business dispositions\n\n\n108\n\n\n19\n\n\n\n\n\n\n\n\n127 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Other comprehensive income (loss) before reclassifications\n\n\n(2,013\n)\n\n145\n\n\n202\n\n\n89\n\n\n(1,577\n)\n\n\n (Income) loss amounts reclassified from accumulated other comprehensive income (a)\n\n\n\n\n\n107\n\n\n(138\n)\n\n(124\n)\n\n(155\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net current period other comprehensive income (loss)\n\n\n(2,013\n)\n\n252\n\n\n64\n\n\n(35\n)\n\n(1,732\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Balance at December31, 2015\n\n\n(4,829\n)\n\n(1,958\n)\n\n65\n\n\n64\n\n\n(6,658\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Other comprehensive income (loss) before reclassifications\n\n\n(130\n)\n\n(393\n)\n\n(1,109\n)\n\n41\n\n\n(1,591\n)\n\n\n (Income) loss amounts reclassified from accumulated other comprehensive income (a)\n\n\n\n\n\n67\n\n\n975\n\n\n(56\n)\n\n986 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net current period other comprehensive income (loss)\n\n\n(130\n)\n\n(326\n)\n\n(134\n)\n\n(15\n)\n\n(605\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Balance at December31, 2016\n\n\n\n$\n(4,959\n)\n\n\n$\n(2,284\n)\n\n\n$\n(69\n)\n\n\n$\n49\n\n\n\n$\n(7,263\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n\n\n\n\n \n\n \n(a)Reclassified\namounts for foreign currency translation adjustments are recorded in the Consolidated Statement of Earnings as Net Foreign exchange loss (gain); gains\n(losses) on marketable equity securities are recorded as Other (income) expense and gains/losses related to cash flow hedges are recorded as Cost of product sold. Net actuarial losses and prior\nservice cost is included as a component of net periodic benefit plan cost see Note13 for additional information. \n \n 65\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote6 Business Acquisitions \n\n\nOn January4, 2017, Abbott completed the acquisition of St.Jude Medical,Inc. (St.Jude Medical), a global medical device manufacturer, for approximately\n$23.6billion, including approximately $13.6billion in cash and approximately $10billion in Abbott common shares, which represented approximately 254million shares of\nAbbott common stock, based on Abbott\'s closing stock price on the acquisition date. As part of the acquisition, approximately $5.8billion of St.Jude Medical\'s debt was assumed or\nrefinanced 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,\ndiagnostics, 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. As the\nacquisition of St.Jude Medical was completed after December31, 2016, Abbott\'s consolidated financial statements do not include the financial condition or the operating results of\nSt.Jude Medical in any of the periods presented herein. \n\nUnder\nthe 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\nAbbott stock price of $39.36, which reflects the closing price on January4, 2017, this represented a value of approximately $81per St.Jude Medical common share and total\npurchase consideration of $23.6billion. The cash portion of the acquisition was funded through a combination of medium and long-term debt issued in November of 2016 and a $2.0billion\n120-day senior unsecured bridge term loan facility. See Note10 Debt and Lines of Credit for further details regarding these financing arrangements. \n\n\nThe\npreliminary allocation of the fair value of the St.Jude Medical acquisition is shown in the table below. The allocation of the fair value of the acquisition will be finalized\nwhen the valuation is completed and differences between the preliminary and final allocation could be material. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in billions)\n\n\n\n\n\n Acquired intangible assets, non-deductible\n\n\n\n$\n16.0\n\n\n\n Goodwill, non-deductible\n\n\n14.8\n\n\n\n Acquired net tangible assets\n\n\n3.0\n\n\n\n Deferred income taxes recorded at acquisition\n\n\n(5.0\n)\n\n\n Net debt\n\n\n(5.2\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total preliminary allocation of fair value\n\n\n\n$\n23.6 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n If\nthe acquisition of St.Jude Medical had occurred at the beginning of 2016, unaudited pro forma consolidated net sales would have been approximately $26.8billion and\nunaudited pro forma consolidated net earnings would have been $157million, which includes the amortization of approximately $700million of inventory step-up. The unaudited pro forma\ninformation is not necessarily indicative of the consolidated results of operations that would have been realized had the St.Jude\nMedical acquisition been completed as of the beginning of 2016, nor is it meant to be indicative of future results of operations that the combined entity will experience. \n\nIn\n2016, Abbott and St.Jude Medical agreed to sell certain products to Terumo Corporation for approximately $1.12billion. The sale includes the St.Jude Medical\nAngio-Seal and Femoseal vascular closure products and Abbott\'s Vado Steerable Sheath. The sale closed on January20, 2017. \n\nOn\nJanuary30, 2016, Abbott entered into a definitive agreement to acquire AlereInc., a diagnostic device and service provider, for $56.00 per common share in cash. The\nacquisition is subject to satisfaction of customary closing conditions, including the accuracy of Alere\'s representations and warranties (subject \n\n66\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote6 Business Acquisitions (Continued) \n\nto\ncertain materiality qualifications), compliance in all material respects with Alere\'s covenants and receipt of applicable regulatory approvals. Due to a number of adverse developments that have\noccurred with respect to Alere since the date of the agreement, Abbott has filed a complaint in the Delaware Court of Chancery seeking to terminate the acquisition agreement on the basis that Alere\nhas experienced a "material adverse effect" under the acquisition agreement and has materially breached certain of its covenants. \n\nIn\nAugust 2015, Abbott completed the acquisition of the equity of Tendyne Holdings,Inc. (Tendyne) that Abbott did not already own for approximately $225million in cash\nplus additional payments up to $150million to be made upon completion of certain regulatory milestones. The acquisition of Tendyne, which is focused on developing minimally invasive mitral\nvalve replacement therapies, allows Abbott to broaden its foundation in the treatment of mitral valve disease. The final allocation of the fair value of the acquisition resulted in non-deductible\nacquired in-process research and development of approximately $220million, which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation,\nnon-deductible goodwill of approximately $142million, deferred tax assets and other net assets of approximately $18million, deferred tax liabilities of approximately\n$85million, and contingent consideration of approximately $70million. The goodwill is identifiable to the Vascular Products segment. \n\nIn\nSeptember 2014, Abbott completed the acquisition of the controlling interest in CFR PharmaceuticalsS.A. (CFR) for approximately $2.9billion in cash\n($2.8billion net of CFR cash on hand at closing). Including the assumption of approximately $570million of debt, the total cost of the acquisition was $3.4billion. The\nacquisition of CFR more than doubles Abbott\'s branded generics pharmaceutical presence in Latin America and further expands its presence in emerging markets. CFR\'s financial results are included in\nAbbott\'s financial statements beginning on September26, 2014,\nthe date that Abbott acquired control of this business. Abbott currently owns 100% of CFR. The fair value of the non-controlling interest at the acquisition date was approximately $3million.\nThe acquisition was funded with cash and cash equivalents and short-term investments. The final allocation of the fair value of the acquisition is shown in the table below. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in billions)\n\n\n\n\n\n Acquired intangible assets, non-deductible\n\n\n\n$\n1.87\n\n\n\n Goodwill, non-deductible\n\n\n1.42\n\n\n\n Acquired net tangible assets\n\n\n0.03\n\n\n\n Deferred income taxes recorded at acquisition\n\n\n(0.40\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Total final allocation of fair value\n\n\n\n$\n2.92 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n Acquired\nintangible assets consist primarily of product rights for currently marketed products and are amortized over 12 to 16years (weighted average of 15years). The\ngoodwill is primarily attributable to\nintangible assets that do not qualify for separate recognition. The goodwill is identifiable to the Established Pharmaceutical Products segment. The acquired tangible assets consist primarily of cash\nand cash equivalents of approximately $94million, trade accounts receivable of approximately $180million, inventory of approximately $169million, other current assets of\napproximately $51million, property and equipment of approximately $210million, and other long-term assets of approximately $145million. Assumed liabilities consist of\nborrowings of approximately $570million, trade accounts payable and other current liabilities of approximately $240million and other non-current liabilities of approximately\n$14million. Net sales for CFR Pharmaceuticals totaled approximately $750million in 2015. \n\n67\n\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote6 Business Acquisitions (Continued) \n\nIn\nDecember 2014, Abbott acquired control of Veropharm, a leading Russian pharmaceutical company for approximately $315million excluding assumed debt, plus a subsequent\n$5million payment related to a working capital adjustment. Through this acquisition, Abbott establishes a manufacturing footprint in Russia and obtains a portfolio of medicines that is well\naligned with Abbott\'s current pharmaceutical therapeutic areas of focus. Abbott acquired control of Veropharm through its purchase of Limited Liability Company Garden Hills, the holding company that\nowns approximately 98percent of Veropharm. Including the assumption of approximately $90million of debt and a non-controlling interest with a fair value of $5million, the total\nvalue of the acquired business was approximately $415million. The final allocation of the fair value of the acquisition resulted in definite-lived non-deductible intangible assets of\napproximately $100million, non-deductible goodwill of approximately $140million, and net deferred tax liabilities of approximately $25million. Non-deductible goodwill is\nidentifiable with the Established Pharmaceutical Products segment. Additionally, Abbott acquired property, plant, and equipment of approximately $150million, accounts receivable of\napproximately $45million, inventory of approximately $25million, and net other liabilities of approximately $20million. Acquired intangible assets consist of developed\ntechnology and are being amortized over 16years. In 2015, Abbott acquired the remaining shares of Veropharm, increasing its ownership to 100percent. \n\nIn\nDecember 2014, Abbott completed the acquisition of Topera,Inc. for approximately $250million in cash, plus additional payments up to $300million to be made\nupon completion of certain regulatory and sales milestones. The acquisition of Topera provides Abbott a foundational entry in the electrophysiology market. The final allocation of the fair value of\nthe acquisition resulted in non-deductible acquired in-process research and development of approximately $60million, which is accounted for as an indefinite-lived intangible asset until\nregulatory approval or discontinuation, non-deductible definite-lived intangible assets of approximately $215million, non-deductible goodwill of approximately $145million, net deferred\ntax liabilities of approximately $80million, and contingent consideration of approximately $90million. The fair value of the contingent consideration was determined based on an\nindependent appraisal. Acquired intangible assets consist of developed technology and trademarks, and are being amortized over 17years. \n\nExcept\nfor the St.Jude Medical acquisition, had the aggregate in each year of the above acquisitions taken place as of the beginning of the comparable prior annual reporting\nperiod, consolidated net sales and earnings would not have been significantly different from reported amounts. \n\n\n\n\n\n\n\nNote7 Goodwill and Intangible Assets \n\n\nThe total amount of goodwill reported was $7.683billion at December31, 2016 and $9.638billion at December31, 2015. The amount reported at\nDecember31, 2016 excludes goodwill reported in non-current assets held for disposition. In 2016, approximately $2.0billion of goodwill was reclassified to Non-current assets held for\ndisposition due to the pending sale of AMO. Recent business acquisitions increased goodwill by approximately $79million during 2016. Foreign currency translation decreased goodwill by\n$66million in 2016 and decreased goodwill by $454million in 2015. In 2015, Abbott recorded goodwill of approximately $142million related to the Tendyne acquisition, and\npurchase price allocation adjustments associated with recent acquisitions decreased goodwill by approximately $117million. The amount of goodwill related to reportable segments at\nDecember31, 2016 was $3.0billion for the Established Pharmaceutical Products segment, $286million for the Nutritional Products segment, $452million for the Diagnostic\nProducts segment, and $3.0billion for the Vascular Products segment. In 2016, there was no reduction of goodwill relating to impairments. \n\n68\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote7 Goodwill and Intangible Assets (Continued) \n\nThe\ngross amount of amortizable intangible assets, primarily product rights and technology was $10.4billion and $10.8billion as of December31, 2016 and 2015,\nrespectively, and accumulated amortization was $6.2billion and $5.7billion as of December31, 2016 and 2015, respectively. The December31, 2016 amounts exclude\napproximately $529million of net intangible assets related to AMO which are included in Non-current assets held for disposition due to the pending sale of AMO. In 2016, intangible assets\nincreased by approximately $104million related to recent business acquisitions. In 2015, the acquisition of Tendyne increased intangible assets by approximately $220million.\nIndefinite-lived\nintangible assets, which relate to in-process research and development acquired in a business combination, were approximately $349million and $419million at December31, 2016\nand 2015, respectively. In 2016, Abbott recorded an impairment of a $59million in-process research and development project related to a non-reportable segment. Foreign currency translation\nincreased intangible assets by $6million in 2016 and decreased intangible assets by $251million in 2015. \n\nThe\nestimated annual amortization expense for intangible assets recorded at December31, 2016 is approximately $490million in 2017, $440million in 2018,\n$410million in 2019, $410million in 2020 and $360million in 2021. Amortizable intangible assets are amortized over 2 to 20years (average 10years). These amounts\ndo not include amortization expense associated with the intangible assets acquired as part of the St.Jude Medical acquisition which closed on January4, 2017. \n\n\n\n\n\n\n\nNote8 Restructuring Plans \n\n\nIn 2016, 2015 and 2014, Abbott management approved plans to streamline operations in order to reduce costs and improve efficiencies in various Abbott businesses including the\nnutritional, established pharmaceuticals and vascular businesses. Abbott recorded employee related severance and other charges of approximately $33million in 2016, $95million in 2015\nand $164million in 2014. Approximately $9million in 2016, $18million in 2015 and $20million in 2014 are recorded in Cost of products sold, approximately\n$5million in 2016, $34million in 2015 and $53million in 2014 are recorded in Research and development and approximately $19million in 2016, $43million in 2015\nand $91million in 2014 are recorded in Selling, general and administrative expense. Additional charges of approximately $2million in 2016, $45million in 2015 and\n$39million in 2014 were recorded primarily for accelerated depreciation. The following summarizes the activity for these restructurings: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n\n\n\n\n Restructuring charges recorded in 2014\n\n\n\n$\n164\n\n\n\n Payments and other adjustments\n\n\n(46\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2014\n\n\n118\n\n\n\n Restructuring charges\n\n\n95\n\n\n\n Payments and other adjustments\n\n\n(113\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2015\n\n\n\n$\n100\n\n\n\n Restructuring charges\n\n\n33\n\n\n\n Payments and other adjustments\n\n\n(67\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2016\n\n\n\n$\n66 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n 69\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote8 Restructuring Plans (Continued) \n\n\nFrom 2013 to 2015, Abbott management approved various plans to reduce costs and improve efficiencies across various functional areas. In 2013, Abbott management also approved plans to\nstreamline certain manufacturing operations in order to reduce costs and improve efficiencies in Abbott\'s established pharmaceuticals business. In 2012, Abbott management approved plans to streamline\nvarious commercial operations in order to reduce costs and improve efficiencies in Abbott\'s core diagnostics, established pharmaceuticals and nutritionals businesses. Abbott recorded employee related\nseverance charges of approximately $18million in 2016, $66million in 2015 and $125million in 2014. Approximately $4million in 2016, $9million in 2015 and\n$7million in 2014 are recorded in Cost of products sold, approximately $2million in 2015 and $6million in 2014 are recorded in Research and development, and approximately\n$14million in 2016, $55million in 2015 and $112million in 2014 are recorded in Selling, general and administrative expense. The following summarizes the activity related to\nthese restructurings: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n\n\n\n\n Restructuring charges recorded in 2012\n\n\n\n$\n167\n\n\n\n Restructuring charges recorded in 2013\n\n\n78\n\n\n\n Payments and other adjustments\n\n\n(97\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2013\n\n\n148\n\n\n\n Restructuring charges\n\n\n125\n\n\n\n Payments and other adjustments\n\n\n(138\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2014\n\n\n135\n\n\n\n Restructuring charges\n\n\n66\n\n\n\n Payments and other adjustments\n\n\n(113\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2015\n\n\n\n$\n88\n\n\n\n Restructuring charges\n\n\n18\n\n\n\n Payments and other adjustments\n\n\n(90\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n Accrued balance at December31, 2016\n\n\n\n$\n16 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n \n\n\n\n \n \n\n\n\n\n\nNote9 Incentive Stock Program \n\n\nThe 2009 Incentive Stock Program authorizes the granting of nonqualified stock options, restricted stock awards, restricted stock units, performance awards, foreign benefits and other\nshare-based awards. Stock options and restricted stock awards and units comprise the majority of benefits that have been granted and are currently outstanding under this program and a prior program.\nIn 2016, Abbott granted 7,782,634 stock options, 776,510 restricted stock awards and 7,593,701 restricted stock units under this program. \n\nThe\npurchase price of shares under option must be at least equal to the fair market value of the common stock on the date of grant, and the maximum term of an option is 10years.\nOptions generally\nvest equally over three years. Restricted stock awards generally vest between 3 and 5years and for restricted stock awards that vest over 5years, no more than one-third of the award\nvests in any one year upon Abbott reaching a minimum return on equity target. Restricted stock units vest over three years and upon vesting, the recipient receives one share of Abbott stock for each\nvested restricted stock unit. The aggregate fair market value of restricted stock awards and units is recognized as expense over the requisite service period, which may be shorter than the vesting\nperiod if an employee is retirement eligible. Restricted stock awards \n\n70\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote9 Incentive Stock Program (Continued) \n\nand\nsettlement of vested restricted stock units are issued out of treasury shares. Abbott generally issues new shares for exercises of stock options. As a policy, Abbott does not purchase its shares\nrelating to its share-based programs. \n\nAt\nDecember31, 2016, approximately 57million shares were reserved for future grants. \n\n\nThe\nnumber of restricted stock awards and units outstanding and the weighted-average grant-date fair value at December31, 2016 and December31, 2015 was 13,705,511 and\n$41.03 and 11,855,327 and $42.54, respectively. The number of restricted stock awards and units, and the weighted-average grant-date fair value, that were granted, vested and lapsed during 2016 were\n8,370,211 and $38.57, 5,842,478 and $40.50 and 677,549 and $41.63, respectively. The fair market value of restricted stock awards and units vested in 2016, 2015 and 2014 was $225million,\n$312million and $281million, respectively. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nOptions Outstanding \n\nExercisable Options \n\n\n\n\n\nShares \n\nWeighted\nAverage\nExercise\nPrice \n\nWeighted\nAverage\nRemaining\nLife (Years) \n\nShares \n\nWeighted\nAverage\nExercise\nPrice \n\nWeighted\nAverage\nRemaining\nLife (Years) \n\n\n\n December31, 2015\n\n\n34,562,557\n\n\n\n$\n31.57\n\n\n4.5\n\n\n25,119,505\n\n\n\n$\n27.18\n\n\n3.0 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Granted\n\n\n7,782,634\n\n\n38.44\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Exercised\n\n\n(5,964,433\n)\n\n23.96\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Lapsed\n\n\n(492,425\n)\n\n43.03\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n December31, 2016\n\n\n35,888,333\n\n\n\n$\n34.17\n\n\n5.3\n\n\n23,290,260\n\n\n\n$\n30.48\n\n\n3.5 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\naggregate intrinsic value of options outstanding and exercisable at December31, 2016 were each $203million. The total intrinsic value of options exercised in 2016,\n2015 and 2014 was $98million, $167million and $152million, respectively. The total unrecognized compensation cost related to all share-based compensation plans at\nDecember31, 2016 amounted to approximately $197million, which is expected to be recognized over the next three years. \n\n\nTotal\nnon-cash stock compensation expense charged against income from continuing operations in 2016, 2015 and 2014 for share-based plans totaled approximately $310million,\n$291million and $239million, respectively, and the tax benefit recognized was approximately $100million, $98million and $79million, respectively. Stock\ncompensation cost capitalized as part of inventory is not significant. \n\n\nThe\nfair value of an option granted in 2016, 2015 and 2014 was $4.38, $6.67, and $6.39, respectively. The fair value of an option grant was estimated using the Black-Scholes\noption-pricing model with the following assumptions: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Risk-free interest rate\n\n\n1.4\n%\n\n1.8\n%\n\n1.9\n%\n\n\n Average life of options (years)\n\n\n6.0\n\n\n6.0\n\n\n6.0\n\n\n\n Volatility\n\n\n17.0\n%\n\n17.0\n%\n\n20.0\n%\n\n\n Dividend yield\n\n\n2.7\n%\n\n2.0\n%\n\n2.2\n%\n\n\n\n \n The\nrisk-free interest rate is based on the rates available at the time of the grant for zero-coupon U.S. government issues with a remaining term equal to the option\'s expected life. The\naverage life of an option is based on both historical and projected exercise and lapsing data. Expected volatility is based on implied \n\n71\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote9 Incentive Stock Program (Continued) \n\n\nvolatilities\nfrom traded options on Abbott\'s stock and historical volatility of Abbott\'s stock over the expected life of the option. Dividend yield is based on the option\'s exercise price and annual\ndividend rate at the time of grant. \n\n\n\n\n\n\n\nNote10 Debt and Lines of Credit \n\n\n\nThe following is a summary of long-term debt at December31: (in millions) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n\n\n 5.125% Notes, due 2019\n\n\n\n$\n947\n\n\n\n$\n947\n\n\n\n 2.35% Notes, due 2019\n\n\n2,850\n\n\n\n\n\n\n 4.125% Notes, due 2020\n\n\n597\n\n\n597\n\n\n\n 2.00% Notes, due 2020\n\n\n750\n\n\n750\n\n\n\n 2.90% Notes, due 2021\n\n\n2,850\n\n\n\n\n\n\n 2.55% Notes, due 2022\n\n\n750\n\n\n750\n\n\n\n 3.40% Notes, due 2023\n\n\n1,500\n\n\n\n\n\n\n 2.95% Notes, due 2025\n\n\n1,000\n\n\n1,000\n\n\n\n 3.75% Notes, due 2026\n\n\n3,000\n\n\n\n\n\n\n 4.75% Notes, due 2036\n\n\n1,650\n\n\n\n\n\n\n 6.15% Notes, due 2037\n\n\n547\n\n\n547\n\n\n\n 6.0% Notes, due 2039\n\n\n515\n\n\n515\n\n\n\n 5.3% Notes, due 2040\n\n\n694\n\n\n694\n\n\n\n 4.90% Notes, due 2046\n\n\n3,250\n\n\n\n\n\n\n Unamortized debt issuance costs\n\n\n(117\n)\n\n(21\n)\n\n\n Other, including fair value adjustments relating to interest rate hedge contracts designated as fair value hedges\n\n\n(102\n)\n\n92 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total, net of current maturities\n\n\n20,681\n\n\n5,871\n\n\n\n Current maturities of long-term debt\n\n\n3\n\n\n3 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total carrying amount\n\n\n\n$\n20,684\n\n\n\n$\n5,874 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n In\nNovember 2016, Abbott issued $15.1billion of medium and long-term debt to primarily fund the cash portion of the acquisition of St.Jude Medical. Abbott issued\n$2.85billion of 2.35% Senior Notes due November22, 2019; $2.85billion of 2.90% Senior Notes due November30, 2021; $1.50billion of 3.40% Senior Notes due\nNovember30, 2023; $3.00billion of 3.75% Senior Notes due November30, 2026; $1.65billion of 4.75% Senior Notes due November30, 2036; and $3.25billion of\n4.90% Senior Notes due November30, 2046. In November 2016, Abbott also entered into interest rate swap contracts totaling $3.0billion related to the new debt, which have the effect of\nchanging Abbott\'s obligation from a fixed interest rate to a variable interest rate obligation on the related debt instruments. \n\nIn\nMarch 2015, Abbott issued $2.5billion of long-term debt consisting of $750million of 2.00% Senior Notes due March15, 2020; $750million of 2.55% Senior\nNotes due March15, 2022; and $1.0billion of 2.95% Senior Notes due March15, 2025. Proceeds from this debt were used to pay down short-term borrowings. Abbott also entered into\ninterest rate swap contracts totaling $2.5billion. These contracts have the effect of changing Abbott\'s obligation from a fixed interest rate to a variable interest rate obligation. \n\n72\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote10 Debt and Lines of Credit (Continued) \n\nIn\n2014, Abbott extinguished approximately $500million of long-term debt assumed as part of the CFR Pharmaceuticals acquisition and incurred a cost of $18.3million to\nextinguish this debt. \n\nPrincipal\npayments required on long-term debt outstanding at December31, 2016 are $3million in 2017, $2million in 2018, $3.8billion in 2019,\n$1.3billion in 2020, $2.9billion in 2021 and $12.9billion in 2022 and thereafter. \n\n\nAt\nDecember31, 2016, Abbott\'s long-term debt rating was A+ by Standard& Poor\'s Corporation and A2 by Moody\'s Investors Service. In conjunction with the completion of the\nSt.Jude Medical acquisition on January4, 2017, the ratings were adjusted to BBB by Standard& Poor\'s Corporation and Baa3 by Moody\'s Investors Service. Abbott has readily\navailable financial resources, including unused lines of credit of $5.0billion which expire in 2019 and that support commercial paper borrowing arrangements. Abbott\'s weighted-average interest\nrate on short-term borrowings was 0.6% at December31, 2016 and 0.2% at December31, 2015 and 2014. \n\n\nIn\nApril 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $17.2billion, comprised of $15.2billion\nfor a 364-day bridge loan and $2.0billion for a 120-day bridge loan to provide financing for the acquisition of St.Jude Medical. The $15.2billion component of the commitment\nterminated in November 2016 when Abbott issued the $15.1billion of long-term debt. In December 2016, Abbott formalized the $2.0billion component and entered into a 120-day bridge term\nloan facility that provided Abbott the ability to borrow up to $2.0billion on an unsecured basis to partially fund the St.Jude Medical acquisition. On January4, 2017, Abbott\nborrowed $2.0billion under this facility, of which $1.2billion had been repaid as of January31, 2017. \n\n\nIn\nFebruary 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $9billion in conjunction with its pending\nacquisition of Alere. This commitment was automatically extended for up to 90days on January29, 2017. The fees associated with the bridge facilities were recognized in interest\nexpense. \n\n\n\n\n\n\n\nNote11 Financial Instruments, Derivatives and Fair Value Measures \n\n\nCertain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates for anticipated intercompany purchases\nby those subsidiaries whose functional currencies are not the U.S. dollar. These contracts, with notional amounts totaling $2.6billion at December31, 2016, and $2.4billion at\nDecember31, 2015, are designated as cash flow hedges of the variability of the cash flows due to changes in foreign exchange rates and are recorded at fair value. At December31, 2016,\n$107million of the notional amount relates to AMO, a business that is expected to be divested in the first quarter of 2017. Accumulated gains and losses as of December31, 2016 will be\nincluded in Cost of products sold at the time the products are sold, generally through the next twelve to eighteen months. The amount of hedge ineffectiveness was not significant in 2016, 2015 and\n2014. \n\nAbbott\nenters into foreign currency forward exchange contracts to manage currency exposures for foreign currency denominated third-party trade payables and receivables, and for\nintercompany loans and trade accounts payable where the receivable or payable is denominated in a currency other than the functional currency of the entity. For intercompany loans, the contracts\nrequire Abbott to sell or buy foreign currencies, primarily European currencies and Japanese yen, in exchange for primarily U.S. dollars and other European currencies. For intercompany and trade\npayables and receivables, the currency \n\n73\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote11 Financial Instruments, Derivatives and Fair Value Measures (Continued) \n\nexposures\nare primarily the U.S. dollar, European currencies and Japanese yen. At December31, 2016, 2015 and 2014, Abbott held notional amounts of $14.9billion, $14.0billion\nand $14.1billion, respectively, of such foreign currency forward exchange contracts. At December31, 2016, $1.2billion of the contracts relate to AMO, a business that is\nexpected to be divested in the first quarter of 2017. \n\nAbbott\nhas designated foreign denominated short-term debt as a hedge of the net investment in a foreign subsidiary of approximately $454million, $439million and\n$445million as of December31, 2016, 2015 and 2014, respectively. Accordingly, changes in the fair value of this debt due to changes in exchange rates are recorded in Accumulated other\ncomprehensive income (loss), net of tax. \n\nAbbott\nis a party to interest rate hedge contracts totaling notional amounts of $5.5billion at December31, 2016, $4.0billion at December31, 2015 and\n$1.5billion at December31, 2014, to manage its exposure to changes in the fair value of fixed-rate debt. These contracts are designated as fair value hedges of the variability of the\nfair value of fixed-rate debt due to changes in the long-term benchmark interest rates. The effect of the hedge is to change a fixed-rate interest obligation to a variable rate for that portion of the\ndebt. Abbott records the contracts at fair value and adjusts the carrying amount of the fixed-rate debt by an offsetting amount. No hedge ineffectiveness was recorded in income in 2016, 2015 and 2014\nfor these hedges. \n\nIn\nDecember 2016, Abbott unwound approximately $1.5billion in interest rate swaps relating to the 4.125% Note due in 2020 and the 5.125% Note due in 2019. As part of the\nunwinding, Abbott received approximately $55million in cash, which is included in the Cash Flow From Financing Activities section of the Consolidated Statement of Cash Flows. \n\nGross\nunrealized holding gains (losses) on available-for-sale equity securities totaled $10million, $171million and $3million at December31, 2016, 2015\nand 2014, respectively. \n\nThe\nfollowing table summarizes the amounts and location of certain derivative financial instruments as of December31: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nFair Value Assets \n\nFair Value Liabilities \n\n\n\n\n2016 \n\n2015 \n\nBalance Sheet Caption \n\n2016 \n\n2015 \n\nBalance Sheet Caption \n\n\n\n\n\n\n\n\n(in millions)\n\n\n\n\n\n\n\n\n Interest rate swaps designated as fair value hedges\n\n\n\n$\n8\n\n\n\n$\n116\n\nDeferred income taxes and other assets\n\n\n\n$\n74\n\n\n\n$\n\n\nPost-employment obligations and other long-term liabilities\n\n\n Foreign currency forward exchange contracts\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Hedging instruments\n\n\n99\n\n\n64\n\nOther prepaid expenses and receivables\n\n\n15\n\n\n18\n\nOther accrued liabilities\n\n\n Others not designated as hedges\n\n\n177\n\n\n115\n\nOther prepaid expenses and receivables\n\n\n67\n\n\n84\n\nOther accrued liabilities\n\n\n Debt designated as a hedge of net investment in a foreign subsidiary\n\n\n \n\n\n \n\nn/a\n\n\n454\n\n\n439\n\nShort-term borrowings \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n \n\n\n\n$\n284\n\n\n\n$\n295\n\n\n\n\n\n$\n610\n\n\n\n$\n541\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n \n The\nfollowing table summarizes the activity for foreign currency forward exchange contracts designated as cash flow hedges, debt designated as a hedge of net investment in a foreign\nsubsidiary and certain other derivative financial instruments, as well as the amounts and location of income (expense) and \n\n74\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote11 Financial Instruments, Derivatives and Fair Value Measures (Continued) \n\ngain\n(loss) reclassified into income. The amount of hedge ineffectiveness was not significant in 2016, 2015 and 2014 for these hedges. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nGain (loss) Recognized in\nOther Comprehensive\nIncome (loss) \n\nIncome (expense) and\nGain (loss) Reclassified\ninto Income \n\n\n\n\n\n\nIncome Statement\nCaption \n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n2016 \n\n2015 \n\n2014 \n\n\n\n\n(in millions)\n\n\n\n\n Foreign currency forward exchange contracts designated as cash flow hedges\n\n\n\n$\n49\n\n\n\n$\n91\n\n\n\n$\n105\n\n\n\n$\n48\n\n\n\n$\n124\n\n\n\n$\n11\n\nCost of products sold\n\n\n Debt designated as a hedge of net investment in a foreign subsidiary\n\n\n(15\n)\n\n6\n\n\n60\n\n\n\n\n\n\n\n\n\n\nn/a\n\n\n Interest rate swaps designated as fair value hedges\n\n\nn/a\n\n\nn/a\n\n\nn/a\n\n\n(127\n)\n\n15\n\n\n14\n\nInterest expense\n\n\n\n \n Gains\nof $8million and losses of $77million and $122million were recognized in 2016, 2015 and 2014, respectively, related to foreign currency forward exchange\ncontracts not designated as hedges. These\namounts are reported in the Consolidated Statement of Earnings on the Net foreign exchange (gain) loss line. \n\nThe\ninterest rate swaps are designated as fair value hedges of the variability of the fair value of fixed-rate debt due to changes in the long-term benchmark interest rates. The hedged\ndebt is marked to market, offsetting the effect of marking the interest rate swaps to market. \n\nThe\ncarrying values and fair values of certain financial instruments as of December31 are shown in the table below. The carrying values of all other financial instruments\napproximate their estimated fair values. The counterparties to financial instruments consist of select major international financial institutions. Abbott does not expect any losses from nonperformance\nby these counterparties. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n\n\n\n\nCarrying\nValue \n\nFair\nValue \n\nCarrying\nValue \n\nFair\nValue \n\n\n\n\n\n(in millions)\n\n\n\n Long-term Investment Securities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equity securities\n\n\n\n$\n2,906\n\n\n\n$\n2,906\n\n\n\n$\n4,014\n\n\n\n$\n4,014\n\n\n\n Other\n\n\n41\n\n\n42\n\n\n27\n\n\n30\n\n\n\n Total Long-term Debt\n\n\n(20,684\n)\n\n(21,147\n)\n\n(5,874\n)\n\n(6,337\n)\n\n\n Foreign Currency Forward Exchange Contracts:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Receivable position\n\n\n276\n\n\n276\n\n\n179\n\n\n179\n\n\n\n (Payable) position\n\n\n(82\n)\n\n(82\n)\n\n(102\n)\n\n(102\n)\n\n\n Interest Rate Hedge Contracts:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Receivable position\n\n\n8\n\n\n8\n\n\n116\n\n\n116\n\n\n\n (Payable) position\n\n\n(74\n)\n\n(74\n)\n\n\n\n\n\n\n\n\n\n \n 75\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote11 Financial Instruments, Derivatives and Fair Value Measures (Continued) \n\n\nThe\nfollowing table summarizes the bases used to measure certain assets and liabilities at fair value on a recurring basis in the balance sheet: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nBasis of Fair Value Measurement \n\n\n\n\n\nOutstanding\nBalances \n\nQuoted\nPrices in\nActive Markets \n\nSignificant Other\nObservable\nInputs \n\nSignificant\nUnobservable\nInputs \n\n\n\n\n\n(in millions)\n\n\n\n December31, 2016:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equity securities\n\n\n\n$\n2,676\n\n\n\n$\n2,676\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n Interest rate swap financial instruments\n\n\n8\n\n\n\n\n\n8\n\n\n\n\n\n\n Foreign currency forward exchange contracts\n\n\n276\n\n\n\n\n\n276\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Assets\n\n\n\n$\n2,960\n\n\n\n$\n2,676\n\n\n\n$\n284\n\n\n\n$\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Fair value of hedged long-term debt\n\n\n\n$\n5,413\n\n\n\n$\n\n\n\n\n$\n5,413\n\n\n\n$\n\n\n\n\n Interest rate swap financial instruments\n\n\n74\n\n\n\n\n\n74\n\n\n\n\n\n\n Foreign currency forward exchange contracts\n\n\n82\n\n\n\n\n\n82\n\n\n\n\n\n\n Contingent consideration related to business combinations\n\n\n136\n\n\n\n\n\n\n\n\n136 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Liabilities\n\n\n\n$\n5,705\n\n\n\n$\n\n\n\n\n$\n5,569\n\n\n\n$\n136 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n December31, 2015:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equity securities\n\n\n\n$\n3,780\n\n\n\n$\n3,780\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n Interest rate swap financial instruments\n\n\n116\n\n\n\n\n\n116\n\n\n\n\n\n\n Foreign currency forward exchange contracts\n\n\n179\n\n\n\n\n\n179\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Assets\n\n\n\n$\n4,075\n\n\n\n$\n3,780\n\n\n\n$\n295\n\n\n\n$\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Fair value of hedged long-term debt\n\n\n\n$\n4,135\n\n\n\n$\n\n\n\n\n$\n4,135\n\n\n\n$\n\n\n\n\n Foreign currency forward exchange contracts\n\n\n102\n\n\n\n\n\n102\n\n\n\n\n\n\n Contingent consideration related to business combinations\n\n\n173\n\n\n\n\n\n\n\n\n173 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Total Liabilities\n\n\n\n$\n4,410\n\n\n\n$\n\n\n\n\n$\n4,237\n\n\n\n$\n173 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n Equity\nsecurities are principally comprised of MylanN.V. ordinary shares. The fair value of the MylanN.V. equity securities was determined based on the value of the\npublicly-traded ordinary shares. The fair value of foreign currency forward exchange contracts is determined using a market approach, which utilizes values for comparable derivative instruments. The\nfair value of the debt was determined based on the face value of the debt adjusted for the fair value of the interest rate swaps, which is based on a discounted cash flow analysis using significant\nother observable inputs. \n\nThe\nfair value of the contingent consideration was determined based on independent appraisals adjusted for the time value of money and other changes in fair value primarily resulting\nfrom changes in regulatory timelines. Contingent consideration results from three acquisitions and the maximum amount estimated to be due is approximately $450million, which is dependent upon\nattaining certain sales thresholds or based on the occurrence of certain events, such as regulatory approvals. \n\n76\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote12 Litigation and Environmental Matters \n\n\n\nAbbott has been identified as a potentially responsible party for investigation and cleanup costs at a number of locations in the United States and Puerto Rico under federal and state\nremediation laws and is investigating potential contamination at a number of company-owned locations. Abbott has recorded an estimated cleanup cost for each site for which management believes Abbott\nhas a probable loss exposure. No individual site cleanup exposure is expected to exceed $4million, and the aggregate cleanup exposure is not expected to exceed $10million. \n\nAbbott\nis involved in various claims and legal proceedings, and Abbott estimates the range of possible loss for its legal proceedings and environmental exposures to be from approximately\n$35million to $45million. The recorded accrual balance at December31, 2016 for these proceedings and exposures was approximately $40million. This accrual represents\nmanagement\'s best estimate of probable loss, as defined by FASB ASC No.450, "Contingencies." Within the next year, legal proceedings may occur that may result in a change in the estimated loss\naccrued by Abbott. While it is not feasible to predict the outcome of all such proceedings and exposures with certainty, management believes that their ultimate disposition should not have a material\nadverse effect on Abbott\'s financial position, cash flows, or results of operations. \n\n77\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits \n\n\nRetirement plans consist of defined benefit, defined contribution and medical and dental plans. Information for Abbott\'s major defined benefit plans and post-employment medical and\ndental benefit plans is as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDefined Benefit\nPlans \n\nMedical and\nDental Plans \n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n2016 \n\n2015 \n\n\n\n Projected benefit obligations, January1\n\n\n\n$\n7,820\n\n\n\n$\n8,345\n\n\n\n$\n1,262\n\n\n\n$\n1,411\n\n\n\n Service cost benefits earned during the year\n\n\n263\n\n\n307\n\n\n26\n\n\n33\n\n\n\n Interest cost on projected benefit obligations\n\n\n288\n\n\n314\n\n\n43\n\n\n52\n\n\n\n (Gains) losses, primarily changes in discount rates, plan design changes, law changes and differences between actual and estimated health care\ncosts\n\n\n645\n\n\n(574\n)\n\n13\n\n\n(166\n)\n\n\n Benefits paid\n\n\n(242\n)\n\n(230\n)\n\n(71\n)\n\n(61\n)\n\n\n Business dispositions\n\n\n\n\n\n(117\n)\n\n\n\n\n\n\n\n\n Other, including foreign currency translation\n\n\n(257\n)\n\n(225\n)\n\n1\n\n\n(7\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Projected benefit obligations, December31\n\n\n\n$\n8,517\n\n\n\n$\n7,820\n\n\n\n$\n1,274\n\n\n\n$\n1,262 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Plan assets at fair value, January1\n\n\n\n$\n6,772\n\n\n\n$\n6,754\n\n\n\n$\n441\n\n\n\n$\n485\n\n\n\n Actual return (loss) on plans\' assets\n\n\n631\n\n\n(56\n)\n\n28\n\n\n(14\n)\n\n\n Company contributions\n\n\n582\n\n\n579\n\n\n10\n\n\n25\n\n\n\n Benefits paid\n\n\n(242\n)\n\n(230\n)\n\n(63\n)\n\n(55\n)\n\n\n Business dispositions\n\n\n\n\n\n(113\n)\n\n\n\n\n\n\n\n\n Other, including foreign currency translation\n\n\n(201\n)\n\n(162\n)\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Plan assets at fair value, December31\n\n\n\n$\n7,542\n\n\n\n$\n6,772\n\n\n\n$\n416\n\n\n\n$\n441 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Projected benefit obligations greater than plan assets, December31\n\n\n\n$\n(975\n)\n\n\n$\n(1,048\n)\n\n\n$\n(858\n)\n\n\n$\n(821\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Long-term assets\n\n\n\n$\n340\n\n\n\n$\n390\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n Short-term liabilities\n\n\n(18\n)\n\n(17\n)\n\n(1\n)\n\n(1\n)\n\n\n Long-term liabilities\n\n\n(1,297\n)\n\n(1,421\n)\n\n(857\n)\n\n(820\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net liability\n\n\n\n$\n(975\n)\n\n\n$\n(1,048\n)\n\n\n$\n(858\n)\n\n\n$\n(821\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Amounts Recognized in Accumulated Other Comprehensive Income (loss):\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Actuarial losses, net\n\n\n\n$\n3,301\n\n\n\n$\n2,903\n\n\n\n$\n373\n\n\n\n$\n369\n\n\n\n Prior service cost (credits)\n\n\n\n\n\n\n\n\n(254\n)\n\n(299\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n3,301\n\n\n\n$\n2,903\n\n\n\n$\n119\n\n\n\n$\n70 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\nprojected benefit obligations for non-U.S. defined benefit plans was $2.5billion and $2.1billion at December31, 2016 and 2015, respectively. The accumulated\nbenefit obligations for all defined benefit plans were $7.4billion and $6.9billion at December31, 2016 and 2015, respectively. \n\n78\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n\nFor\nplans where the accumulated benefit obligations exceeded plan assets at December31, 2016 and 2015, the aggregate accumulated benefit obligations, the projected benefit\nobligations and the aggregate plan assets were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n\n\n Accumulated benefit obligation\n\n\n\n$\n1,485\n\n\n\n$\n3,651\n\n\n\n Projected benefit obligation\n\n\n1,697\n\n\n4,226\n\n\n\n Fair value of plan assets\n\n\n653\n\n\n2,862\n\n\n\n\n \n The\ncomponents of the net periodic benefit cost were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDefined Benefit Plans \n\nMedical and\nDental Plans \n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n2016 \n\n2015 \n\n2014 \n\n\n\n\n\n(in millions)\n\n\n\n Service cost benefits earned during the year\n\n\n\n$\n263\n\n\n\n$\n307\n\n\n\n$\n269\n\n\n\n$\n26\n\n\n\n$\n33\n\n\n\n$\n33\n\n\n\n Interest cost on projected benefit obligations\n\n\n288\n\n\n314\n\n\n317\n\n\n43\n\n\n52\n\n\n63\n\n\n\n Expected return on plans\' assets\n\n\n(565\n)\n\n(511\n)\n\n(458\n)\n\n(35\n)\n\n(39\n)\n\n(40\n)\n\n\n Amortization of actuarial losses\n\n\n129\n\n\n184\n\n\n103\n\n\n16\n\n\n23\n\n\n16\n\n\n\n Amortization of prior service cost (credits)\n\n\n\n\n\n1\n\n\n2\n\n\n(45\n)\n\n(48\n)\n\n(39\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n Total cost\n\n\n115\n\n\n295\n\n\n233\n\n\n5\n\n\n21\n\n\n33\n\n\n\n Less: Discontinued operations\n\n\n\n\n\n(3\n)\n\n(1\n)\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Net cost continuing operations\n\n\n\n$\n115\n\n\n\n$\n292\n\n\n\n$\n232\n\n\n\n\n$\n5\n\n\n\n$\n21\n\n\n\n$\n33 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n Other\ncomprehensive income (loss) for each respective year includes the amortization of actuarial losses and prior service costs (credits) as noted in the previous table. Other\ncomprehensive income (loss) for each respective year also includes: net actuarial losses of $571million for defined benefit plans and $20million for medical and dental plans in 2016;\nnet actuarial gains of $37million for defined benefit plans and $116million for medical and dental plans in 2015; and net actuarial losses net of prior service credits of\n$1.6billion for defined benefit plans and $57million for medical and dental plans in 2014. \n\nThe\npretax amount of actuarial losses and prior service cost (credits) included in Accumulated other comprehensive income (loss) at December31, 2016 that is expected to be\nrecognized in the net periodic benefit cost in 2017 is $167million and $1million of expense, respectively, for defined benefit pension plans and $24million of expense and\n$45million of income, respectively, for medical and dental plans. \n\nThe\nweighted average assumptions used to determine benefit obligations for defined benefit plans and medical and dental plans are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Discount rate\n\n\n3.8\n%\n\n4.3\n%\n\n3.9\n%\n\n\n Expected aggregate average long-term change in compensation\n\n\n4.3\n%\n\n4.4\n%\n\n4.3\n%\n\n\n\n \n 79\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n\n\nThe\nweighted average assumptions used to determine the net cost for defined benefit plans and medical and dental plans are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Discount rate\n\n\n4.3\n%\n\n3.9\n%\n\n4.9\n%\n\n\n Expected return on plan assets\n\n\n7.6\n%\n\n7.4\n%\n\n7.5\n%\n\n\n Expected aggregate average long-term change in compensation\n\n\n4.3\n%\n\n4.3\n%\n\n4.9\n%\n\n\n\n \n The\nassumed health care cost trend rates for medical and dental plans at December31 were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Health care cost trend rate assumed for the next year\n\n\n8\n%\n\n8\n%\n\n8\n%\n\n\n Rate that the cost trend rate gradually declines to\n\n\n5\n%\n\n5\n%\n\n5\n%\n\n\n Year that rate reaches the assumed ultimate rate\n\n\n2027\n\n\n2028\n\n\n2025\n\n\n\n\n \n The\ndiscount rates used to measure liabilities were determined based on high-quality fixed income securities that match the duration of the expected retiree benefits. The health care\ncost trend rates represent Abbott\'s expected annual rates of change in the cost of health care benefits and are forward projections of health care costs as of the measurement date. A one-percentage\npoint increase/(decrease) in the assumed health care cost trend rate would increase/(decrease) the accumulated post-employment benefit obligations as of December31, 2016, by\n$156million /$(137)million, and the total of the service and interest cost components of net post-employment health care cost for the year then ended by approximately\n$12million/$(10) million. \n\nIn\n2016, Abbott adopted ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share\n(or its Equivalent). The new standard removes the requirement to categorize all investments measured at net asset value (NAV) per share using the practical expedient allowed\nunder ASC 820 in the fair value hierarchy. Abbott applied the standard on a retrospective basis and revised the form and content of the fair value measurement disclosures related to the assets\nassociated with the defined benefit and medical and dental plans. \n\n80\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n\n\nThe\nfollowing table summarizes the basis used to measure the defined benefit and medical and dental plan assets at fair value: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nBasis of Fair Value Measurement \n\n\n\n\n\nOutstanding\nBalances \n\nQuoted\nPrices in\nActive Markets \n\nSignificant\nOther\nObservable\nInputs \n\nSignificant\nUnobservable\nInputs \n\nMeasured at\nNAV (k) \n\n\n\n\n\n(in millions)\n\n\n\n December31, 2016:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n U.S. large cap (a)\n\n\n\n$\n1,889\n\n\n\n$\n1,284\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n$\n605\n\n\n\n U.S. mid cap (b)\n\n\n549\n\n\n183\n\n\n\n\n\n\n\n\n366\n\n\n\n International (c)\n\n\n1,345\n\n\n356\n\n\n\n\n\n\n\n\n989\n\n\n\n Fixed income securities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n U.S. government securities(d)\n\n\n437\n\n\n5\n\n\n258\n\n\n\n\n\n174\n\n\n\n Corporate debt instruments(e)\n\n\n813\n\n\n100\n\n\n348\n\n\n\n\n\n365\n\n\n\n Non-U.S. government securities(f)\n\n\n514\n\n\n175\n\n\n\n\n\n\n\n\n339\n\n\n\n Other (g)\n\n\n183\n\n\n80\n\n\n20\n\n\n\n\n\n83\n\n\n\n Absolute return funds (h)\n\n\n1,891\n\n\n106\n\n\n\n\n\n\n\n\n1,785\n\n\n\n Commodities (i)\n\n\n84\n\n\n\n\n\n\n\n\n12\n\n\n72\n\n\n\n Cash and Cash Equivalents\n\n\n100\n\n\n8\n\n\n\n\n\n\n\n\n92\n\n\n\n Other (j)\n\n\n153\n\n\n\n\n\n\n\n\n\n\n\n153 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n$\n7,958\n\n\n\n$\n2,297\n\n\n\n$\n626\n\n\n\n$\n12\n\n\n\n$\n5,023 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n December31, 2015:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n Equities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n U.S. large cap (a)\n\n\n\n$\n1,770\n\n\n\n$\n1,078\n\n\n\n$\n\n\n\n\n$\n\n\n\n\n$\n692\n\n\n\n U.S. mid cap (b)\n\n\n434\n\n\n84\n\n\n\n\n\n\n\n\n350\n\n\n\n International (c)\n\n\n1,193\n\n\n245\n\n\n\n\n\n\n\n\n948\n\n\n\n Fixed income securities:\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n U.S. government securities(d)\n\n\n401\n\n\n5\n\n\n203\n\n\n\n\n\n193\n\n\n\n Corporate debt instruments(e)\n\n\n731\n\n\n109\n\n\n299\n\n\n\n\n\n323\n\n\n\n Non-U.S. government securities(f)\n\n\n497\n\n\n111\n\n\n\n\n\n2\n\n\n384\n\n\n\n Other (g)\n\n\n136\n\n\n28\n\n\n14\n\n\n\n\n\n94\n\n\n\n Absolute return funds (h)\n\n\n1,777\n\n\n101\n\n\n\n\n\n\n\n\n1,676\n\n\n\n Commodities (i)\n\n\n107\n\n\n7\n\n\n\n\n\n13\n\n\n87\n\n\n\n Cash and Cash Equivalents\n\n\n85\n\n\n21\n\n\n\n\n\n\n\n\n64\n\n\n\n Other (j)\n\n\n82\n\n\n\n\n\n1\n\n\n\n\n\n81 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n$\n7,213\n\n\n\n$\n1,789\n\n\n\n$\n517\n\n\n\n$\n15\n\n\n\n$\n4,892 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(a)A\nmix of index funds and actively managed equity accounts that are benchmarked to various large cap indices.\n(b)A\nmix of index funds and actively managed equity accounts that are benchmarked to various mid cap indices.\n(c)A\nmix of index funds and actively managed pooled investment funds that are benchmarked to various non-U.S. equity indices in both developed and emerging markets. \n \n 81\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n \n \n(d)A\nmix of index funds and actively managed accounts that are benchmarked to various U.S. government bond indices.\n(e)A\nmix of index funds and actively managed accounts that are benchmarked to various corporate bond indices.\n(f)Primarily\nUnited Kingdom, Japan, the Netherlands and Irish government-issued bonds.\n(g)Primarily\nmortgage backed securities and an actively managed, diversified fixed income vehicle benchmarked to the one-month Libor / Euribor.\n(h)Primarily\nfunds invested by managers that have a global mandate with the flexibility to allocate capital broadly across a wide range of asset classes and strategies\nincluding, but not limited to equities, fixed income, commodities, interest rate futures, currencies and other securities to outperform an agreed upon benchmark with specific return and volatility\ntargets.\n(i)Primarily\ninvestments in liquid commodity future contracts and private energy funds.\n(j)Primarily\ninvestments in private funds, such as private equity, private credit and private real estate.\n(k)In\naccordance with ASU 2015-07, investments measured at fair value using the NAV practical expedient have not been classified in the fair value hierarchy. The fair\nvalue amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet. \n \n Equities\nthat are valued using quoted prices are valued at the published market prices. Equities in a common collective trust or a registered investment company that are valued using\nsignificant other observable inputs are valued at the NAV provided by the fund administrator. The NAV is based on the value of the underlying assets owned by the fund minus its liabilities. For the\nmajority of these funds, investments may be redeemed once per month, with a required 2 to 30day notice period. For the remaining funds, daily redemption of an investment is allowed. Fixed\nincome securities that are valued\nusing significant other observable inputs are valued at prices obtained from independent financial service industry-recognized vendors. Abbott did not have any unfunded commitments related to fixed\nincome funds at December31, 2016 and 2015. For the majority of these funds, investments may be redeemed monthly, with a required 2 to 14day notice period. For the remaining funds,\ninvestments may be generally redeemed daily. \n\nAbsolute\nreturn funds and commodities are valued at the NAV provided by the fund administrator. All private funds are valued at the NAV provided by the fund on a one-quarter lag adjusted\nfor known cash flows and significant events through the reporting date. Abbott did not have any unfunded commitments related to absolute return funds at December31, 2016 and 2015. Investments\nin these funds may be generally redeemed monthly or quarterly with required notice periods ranging from 5 to 45days. For approximately $100million of the absolute return funds,\nredemptions are subject to a 25% gate. For commodities, investments in the private energy funds cannot be redeemed but the funds will make distributions through liquidation. The estimate of the\nliquidation period for each fund ranges from 2017 to 2022. Abbott\'s unfunded commitments in these funds as of December31, 2016 and 2015 were not significant. Investments in the private funds\n(excluding private energy funds) cannot be redeemed but the funds will make distributions through liquidation. The estimate of the liquidation period for each fund ranges from 2017 to 2026. Abbott\'s\nunfunded commitment in these funds was $337million and $198million as of December31, 2016 and 2015, respectively. \n\n82\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote13 Post-Employment Benefits (Continued) \n\n\n\nThe investment mix of equity securities, fixed income and other asset allocation strategies is based upon achieving a desired return as well as balancing higher return, more volatile\nequity securities with lower return, less volatile fixed income securities. Investment allocations are made across a range of markets, industry sectors, capitalization sizes, and in the case of fixed\nincome securities, maturities and credit quality. The plans do not directly hold any securities of Abbott. There are no known significant concentrations of risk in the plans\' assets. Abbott\'s medical\nand dental plans\' assets are invested in a similar mix as the pension plan assets. The actual asset allocation percentages at year end are consistent with the company\'s targeted asset allocation\npercentages. \n\nThe\nplans\' expected return on assets, as shown above is based on management\'s expectations of long-term average rates of return to be achieved by the underlying investment portfolios. In\nestablishing this assumption, management considers historical and expected returns for the asset classes in which the plans are invested, as well as current economic and capital market conditions. \n\nAbbott\nfunds its domestic pension plans according to IRS funding limitations. International pension plans are funded according to similar regulations. Abbott funded $582million\nin 2016 and $579million in 2015 to defined pension plans. Abbott expects to contribute approximately $364million to its pension plans in 2017, of which approximately\n$270million relates to its main domestic pension plan. \n\nTotal\nbenefit payments expected to be paid to participants, which includes payments funded from company assets, as well as paid from the plans, are as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\nDefined\nBenefit Plans \n\nMedical and\nDental Plans \n\n\n\n 2017\n\n\n\n$\n247\n\n\n\n$\n67\n\n\n\n 2018\n\n\n258\n\n\n68\n\n\n\n 2019\n\n\n275\n\n\n70\n\n\n\n 2020\n\n\n293\n\n\n72\n\n\n\n 2021\n\n\n312\n\n\n75\n\n\n\n 2022 to 2026\n\n\n1,857\n\n\n409\n\n\n\n\n \n The\nAbbott Stock Retirement Plan is the principal defined contribution plan. Abbott\'s contributions to this plan were $83million in 2016, $81million in 2015 and\n$85million in 2014. \n\n\n\n\n\n\n\nNote14 Taxes on Earnings from Continuing Operations \n\n\n\nTaxes on earnings from continuing operations reflect the annual effective rates, including charges for interest and penalties. Deferred income taxes reflect the tax consequences on\nfuture years of differences between the tax bases of assets and liabilities and their financial reporting amounts. \n\nIn\n2016, taxes on earnings from continuing operations include the impact of a net tax benefit of approximately $225million, primarily as a result of the resolution of various tax\npositions from prior years, partially offset by the unfavorable impact of non-deductible foreign exchange losses related to Venezuela and the adjustment of the MylanN.V. equity investment as\nwell as the recognition of deferred taxes associated with the pending sale of AMO. In 2015, taxes on earnings from continuing operations include a tax cost of $71million related to the\ndisposal of shares of MylanN.V. stock. In 2014, taxes on earnings from continuing operations reflect the recognition of $440million of tax expense associated with a one-time \n\n83\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote14 Taxes on Earnings from Continuing Operations (Continued) \n\nrepatriation\nof 2014 non-U.S. earnings, partially offset by the favorable resolution of various tax positions and adjustments of tax uncertainties pertaining to prior years. \n\nU.S.\nincome taxes are provided on those earnings of foreign subsidiaries which are intended to be remitted to the parent company. Abbott does not record deferred income taxes on earnings\nreinvested indefinitely in foreign subsidiaries. Undistributed earnings reinvested indefinitely in foreign subsidiaries aggregated $24billion at December31, 2016. It is not practicable\nto determine the amount of deferred income taxes not provided on these earnings. In the U.S., Abbott\'s federal income tax returns through 2013 are settled. There are numerous other income tax\njurisdictions for which tax returns are not yet settled, none of which are individually significant. Reserves for interest and penalties are not significant. \n\n\nEarnings\nfrom continuing operations before taxes, and the related provisions for taxes on earnings from continuing operations, were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Earnings From Continuing Operations Before Taxes:\n\n\n\n\n\n\n\n\n\n\n\n\n Domestic\n\n\n\n$\n306\n\n\n\n$\n789\n\n\n\n$\n392\n\n\n\n Foreign\n\n\n1,107\n\n\n2,394\n\n\n2,126 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n1,413\n\n\n\n$\n3,183\n\n\n\n$\n2,518 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Taxes on Earnings From Continuing Operations:\n\n\n\n\n\n\n\n\n\n\n\n\n Current:\n\n\n\n\n\n\n\n\n\n\n\n\n Domestic\n\n\n\n$\n71\n\n\n\n$\n64\n\n\n\n$\n27\n\n\n\n Foreign\n\n\n406\n\n\n220\n\n\n468 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total current\n\n\n477\n\n\n284\n\n\n495 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Deferred:\n\n\n\n\n\n\n\n\n\n\n\n\n Domestic\n\n\n(147\n)\n\n313\n\n\n298\n\n\n\n Foreign\n\n\n20\n\n\n(20\n)\n\n4 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total deferred\n\n\n(127\n)\n\n293\n\n\n302 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total\n\n\n\n$\n350\n\n\n\n$\n577\n\n\n\n$\n797 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 84\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote14 Taxes on Earnings from Continuing Operations (Continued) \n\n\nDifferences\nbetween the effective income tax rate and the U.S. statutory tax rate were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n Statutory tax rate on earnings from continuing operations\n\n\n 35.0\n%\n\n 35.0\n%\n\n 35.0\n%\n\n\n Impact of foreign operations\n\n\n (17.8\n)\n\n (18.2\n)\n\n 0.7\n\n\n\n Resolution of certain tax positions pertaining to prior years\n\n\n (16.1\n)\n\n \n\n\n (4.2\n)\n\n\n Mylan share adjustment\n\n\n 25.5\n\n\n \n\n\n \n\n\n\n State taxes, net of federal benefit\n\n\n (1.3\n)\n\n 0.3\n\n\n (0.5\n)\n\n\n Federal tax cost on sale of MylanN.V. shares\n\n\n \n\n\n 2.2\n\n\n \n\n\n\n All other, net\n\n\n (0.5\n)\n\n (1.2\n)\n\n 0.6 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Effective tax rate on earnings from continuing operations\n\n\n 24.8\n%\n\n 18.1\n%\n\n 31.6\n% \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\n \n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n \n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n \n Impact\nof foreign operations is primarily derived from operations in Puerto Rico, Switzerland, Ireland, Singapore, and the Netherlands. In 2014, this benefit was more than offset by the\ntax expense accrued as a result of Abbott\'s one-time repatriation of its current year foreign earnings. The 2015 effective tax rate includes the impact of the R&D tax credit that was made permanent in\nthe U.S. by the Protecting Americans from Tax Hikes Act of 2015. \n\nThe\ntax effect of the differences that give rise to deferred tax assets and liabilities were as follows: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n\n\n Deferred tax assets:\n\n\n\n\n\n\n\n\n\n Compensation and employee benefits\n\n\n\n$\n1,061\n\n\n\n$\n992\n\n\n\n Other, primarily reserves not currently deductible, and NOL\'s and credit\ncarryforwards\n\n\n2,384\n\n\n2,657\n\n\n\n Trade receivable reserves\n\n\n207\n\n\n197\n\n\n\n Inventory reserves\n\n\n157\n\n\n141\n\n\n\n Deferred intercompany profit\n\n\n231\n\n\n276\n\n\n\n State income taxes\n\n\n164\n\n\n206 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total deferred tax assets before valuation allowance\n\n\n4,204\n\n\n4,469\n\n\n\n Valuation allowance\n\n\n(189\n)\n\n(86\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total deferred tax assets\n\n\n\n$\n4,015\n\n\n\n$\n4,383 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Deferred tax liabilities:\n\n\n\n\n\n\n\n\n\n Depreciation\n\n\n(152\n)\n\n(118\n)\n\n\n Unremitted earnings of foreign subsidiaries\n\n\n(175\n)\n\n(694\n)\n\n\n Other, primarily the excess of book basis over tax basis of intangible assets\n\n\n(2,018\n)\n\n(1,942\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total deferred tax liabilities\n\n\n(2,345\n)\n\n(2,754\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total net deferred tax assets\n\n\n\n$\n1,670\n\n\n\n$\n1,629 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n 85\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote14 Taxes on Earnings from Continuing Operations (Continued) \n\nAbbott\nhas incurred losses in a foreign jurisdiction where realization of the future economic benefit is so remote that the benefit is not reflected as a deferred tax asset. \n\n\nThe\nfollowing table summarizes the gross amounts of unrecognized tax benefits without regard to reduction in tax liabilities or additions to deferred tax assets and liabilities if such\nunrecognized tax benefits were settled: \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n\n\n January1\n\n\n\n$\n1,438\n\n\n\n$\n1,403\n\n\n\n Increase due to current year tax positions\n\n\n145\n\n\n234\n\n\n\n Increase due to prior year tax positions\n\n\n101\n\n\n95\n\n\n\n Decrease due to prior year tax positions\n\n\n(703\n)\n\n(169\n)\n\n\n Settlements\n\n\n(9\n)\n\n(125\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n December31\n\n\n\n$\n972\n\n\n\n$\n1,438 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n The\ntotal amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is approximately $925million. Abbott believes that it is reasonably\npossible that the recorded amount of gross unrecognized tax benefits may decrease within a range of $100million to $250million, including cash adjustments, within the next twelve\nmonths as a result of concluding various domestic and international tax matters. \n\n\n\n\n\n\n\nNote15 Segment and Geographic Area Information \n\n\nAbbott\'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,\nwholesalers, hospitals, health care facilities, laboratories, physicians\' offices and government agencies throughout the world. Abbott\'s reportable segments are as follows: \n\n\nEstablished Pharmaceutical Products International sales of a broad line of branded generic pharmaceutical products. \n\n Nutritional Products Worldwide sales of a broad line of adult and pediatric nutritional products. \n\n Diagnostic Products Worldwide sales of diagnostic systems and tests for blood banks, hospitals, commercial laboratories and\nalternate-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\nDiagnostic Products segment. \n\n Vascular Products Worldwide sales of coronary, endovascular, structural heart, vessel closure and other medical device products. For\nsegment reporting purposes, the Vascular and Electrophysiology Products divisions are aggregated and reported as the Vascular Products segment. \n\nNon-reportable\nsegments include the Diabetes Care and Medical Optics segments. \n\nAbbott\'s\nunderlying accounting records are maintained on a legal entity basis for government and public reporting requirements. Segment disclosures are on a performance basis consistent\nwith internal management reporting. The cost of some corporate functions and the cost of certain employee benefits are charged to segments at predetermined rates that approximate cost. Remaining\ncosts, if any, are not \n\n86\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote15 Segment and Geographic Area Information (Continued) \n\nallocated\nto segments. In addition, intangible asset amortization is not allocated to operating segments, and intangible assets and goodwill are not included in the measure of each segment\'s assets.\nThe following segment information has been prepared in accordance with the internal accounting policies of Abbott, as described above, and are not presented in accordance with generally accepted\naccounting principles applied to the consolidated financial statements. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nNet Sales to External Customers (a) \n\nOperating Earnings (a) \n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n2014 \n\n2016 \n\n2015 \n\n2014 \n\n\n\n Established Pharmaceuticals\n\n\n\n$\n3,859\n\n\n\n$\n3,720\n\n\n\n$\n3,118\n\n\n\n$\n723\n\n\n\n$\n658\n\n\n\n$\n624\n\n\n\n Nutritionals\n\n\n6,899\n\n\n6,975\n\n\n6,953\n\n\n1,660\n\n\n1,741\n\n\n1,459\n\n\n\n Diagnostics\n\n\n4,813\n\n\n4,646\n\n\n4,721\n\n\n1,194\n\n\n1,171\n\n\n1,079\n\n\n\n Vascular\n\n\n2,896\n\n\n2,792\n\n\n2,986\n\n\n1,037\n\n\n1,061\n\n\n1,091 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Reportable Segments\n\n\n18,467\n\n\n18,133\n\n\n17,778\n\n\n\n$\n4,614\n\n\n\n\n$\n4,631\n\n\n\n$\n4,253 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Other\n\n\n2,386\n\n\n2,272\n\n\n2,469\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n Total\n\n\n\n$\n20,853\n\n\n\n$\n20,405\n\n\n\n$\n20,247\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n \n\n \n(a)Net\nsales and operating earnings were unfavorably affected by the relatively stronger U.S. dollar in 2016, 2015 and 2014. \n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n\n\n(in millions)\n\n\n\n Total Reportable Segment Operating Earnings\n\n\n\n$\n4,614\n\n\n\n$\n4,631\n\n\n\n$\n4,253\n\n\n\n Corporate functions and benefit plans costs\n\n\n(411\n)\n\n(416\n)\n\n(342\n)\n\n\n Non-reportable segments\n\n\n304\n\n\n268\n\n\n439\n\n\n\n Net interest expense\n\n\n(332\n)\n\n(58\n)\n\n(73\n)\n\n\n Net loss on extinguishment of debt\n\n\n\n\n\n\n\n\n(18\n)\n\n\n Share-based compensation\n\n\n(310\n)\n\n(291\n)\n\n(239\n)\n\n\n Amortization of intangible assets\n\n\n(550\n)\n\n(601\n)\n\n(555\n)\n\n\n Other, net (b)\n\n\n(1,902\n)\n\n(350\n)\n\n(947\n) \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Earnings from Continuing Operations before Taxes\n\n\n\n$\n1,413\n\n\n\n$\n3,183\n\n\n\n$\n2,518 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(b)Other,\nnet includes: the $947million adjustment of the Mylan equity investment and $480million of foreign currency exchange loss related to\noperations in Venezuela in 2016 and charges for restructuring actions and other cost reduction initiatives of approximately $155million in 2016, $310million in 2015 and\n$435million in 2014. 2015 includes a $207million pre-tax gain on the sale of a portion of the MylanN.V. shares. \n \n 87\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote15 Segment and Geographic Area Information (Continued) \n \n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nDepreciation (c) \n\nAdditions to\nLong-term Assets \n\nTotal Assets \n\n\n\n(in millions)\n\n2016 \n\n2015 \n\n2014 \n\n2016 \n\n2015 \n\n2014 \n\n2016 \n\n2015 \n\n2014 \n\n\n\n Established Pharmaceuticals\n\n\n\n$\n71\n\n\n\n$\n83\n\n\n\n$\n72\n\n\n\n$\n161\n\n\n\n$\n112\n\n\n\n\n$\n136\n\n\n\n$\n2,486\n\n\n\n$\n2,210\n\n\n\n$\n2,244\n\n\n\n Nutritionals\n\n\n160\n\n\n157\n\n\n173\n\n\n207\n\n\n142\n\n\n174\n\n\n3,189\n\n\n3,187\n\n\n3,435\n\n\n\n Diagnostics\n\n\n267\n\n\n310\n\n\n314\n\n\n392\n\n\n321\n\n\n349\n\n\n2,945\n\n\n2,844\n\n\n2,964\n\n\n\n Vascular\n\n\n69\n\n\n74\n\n\n84\n\n\n24\n\n\n32\n\n\n28\n\n\n1,425\n\n\n1,536\n\n\n1,529 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Reportable Segments\n\n\n567\n\n\n624\n\n\n643\n\n\n784\n\n\n607\n\n\n687\n\n\n\n$\n10,045\n\n\n\n$\n9,777\n\n\n\n$\n10,172 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n Other\n\n\n236\n\n\n247\n\n\n275\n\n\n582\n\n\n747\n\n\n4,603\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n Total\n\n\n\n$\n803\n\n\n\n$\n871\n\n\n\n$\n918\n\n\n\n$\n1,366\n\n\n\n$\n1,354\n\n\n\n$\n5,290\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n \n\n\n\n \n\n \n(c)Other\nin 2014 includes depreciation related to discontinued operations. \n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n\n\n(in millions)\n\n\n\n Total Reportable Segment Assets\n\n\n\n$\n10,045\n\n\n\n$\n9,777\n\n\n\n$\n10,172\n\n\n\n Cash and investments\n\n\n21,722\n\n\n10,166\n\n\n4,689\n\n\n\n Non-reportable segments\n\n\n1,280\n\n\n1,267\n\n\n1,211\n\n\n\n Goodwill and intangible assets (d)\n\n\n12,222\n\n\n15,200\n\n\n16,265\n\n\n\n All other (d)\n\n\n7,397\n\n\n4,837\n\n\n8,870 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Total Assets\n\n\n\n$\n52,666\n\n\n\n$\n41,247\n\n\n\n$\n41,207 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(d)Goodwill\nand intangible assets related to AMO are included in the All other line in 2016. Goodwill and intangible assets related to developed markets established\npharmaceuticals and animal health are included in the All other line in 2014. \n \n 88\n\n\n\n\n \n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\n\nNote15 Segment and Geographic Area Information (Continued) \n \n\n \n\n \n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nNet Sales to External\nCustomers (e) \n\n\n\n\n\n2016 \n\n2015 \n\n2014 \n\n\n\n\n\n(in millions)\n\n\n\n United States\n\n\n\n$\n6,486\n\n\n\n$\n6,270\n\n\n\n$\n6,123\n\n\n\n China\n\n\n1,728\n\n\n1,796\n\n\n1,321\n\n\n\n India\n\n\n1,114\n\n\n1,053\n\n\n1,009\n\n\n\n Germany\n\n\n1,044\n\n\n1,004\n\n\n978\n\n\n\n Japan\n\n\n924\n\n\n895\n\n\n968\n\n\n\n The Netherlands\n\n\n830\n\n\n855\n\n\n788\n\n\n\n Switzerland\n\n\n766\n\n\n784\n\n\n707\n\n\n\n Russia\n\n\n554\n\n\n483\n\n\n536\n\n\n\n Vietnam\n\n\n434\n\n\n331\n\n\n357\n\n\n\n Colombia\n\n\n424\n\n\n388\n\n\n283\n\n\n\n Brazil\n\n\n410\n\n\n381\n\n\n508\n\n\n\n Canada\n\n\n408\n\n\n428\n\n\n462\n\n\n\n United Kingdom\n\n\n377\n\n\n430\n\n\n447\n\n\n\n Italy\n\n\n365\n\n\n383\n\n\n436\n\n\n\n All Other Countries\n\n\n4,989\n\n\n4,924\n\n\n5,324 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n Consolidated\n\n\n\n$\n20,853\n\n\n\n$\n20,405\n\n\n\n$\n20,247 \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n\n\n\n\n\n\n\n \n\n\n\n\n\n\n \n \n\n\n\n \n\n \n(e)Sales\nby country are based on the country that sold the product. \n \n Long-lived\nassets on a geographic basis primarily include property, plant and equipment. It excludes goodwill, intangible assets, deferred tax assets, and financial instruments. \n\n\nAt\nDecember31, 2016 and 2015, Long-lived assets totaled $6.6billion and $6.4billion, respectively, and in the United States such assets totaled\n$3.1billion in both years. Long-lived asset balances associated with other countries were not material on an individual country basis in either of the two years. \n\n\n\n\n\n\n\nNote16 Subsequent Event \n\n\nOn January4, 2017, Abbott completed the acquisition of St.Jude Medical,Inc. The transaction establishes Abbott as a leader in the medical device market and\nprovides expanded opportunities for future growth. See Note6 to the consolidated financial statements for additional information regarding this acquisition. \n\n89\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\nAbbott Laboratories and Subsidiaries \n\n Notes to Consolidated Financial Statements (Continued) \n\n\n\n\n\n\n\nNote17 Quarterly Results (Unaudited) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n(in millions except per share data)\n\n2016 \n\n2015 \n\n\n\n First Quarter\n\n\n\n\n\n\n\n\n\n Continuing Operations:\n\n\n\n\n\n\n\n\n\n Net Sales\n\n\n\n$\n4,885\n\n\n\n$\n4,897\n\n\n\n Gross Profit\n\n\n2,601\n\n\n2,660\n\n\n\n Earnings from Continuing Operations\n\n\n56\n\n\n529\n\n\n\n Basic Earnings per Common Share\n\n\n0.04\n\n\n0.35\n\n\n\n Diluted Earnings per Common Share\n\n\n0.04\n\n\n0.35\n\n\n\n Net Earnings\n\n\n316\n\n\n2,292\n\n\n\n Basic Earnings Per Common Share (a)\n\n\n0.21\n\n\n1.52\n\n\n\n Diluted Earnings Per Common Share (a)\n\n\n0.21\n\n\n1.51\n\n\n\n Market Price Per Share-High\n\n\n44.05\n\n\n47.88\n\n\n\n Market Price Per Share-Low\n\n\n36.00\n\n\n43.36\n\n\n\n Second Quarter\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations:\n\n\n\n\n\n\n\n\n\n Net Sales\n\n\n\n$\n5,333\n\n\n\n$\n5,170\n\n\n\n Gross Profit\n\n\n2,901\n\n\n2,801\n\n\n\n Earnings from Continuing Operations\n\n\n599\n\n\n786\n\n\n\n Basic Earnings per Common Share\n\n\n0.40\n\n\n0.52\n\n\n\n Diluted Earnings per Common Share\n\n\n0.40\n\n\n0.52\n\n\n\n Net Earnings\n\n\n615\n\n\n784\n\n\n\n Basic Earnings Per Common Share (a)\n\n\n0.41\n\n\n0.52\n\n\n\n Diluted Earnings Per Common Share (a)\n\n\n0.41\n\n\n0.52\n\n\n\n Market Price Per Share-High\n\n\n44.58\n\n\n50.47\n\n\n\n Market Price Per Share-Low\n\n\n36.76\n\n\n45.55\n\n\n\n Third Quarter\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations:\n\n\n\n\n\n\n\n\n\n Net Sales\n\n\n\n$\n5,302\n\n\n\n$\n5,150\n\n\n\n Gross Profit\n\n\n2,877\n\n\n2,757\n\n\n\n Earnings (Loss) from Continuing Operations\n\n\n(357\n)\n\n596\n\n\n\n Basic Earnings (Loss) per Common Share\n\n\n(0.24\n)\n\n0.40\n\n\n\n Diluted Earnings (Loss) per Common Share\n\n\n(0.24\n)\n\n0.39\n\n\n\n Net Earnings (Loss)\n\n\n(329\n)\n\n580\n\n\n\n Basic Earnings (Loss) Per Common Share (a)\n\n\n(0.22\n)\n\n0.39\n\n\n\n Diluted Earnings (Loss) Per Common Share (a)\n\n\n(0.22\n)\n\n0.38\n\n\n\n Market Price Per Share-High\n\n\n45.79\n\n\n51.74\n\n\n\n Market Price Per Share-Low\n\n\n39.16\n\n\n39.00\n\n\n\n Fourth Quarter\n\n\n\n\n\n\n\n\n\n\n\n Continuing Operations:\n\n\n\n\n\n\n\n\n\n Net Sales\n\n\n\n$\n5,333\n\n\n\n$\n5,188\n\n\n\n Gross Profit\n\n\n2,900\n\n\n2,839\n\n\n\n Earnings from Continuing Operations\n\n\n875\n\n\n695\n\n\n\n Basic Earnings per Common Share\n\n\n0.51\n\n\n0.46\n\n\n\n Diluted Earnings per Common Share\n\n\n0.51\n\n\n0.46\n\n\n\n Net Earnings\n\n\n798\n\n\n767\n\n\n\n Basic Earnings Per Common Share (a)\n\n\n0.54\n\n\n0.51\n\n\n\n Diluted Earnings Per Common Share (a)\n\n\n0.53\n\n\n0.51\n\n\n\n Market Price Per Share-High\n\n\n43.78\n\n\n46.38\n\n\n\n Market Price Per Share-Low\n\n\n37.38\n\n\n39.28\n\n\n\n\n \n\n \n(a)The\nsum of the four quarters of earnings per share for 2016 and 2015 may not add to the full year earnings per share amount due to rounding and/or the use of\nquarter-to-date weighted average shares to calculate the earnings per share amount in each respective quarter. \n \n 90\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n Management Report on Internal Control Over Financial Reporting \n\nThe management of Abbott Laboratories is responsible for establishing and maintaining adequate internal control over financial reporting.\nAbbott\'s internal control system was designed to provide reasonable assurance to the company\'s management and board of directors regarding the preparation and fair presentation of published financial\nstatements. \n\nAll\ninternal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with\nrespect to financial statement preparation and presentation. \n\nAbbott\'s\nmanagement assessed the effectiveness of the company\'s internal control over financial reporting as of December31, 2016. In making this assessment, it used the criteria\nset forth in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway\nCommission. Based on our assessment, we believe that, as of\nDecember31, 2016, the company\'s internal control over financial reporting was effective based on those criteria. \n\n\nAbbott\'s\nindependent registered public accounting firm has issued an audit report on their assessment of the effectiveness of the company\'s internal control over financial reporting.\nThis report appears on page93. \n\nMiles\nD. White\nChairman of the Board and Chief Executive Officer \n\nBrian\nB. Yoor\nSenior Vice President, Finance and Chief Financial Officer \n\n\nRobert\nE. Funck\nVice President, Controller \n\nFebruary17,\n2017 \n\n91\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n Report of Independent Registered Public Accounting Firm \n\nThe\nBoard of Directors and Shareholders of Abbott Laboratories: \n\nWe\nhave audited the accompanying consolidated balance sheets of Abbott Laboratories and subsidiaries as of December31, 2016 and 2015, and the related consolidated statements of\nearnings, comprehensive income, shareholders\' investment and cash flows for each of the three years in the period ended December31, 2016. These financial statements are the responsibility of\nthe Company\'s management. Our responsibility is to express an opinion on these financial statements based on our audits. \n\nWe\nconducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to\nobtain reasonable assurance about whether the financial statements are free of material misstatement. An\naudit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant\nestimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. \n\nIn\nour opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Abbott Laboratories and subsidiaries at\nDecember31, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December31, 2016, in conformity with\nU.S. generally accepted accounting principles. \n\nWe\nalso have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Abbott Laboratories and subsidiaries\' internal control over\nfinancial reporting as of December31, 2016, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of\nthe Treadway Commission (2013 framework), and our report dated February17, 2017 expressed an unqualified opinion thereon. \n\n/s/\nErnst& YoungLLP \n\nChicago,\nIllinois\nFebruary17, 2017 \n\n92\n\n\n\n\n \n Report of Independent Registered Public Accounting Firm \n\nThe\nBoard of Directors and Shareholders of Abbott Laboratories: \n\nWe\nhave audited Abbott Laboratories and subsidiaries\' internal control over financial reporting as of December31, 2016, based on criteria established in Internal\nControl Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Abbott Laboratories and\nsubsidiaries\' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting\nincluded in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company\'s internal control over financial reporting\nbased on our audit. \n\nWe\nconducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to\nobtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control\nover financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and\nperforming such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. \n\nA\ncompany\'s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of\nfinancial statements for external purposes in accordance with generally accepted accounting principles. A company\'s internal control over financial reporting includes those policies and procedures\nthat (1)pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide\nreasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and\nexpenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3)provide reasonable assurance regarding prevention or timely\ndetection of unauthorized acquisition, use, or disposition of the company\'s assets that could have a material effect on the financial statements. \n\nBecause\nof its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future\nperiods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. \n\nIn\nour opinion, Abbott Laboratories and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December31, 2016, based on\nthe COSO criteria. \n\nWe\nalso have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Abbott Laboratories and\nsubsidiaries as of\nDecember31, 2016 and 2015, and the related consolidated statements of earnings, comprehensive income, shareholders\' investment and cash flows for each of the three years in the period ended\nDecember31, 2016 of Abbott Laboratories and subsidiaries and our report dated February17, 2017 expressed an unqualified opinion thereon. \n\n/s/\nErnst& YoungLLP \n\nChicago,\nIllinois\nFebruary17, 2017 \n\n93\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n\n \n ITEM 9.CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE \n\nNone. \n\n \n ITEM 9A.CONTROLS AND PROCEDURES \n\n\n\n\n\n\n\n\nDisclosure Controls and Procedures \n\n Evaluation of disclosure controls and procedures.The Chief Executive Officer, Miles D. White, and the Chief Financial Officer, Brian\nB. Yoor,\nevaluated the effectiveness of Abbott Laboratories\' disclosure controls and procedures as of the end of the period covered by this report, and concluded that Abbott Laboratories\' disclosure controls\nand procedures were effective to ensure that information Abbott is required to disclose in the reports that it files or submits with the Securities and Exchange Commission under the Securities\nExchange Act of 1934 (the Exchange Act) is recorded, processed, summarized and reported, within the time periods specified in the Commission\'s rules and forms, and to ensure that information required\nto be disclosed by Abbott in the reports that it files or submits under the Exchange Act is accumulated and communicated to Abbott\'s management, including its principal executive officer and principal\nfinancial officer, as appropriate to allow timely decisions regarding required disclosure. \n\n\n\n\n\n\n\nInternal Control Over Financial Reporting \n\nManagement\'s annual report on internal control over financial reporting.Management\'s report on Abbott\'s internal control over financial\nreporting is\nincluded on page91 hereof. The report of Abbott\'s independent registered public accounting firm related to their assessment of the effectiveness of internal control over financial reporting is\nincluded on page93 hereof. \n\n Changes in internal control over financial reporting.During the quarter ended December31, 2016, there were no changes in\nAbbott\'s internal\ncontrol over financial reporting (as defined in Rule13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, Abbott\'s internal control\nover financial reporting. \n\n \n ITEM 9B.OTHER INFORMATION \n\nNone. \n\n94\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n PART III \n\n \n ITEM 10.DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE \n\n\nIncorporated herein by reference are "Nominees for Election as Directors," "Committees of the Board of Directors," "Section16(a)\nBeneficial Ownership Reporting Compliance," and "Procedure for Recommendation and Nomination of Directors and Transaction of Business at Annual Meeting" to be included in the 2017 Abbott Laboratories\nProxy Statement. The 2017 Proxy Statement will be filed on or about March17, 2017. Also incorporated herein by reference is the text found under the caption, "Executive Officers of the\nRegistrant" on pages18 through 21 hereof. \n\nAbbott\nhas adopted a code of ethics that applies to its principal executive officer, principal financial officer, and principal accounting officer and controller. That code is part of\nAbbott\'s code of business conduct which is available free of charge through Abbott\'s investor relations website (www.abbottinvestor.com). Abbott intends\nto include on its website any amendment to, or waiver from, a provision of its code of ethics that applies to Abbott\'s principal executive officer, principal financial officer, and principal\naccounting officer and controller that relates to any element of the code of ethics definition enumerated in Item406(b) of RegulationS-K. \n\n \n ITEM 11.EXECUTIVE COMPENSATION \n\n\nThe material to be included in the 2017 Proxy Statement under the headings "2016 Director Compensation," and "Executive Compensation," and\n"Compensation Committee Report" is incorporated herein by reference. The 2017 Proxy Statement will be filed on or about March17, 2017. \n\n \n ITEM 12.SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS \n\n\n(a)Equity Compensation Plan Information.Incorporated herein by reference is the material under the heading\n"Equity Compensation Plan Information" in the 2017 Proxy Statement. The 2017 Proxy Statement will be filed on or about March17, 2017.\n(b)Information Concerning Security Ownership.Incorporated herein by reference is the material under the\nheading "Security Ownership of Executive Officers and Directors" in the 2017 Proxy Statement. The 2017 Proxy Statement will be filed on or about March17, 2017. \n\n \n ITEM 13.CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE \n\nThe material to be included in the 2017 Proxy Statement under the headings "The Board of Directors," "Committees of the Board of Directors,"\n"Leadership Structure," "Director Selection," "Board Diversity and Composition," "Corporate Governance Materials," and "Approval Process for Related Person Transactions" is incorporated herein by\nreference. The 2017 Proxy Statement will be filed on or about March17, 2017. \n\n \n ITEM 14.PRINCIPAL ACCOUNTING FEES AND SERVICES \n\nThe material to be included in the 2017 Proxy Statement under the headings "Audit Fees and Non-Audit Fees" and "Policy on Audit Committee\nPre-Approval of Audit and Permissible Non-Audit Services of the Independent Auditor" is incorporated herein by reference. The 2017 Proxy Statement will be filed on or about March17, 2017. \n\n95\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n PART IV \n\n \n ITEM 15.EXHIBITS, FINANCIAL STATEMENT SCHEDULES \n\n\n(a)Documents filed as part of this Form10-K.\n\n\n(1)Financial Statements:See Item8, "Financial Statements and Supplementary Data," on\npage50 hereof, for a list of financial statements.\n(2)Financial Statement Schedules:The required financial statement schedules are found on the pages\nindicated below. These schedules should be read in conjunction with the Consolidated Financial Statements of Abbott Laboratories: \n\n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\nAbbott Laboratories Financial Statement Schedules\n\n\n\n \n\nPage No. \n\n\n\n\n Valuation and Qualifying Accounts (ScheduleII)\n\n\n99\n\n\n\n\n SchedulesI, III, IV, and V are not submitted because they are not applicable or not required\n\n\n\n\n\n\n\n Report of Independent Registered Public Accounting Firm\n\n\n100\n\n\n\n\n Individual Financial Statements of businesses acquired by the registrant have been omitted pursuant to Rule3.05 of\nRegulationS-X\n\n\n\n\n\n\n\n \n \n\n(3)Exhibits Required by Item601 of RegulationS-K:The information called for by this\nparagraph is incorporated herein by reference to the Exhibit Index on pages101 through 107 of this Form10-K.\n \n\n\n(b)Exhibits filed (see Exhibit Index on pages101 through 107).\n (c) Financial Statement Schedule filed (page99). \n96\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n SIGNATURES \n\n\nPursuant to the requirements of Section13 or 15(d) of the Securities Exchange Act of 1934, Abbott Laboratories has duly caused this\nreport to be signed on its behalf by the undersigned, thereunto duly authorized. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\nABBOTT LABORATORIES\n\n\n\n\n\n By\n\n /s/MILES D. WHITE\n\n\n\n\n\n Miles D. White\nChairman of the Board and\nChief Executive Officer\n\n\n\n\n\nDate: February17, 2017\n\n\n\n \n Pursuant\nto the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Abbott Laboratories on February17,\n2017 in the capacities indicated below. \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n/s/MILES D. WHITE\n\n\n\n\n Miles D. White\nChairman of the Board, Chief Executive Officer\nand Director of Abbott Laboratories\n(principal executive officer)\n\n /s/BRIAN B. YOOR\n\n\n\n\n Brian B. Yoor\nSenior Vice President, Finance and Chief\nFinancial Officer (principal financial officer)\n\n\n/s/ROBERT E. FUNCK\n\n\n\n\n Robert E. Funck\nVice President and Controller\n(principal accounting officer)\n\n\n\n\n/s/ROBERT J. ALPERN, M.D.\n\n\n\n\n Robert J. Alpern, M.D.\nDirector of Abbott Laboratories\n\n /s/ROXANNE S. AUSTIN\n\n\n\n\n Roxanne S. Austin\nDirector of Abbott Laboratories\n\n\n/s/SALLY E. BLOUNT, PH.D.\n\n\n\n\n Sally E. Blount, Ph.D.\nDirector of Abbott Laboratories\n\n /s/W. JAMES FARRELL\n\n\n\n\n W. James Farrell\nDirector of Abbott Laboratories\n\n\n/s/EDWARD M. LIDDY\n\n\n\n\n Edward M. Liddy\nDirector of Abbott Laboratories\n\n /s/NANCY MCKINSTRY\n\n\n\n\n Nancy McKinstry\nDirector of Abbott Laboratories\n\n\n\n \n 97\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n/s/PHEBE N. NOVAKOVIC\n\n\n\n\n Phebe N. Novakovic\nDirector of Abbott Laboratories\n\n /s/WILLIAM A. OSBORN\n\n\n\n\n William A. Osborn\nDirector of Abbott Laboratories\n\n\n/s/SAMUEL C. SCOTT III\n\n\n\n\n Samuel C. Scott III\nDirector of Abbott Laboratories\n\n /s/DANIEL J. STARKS\n\n\n\n\n Daniel J. Starks\nDirector of Abbott Laboratories\n\n\n/s/GLENN F. TILTON\n\n\n\n\n Glenn F. Tilton\nDirector of Abbott Laboratories\n\n\n\n\n\n \n 98\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n ABBOTT LABORATORIES AND SUBSIDIARIES SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014 (in millions of dollars) \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\nAllowances for Doubtful\nAccounts and Product Returns\n\n\n\n \n\nBalance\nat Beginning\nof Year \n\nProvisions/\nCharges\nto Income \n\nAmounts\nCharged Off\nand Other\nDeductions \n\nBalance at\nEnd of Year \n\n\n\n 2016\n\n\n\n$\n337\n\n\n\n$\n92\n\n\n\n$\n(179\n)\n\n\n$\n250\n\n\n\n 2015\n\n\n310\n\n\n225\n\n\n(198\n)\n\n337\n\n\n\n 2014\n\n\n312\n\n\n220\n\n\n(222\n)\n\n310\n\n\n\n\n \n 99\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM \n\nThe\nBoard of Directors and Shareholders of Abbott Laboratories: \n\nWe\nhave audited the consolidated financial statements of Abbott Laboratories and subsidiaries as of December31, 2016 and 2015, and for each of the three years in the period ended\nDecember31, 2016, and have issued our report thereon dated February17, 2017 (included elsewhere in this Annual Report on Form10-K). Our audits also included the financial\nstatement schedule listed in Item15(a)(2) of this Annual Report on Form10-K. This schedule is the responsibility of the Company\'s management. Our responsibility is to express an\nopinion on this schedule based on our audits. \n\nIn\nour opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the\ninformation set forth therein. \n\n/s/\nErnst& YoungLLP \n\nChicago,\nIllinois\nFebruary17, 2017 \n\n100\n\n\n\n\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n \n\n\n \n \n EXHIBIT INDEX ABBOTT LABORATORIES ANNUAL REPORT FORM 10-K 2016 \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 2.1\n\n \n\n\n\n\n\n\n \*Agreement and Plan of Merger dated as of January30, 2016, among AlereInc. and Abbott Laboratories, filed as Exhibit2.1 to the Abbott Laboratories Current Report on Form8-K dated January30, 2016.\n\n\n\n \n\n\n\n2.2\n\n\n \n\n\n\n\n\n \*Agreement and Plan of Merger, dated as of April27, 2016, by and among Abbott Laboratories, St.Jude Medical,Inc., Vault Merger Sub,Inc. and Vault Merger Sub,LLC, filed as Exhibit2.1 to the Abbott Laboratories\n Current Report on Form8-K dated April27, 2016.\n\n\n\n \n\n\n\n2.3\n\n\n \n\n\n\n\n\n \*Stock Purchase Agreement, dated as of September14, 2016, by and between Abbott Laboratories and ChaceLLC and, solely for certain purposes, Johnson& Johnson, filed as Exhibit2.1 to the Abbott Laboratories Current Report\n on Form 8-K dated September14, 2016.\n\n\n \n\n\n\n\n \n\n\n\n\n\n\n Certain schedules and exhibits have been omitted from these filings pursuant to Item601(b)(2) of RegulationS-K. Abbott will furnish supplemental copies of any such schedules or exhibits to the U.S. Securities and Exchange Commission upon\n request.\n\n\n\n \n\n\n\n3.1\n\n\n \n\n\n\n\n\n \*Articles of Incorporation, Abbott Laboratories, filed as Exhibit3.1 to the Abbott Laboratories Quarterly Report on Form10-Q for the quarter ended March31, 1998.\n\n\n\n \n\n\n\n3.2\n\n\n \n\n\n\n\n\n\n \*By-Laws of Abbott Laboratories, as amended and restated effective February16, 2017, filed as Exhibit3.1 to the Abbott Laboratories Current Report on Form8-K dated February16, 2017.\n\n\n\n \n\n\n\n4.1\n\n\n \n\n\n\n\n\n \*Indenture dated as of February9, 2001, between Abbott Laboratories and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association, successor to Bank One Trust Company, N.A.) (including\n form of Security), filed as Exhibit4.1 to the Abbott Laboratories Registration Statement on FormS-3 dated February12, 2001.\n\n\n\n \n\n\n\n4.2\n\n\n \n\n\n\n\n\n \*Supplemental Indenture dated as of February27, 2006, between Abbott Laboratories and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association), filed as Exhibit4.2 to the Abbott\n Laboratories Registration Statement on FormS-3 dated February28, 2006.\n\n\n\n \n\n\n\n4.3\n\n\n \n\n\n\n\n\n \*Form of $1,000,000,000 6.150% Note due 2037, filed as Exhibit99.6 to the Abbott Laboratories Current Report on Form8-K dated November6, 2007.\n\n\n\n \n\n\n\n4.4\n\n\n \n\n\n\n\n\n \*Actions of the Authorized Officers with respect to Abbott\'s 5.150% Notes due 2012, 5.600% Notes due 2017 and 6.150% Notes due 2037, filed as Exhibit99.3 to the Abbott Laboratories Current Report on Form8-K dated November6,\n 2007.\n\n\n\n \n\n\n\n4.5\n\n\n \n\n\n\n\n\n \*Form of $2,000,000,000 5.125% Note due 2019, filed as Exhibit99.4 to the Abbott Laboratories Current Report on Form8-K dated February26, 2009.\n\n\n\n \n\n\n\n4.6\n\n\n \n\n\n\n\n\n \*Form of $1,000,000,000 6.000% Note due 2039, filed as Exhibit99.5 to the Abbott Laboratories Current Report on Form8-K dated February26, 2009.\n\n\n\n \n 101\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 4.7\n\n \n\n\n\n\n\n\n \*Actions of the Authorized Officers with respect to Abbott\'s 5.125% Note due 2019 and 6.000% Note due 2039, filed as Exhibit99.3 to the Abbott Laboratories Current Report on Form8-K dated February26, 2009.\n\n\n\n \n\n\n\n4.8\n\n\n \n\n\n\n\n\n \*Form of 2020 Note, filed as Exhibit99.5 to the Abbott Laboratories Current Report on Form8-K dated May27, 2010.\n\n\n\n \n\n\n\n4.9\n\n\n \n\n\n\n\n\n\n \*Form of 2040 Note, filed as Exhibit99.6 to the Abbott Laboratories Current Report on Form8-K dated May27, 2010.\n\n\n\n \n\n\n\n4.10\n\n\n \n\n\n\n\n\n \*Actions of the Authorized Officers with respect to Abbott\'s 2.70% Notes, 4.125% Notes and 5.30% Notes, filed as Exhibit99.3 to the Abbott Laboratories Current Report on Form8-K dated May27, 2010.\n\n\n\n \n\n\n\n4.11\n\n\n \n\n\n\n\n\n\n \* Indenture, dated as of March10, 2015, between Abbott Laboratories and U.S. Bank National Association (including form of Security), filed as Exhibit4.1 to the Abbott Laboratories Current Report on Form8-K dated March5,\n 2015.\n\n\n\n \n\n\n\n4.12\n\n\n \n\n\n\n\n\n \*Form of 2.000% Note due 2020, filed as Exhibit99.4 to the Abbott Laboratories Current Report on Form8-K dated March5, 2015.\n\n\n\n \n\n\n\n4.13\n\n\n \n\n\n\n\n\n \*Form of 2.550% Note due 2022, filed as Exhibit99.5 to the Abbott Laboratories Current Report on Form8-K dated March5, 2015.\n\n\n\n \n\n\n\n4.14\n\n\n \n\n\n\n\n\n \*Form of 2.950% Note due 2025, filed as Exhibit99.6 to the Abbott Laboratories Current Report on Form8-K dated March5, 2015.\n\n\n\n \n\n\n\n4.15\n\n\n \n\n\n\n\n\n\n \*Actions of the Authorized Officers with respect to Abbott\'s 2.000% Notes, 2.550% Notes and 2.950% Notes, filed as Exhibit99.3 to the Abbott Laboratories Current Report on Form8-K dated March5, 2015.\n\n\n\n \n\n\n\n4.16\n\n\n \n\n\n\n\n\n \*Form of 2.350% Notes due 2019, filed as Exhibit4.2 to the Abbott Laboratories Current Report on Form8-K dated November22, 2016.\n\n\n\n \n\n\n\n4.17\n\n\n \n\n\n\n\n\n \*Form of 2.900% Notes due 2021, filed as Exhibit4.3 to the Abbott Laboratories Current Report on Form8-K dated November22, 2016.\n\n\n\n \n\n\n\n4.18\n\n\n \n\n\n\n\n\n \*Form of 3.400% Notes due 2023, filed as Exhibit4.4 to the Abbott Laboratories Current Report on Form8-K dated November22, 2016.\n\n\n\n \n\n\n\n4.19\n\n\n \n\n\n\n\n\n \*Form of 3.750% Notes due 2026, filed as Exhibit4.5 to the Abbott Laboratories Current Report on Form8-K dated November22, 2016.\n\n\n\n \n\n\n\n4.20\n\n\n \n\n\n\n\n\n \*Form of 4.750% Notes due 2036, filed as Exhibit4.6 to the Abbott Laboratories Current Report on Form8-K dated November22, 2016.\n\n\n\n \n\n\n\n4.21\n\n\n \n\n\n\n\n\n \*Form of 4.900% Notes due 2046, filed as Exhibit4.7 to the Abbott Laboratories Current Report on Form8-K dated November22, 2016.\n\n\n\n \n\n\n\n4.22\n\n\n \n\n\n\n\n\n\n Officers\' Certificate Pursuant to Sections3.1 and 3.3 of the Indenture with respect to 2.350% Notes due 2019, 2.900% Notes due 2021, 3.400% Notes due 2023, 3.750% Notes due 2026, 4.750% Notes due 2036 and 4.900% Notes due 2046 (including forms\n of notes).\n\n\n\n \n\n\n\n4.23\n\n\n \n\n\n\n\n\n Indenture, dated as of July28, 2009, between St.Jude Medical,LLC (successor to St.Jude Medical,Inc.) and U.S. Bank National Association, as trustee, filed as Exhibit4.1 to the St.Jude Medical,\n Inc. Current Report on Form8-K dated July28, 2009.\n\n\n\n \n 102\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 4.24\n\n \n\n\n\n\n\n Fourth Supplemental Indenture, dated as of April2, 2013, between St.Jude Medical,LLC (successor to St.Jude Medical,Inc.) and U.S. Bank National Association, as trustee, relating to St.Jude Medical,\n LLC\'s 3.25% Senior Notes due 2023 and 4.75% Senior Notes due 2043 (including forms of notes), filed as Exhibit4.1 to the St.Jude Medical,Inc. Current Report on Form8-K dated April2, 2013.\n\n\n\n \n\n\n\n4.25\n\n\n \n\n\n\n\n\n Fifth Supplemental Indenture, dated as of September23, 2015, between St.Jude Medical,LLC (successor to St.Jude Medical,Inc.) and U.S. Bank National Association, as trustee, relating to St.Jude Medical,\n LLC\'s 2.000% Senior Notes due 2018, 2.800% Senior Notes due 2020 and 3.875% Senior Notes due 2025, filed as Exhibit4.1 to the St.Jude Medical,Inc. Current Report on Form8-K dated September23, 2015.\n\n\n\n \n\n\n\n4.26\n\n\n \n\n\n\n\n\n Sixth Supplemental Indenture, dated as of January4, 2017, among St.Jude Medical,Inc., St.Jude Medical,LLC and U.S. Bank National Association, as trustee, filed as Exhibit4.1 to the St.Jude Medical,\n LLC Current Report on Form8-K dated January4, 2017.\n\n\n \n\n\n\n\n \n\n\n\n\n\n Other debt instruments are omitted in accordance with Item601(b)(4)(iii)(A) of RegulationS-K. Copies of such agreements will be furnished to the Securities and Exchange Commission upon request.\n\n\n\n \n\n\n\n10.1\n\n\n \n\n\n\n\n\n \*Supplemental Plan Abbott Laboratories Extended Disability Plan, filed as an exhibit (pages50-51) to the 1992 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.2\n\n\n \n\n\n\n\n\n \*Abbott Laboratories Deferred Compensation Plan, as amended, filed as Exhibit10.2 to the 2014 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.3\n\n\n \n\n\n\n\n\n \*Abbott Laboratories 401(k) Supplemental Plan, as amended and restated, filed as Exhibit10.3 to the 2012 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.4\n\n\n \n\n\n\n\n\n \*Abbott Laboratories Supplemental Pension Plan, as amended and restated, filed as Exhibit10.4 to the 2014 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.5\n\n\n \n\n\n\n\n\n \*1986 Abbott Laboratories Management Incentive Plan, as amended and restated, filed as Exhibit10.5 to the 2014 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.6\n\n\n \n\n\n\n\n\n \*1998 Abbott Laboratories Performance Incentive Plan, as amended, filed as Exhibit10.6 to the 2014 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.7\n\n\n \n\n\n\n\n\n \*Rules for the 1998 Abbott Laboratories Performance Incentive Plan, as amended and restated, filed as Exhibit10.7 to the 2012 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.8\n\n\n \n\n\n\n\n\n \*Abbott Laboratories 1996 Incentive Stock Program, as amended and restated through the 6thAmendment February20, 2009, filed as Exhibit10.11 to the Abbott Laboratories Quarterly Report on Form10-Q for the quarter ended\n March31, 2009.\*\*\n\n\n\n \n\n\n\n10.9\n\n\n \n\n\n\n\n\n \*Abbott Laboratories 2009 Incentive Stock Program, as amended and restated, filed as Exhibit10.9 to the 2014 Abbott Laboratories Annual Report on Form10-K.\*\*\n\n\n\n \n\n\n\n10.10\n\n\n \n\n\n\n\n\n Abbott Laboratories Non-Employee Directors\' Fee Plan, as amended and restated.\*\*\n\n\n\n \n\n\n\n10.11\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement under Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit10.2 to the Abbott Laboratories Current Report on Form8-K dated December10, 2004.\*\*\n\n\n\n \n 103\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.12\n\n \n\n\n\n\n\n \*Form of Employee Stock Option Agreement for a new Non-Qualified Stock Option under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February18, 2005, filed as Exhibit10.2 to the Abbott Laboratories Current Report\n on Form8-K dated February18, 2005.\*\*\n\n\n\n \n\n\n\n10.13\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for an award of non-qualified stock options under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February17, 2006, filed as Exhibit10.4 to the Abbott Laboratories\n Current Report on Form8-K dated February16, 2006.\*\*\n\n\n\n \n\n\n\n10.14\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for an award of non-qualified stock options under the Abbott Laboratories 1996 Incentive Stock Program granted on or after February20, 2009, filed as Exhibit10.3 to the Abbott Laboratories\n Current Report on Form8-K dated February20, 2009.\*\*\n\n\n\n \n\n\n\n10.15\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Non-Qualified Stock Option Agreement, filed as Exhibit10.2 to the Abbott Laboratories Current Report on Form8-K dated April24, 2009.\*\*\n\n\n\n \n\n\n\n10.16\n\n\n \n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement, filed as Exhibit10.3 to the Abbott Laboratories Current Report on Form8-K dated April24, 2009.\*\*\n\n\n\n \n\n\n\n10.17\n\n\n \n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement (ratably vested), filed as Exhibit10.5 to the Abbott Laboratories Current Report on Form8-K dated April24, 2009.\*\*\n\n\n\n \n\n\n\n10.18\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement (ratably vested), filed as Exhibit10.37 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.19\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for foreign employees (ratably vested), filed as Exhibit10.38 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.20\n\n\n \n\n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign employees (annual performance based), filed as Exhibit10.39 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.21\n\n\n \n\n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign executive officers (annual performance based), filed as Exhibit10.40 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.22\n\n\n \n\n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign employees (interim performance based), filed as Exhibit10.41 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.23\n\n\n \n\n\n\n\n\n\n \*Form of Performance Restricted Stock Unit Agreement for foreign executive officers (interim performance based), filed as Exhibit10.42 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.24\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement (cliff vested), filed as Exhibit10.43 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.25\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for executive officers (cliff vested), filed as Exhibit10.44 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.26\n\n\n \n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for foreign employees (cliff vested), filed as Exhibit10.45 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n 104\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.27\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for foreign executive officers (cliff vested), filed as Exhibit10.46 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.28\n\n\n \n\n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement, filed as Exhibit10.47 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.29\n\n\n \n\n\n\n\n\n\n \*Form of Non-Employee Director Restricted Stock Unit Agreement for foreign non-employee directors, filed as Exhibit10.48 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.30\n\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Unit Agreement for Participants in France, filed as Exhibit10.49 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.31\n\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Agreement (ratably vested), filed as Exhibit10.50 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.32\n\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Agreement for executive officers (ratably vested), filed as Exhibit10.51 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.33\n\n\n \n\n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement (annual performance based), filed as Exhibit10.52 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.34\n\n\n \n\n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement for executive officers (annual performance based), filed as Exhibit10.53 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.35\n\n\n \n\n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement (interim performance based), filed as Exhibit10.54 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.36\n\n\n \n\n\n\n\n\n\n \*Form of Performance Restricted Stock Agreement for executive officers (interim performance based), filed as Exhibit10.55 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.37\n\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Agreement (cliff vested), filed as Exhibit10.56 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.38\n\n\n \n\n\n\n\n\n\n \*Form of Restricted Stock Agreement for executive officers (cliff vested), filed as Exhibit10.57 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.39\n\n\n \n\n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement, filed as Exhibit10.58 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.40\n\n\n \n\n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for executive officers, filed as Exhibit10.59 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.41\n\n\n \n\n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for foreign employees, filed as Exhibit10.60 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.42\n\n\n \n\n\n\n\n\n\n \*Form of Non-Qualified Stock Option Agreement for foreign executive officers, filed as Exhibit10.61 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.43\n\n\n \n\n\n\n\n\n\n \*Form of Non-Employee Director Non-Qualified Stock Option Agreement, filed as Exhibit10.64 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.44\n\n\n \n\n\n\n\n\n\n \*Form of Non-Employee Director Non-Qualified Stock Option Agreement for foreign non-employee directors, filed as Exhibit10.65 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n 105\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.45\n\n \n\n\n\n\n\n \*Form of UK Option Award Agreement, filed as Exhibit10.66 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.46\n\n\n \n\n\n\n\n\n \*Form of UK Option Award Agreement for executive officers, filed as Exhibit10.67 to the 2013 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.47\n\n\n \n\n\n\n\n\n\n \*Form of Agreement Regarding Change in Control by and between Abbott Laboratories and its named executive officers (other than Mr.White), filed as Exhibit10.1 to the Abbott Laboratories Current Report on Form8-K dated\n November30, 2012.\*\*\n\n\n\n \n\n\n\n10.48\n\n\n \n\n\n\n\n\n \*Form of Extension of Agreement Regarding Change in Control by and between Abbott Laboratories and its named executive officers (other than Mr.White), extending the agreement term to December31, 2016, filed as Exhibit10.59 to the\n 2014 Abbott Laboratories Annual Report on Form10-K.\n\n\n\n \n\n\n\n10.49\n\n\n \n\n\n\n\n\n\n Form of Extension of Agreement Regarding Change in Control by and between Abbott Laboratories and its named executive officers (other than Mr.White), extending the agreement term to December31, 2018.\n\n\n\n \n\n\n\n10.50\n\n\n \n\n\n\n\n\n\n \*Form of Time Sharing Agreement between Abbott Laboratories,Inc. and M.D. White, filed as Exhibit10.6 to the Abbott Laboratories Quarterly Report on Form10-Q for the quarter ended June30, 2006.\*\*\n\n\n\n \n\n\n\n10.51\n\n\n \n\n\n\n\n\n \*2004 Stock Incentive Plan, as amended and restated, filed as Exhibit4.5 to the Abbott Laboratories Registration Statement on FormS-8 dated March20, 2009.\*\*\n\n\n\n \n\n\n\n10.52\n\n\n \n\n\n\n\n\n\n \*Advanced Medical Optics,Inc. 2005 Incentive Compensation Plan, filed as Exhibit4.6 to the Abbott Laboratories Registration Statement on FormS-8 dated March20, 2009.\*\*\n\n\n\n \n\n\n\n10.53\n\n\n \n\n\n\n\n\n\n St.Jude Medical,Inc. 2016 Stock Incentive Plan, filed as Exhibit10.1 to the St.Jude Medical,Inc. Current Report on Form8-K dated October27, 2016.\n\n\n\n \n\n\n\n10.54\n\n\n \n\n\n\n\n\n\n St.Jude Medical,Inc. 2007 Stock Incentive Plan, as amended and restated (2014), filed as Exhibit10.22 to St.Jude Medical,Inc. Annual Report on Form10-K for the year ended January3, 2015 dated\n February26, 2015.\n\n\n\n \n\n\n\n10.55\n\n\n \n\n\n\n\n\n Form of Non-Qualified Stock Option Agreement (Global) and related Notice of Non-Qualified Stock Option Grant for stock options granted on or after December10, 2012 under the St.Jude Medical,Inc. 2007 Stock Incentive Plan,\n filed as Exhibit10.24 to the St.Jude Medical,Inc. Annual Report on Form10-K for the year ended December29, 2012 dated February26, 2013.\n\n\n\n \n\n\n\n10.56\n\n\n \n\n\n\n\n\n Form of Non-Qualified Stock Option Agreement for Non-Employee Directors and related Notice of Non-Qualified Stock Option Grant for stock options granted on or after December10, 2012 under the St.Jude Medical,Inc. 2007 Stock\n Incentive Plan, filed as Exhibit10.25 to the St.Jude Medical,Inc. Annual Report on Form10-K for the year ended December29, 2012, dated February26, 2013.\n\n\n\n \n\n\n\n10.57\n\n\n \n\n\n\n\n\n Form of Restricted Stock Units Award Agreement (Global) and related Restricted Stock Units Award Certificate for restricted stock units granted on or after December10, 2012 under the St.Jude Medical,Inc. 2007 Stock Incentive\n Plan, filed as Exhibit10.27 to the St.Jude Medical,Inc. Annual Report on Form10-K for the year ended December29, 2012, dated February26, 2013.\n\n\n\n \n 106\n\n\n\n\n \n \n\n \n \n\n\n\n\n\n\n\n\n\n\n\n\n\n\n\n10-K\nExhibit\nTable\nItem No. \n\n\n\n\n \n\n\n 10.58\n\n \n\n\n\n\n\n St.Jude Medical,Inc. Management Savings Plan, as amended and restated effective January1, 2016, filed as 10.4 to the St.Jude Medical,Inc. Annual Report on Form10-K for the fiscal year ended January2,\n 2016 dated February23, 2016.\n\n\n\n \n\n\n\n10.59\n\n\n \n\n\n\n\n\n Retention Agreement by and between Mr.Michael T. Rousseau and Abbott Laboratories, dated July22, 2016.\n\n\n\n \n\n\n\n10.60\n\n\n \n\n\n\n\n\n Retention Agreement by and between Eric S. Fain and Abbott Laboratories, dated July27, 2016.\n\n\n\n \n\n\n\n10.61\n\n\n \n\n\n\n\n\n\n 120-Day Bridge Term Loan Agreement, dated as of December13, 2016, among Abbott Laboratories, the guarantors referred to therein, Bank of America, N.A., as administrative agent, and the other lenders party thereto.\n\n\n\n \n\n\n\n10.62\n\n\n \n\n\n\n\n\n\n Amended and Restated Term Loan Agreement, dated as of January4, 2017, among St.Jude Medical,LLC, the guarantors from time to time party thereto, the lenders from time to time party thereto, and Bank of America, N.A., as\n administrative agent.\n\n\n\n \n\n\n\n12\n\n\n \n\n\n\n\n\n Computation of Ratio of Earnings to Fixed Charges.\n\n\n\n \n\n\n\n21\n\n\n \n\n\n\n\n\n\n Subsidiaries of Abbott Laboratories.\n\n\n\n \n\n\n\n23.1\n\n\n \n\n\n\n\n\n Consent of Independent Registered Public Accounting Firm.\n\n\n\n \n\n\n\n31.1\n\n\n \n\n\n\n\n\n Certification of Chief Executive Officer Required by Rule13a-14(a) (17 CFR 240.13a-14(a)).\n\n\n\n \n\n\n\n31.2\n\n\n \n\n\n\n\n\n Certification of Chief Financial Officer Required by Rule13a-14(a) (17 CFR 240.13a-14(a)).\n\n\n \n\n\n\n\n \n\n\n\n\n\n Exhibits32.1 and 32.2 are furnished herewith and should not be deemed to be "filed" under the Securities Exchange Act of 1934.\n\n\n\n \n\n\n\n32.1\n\n\n \n\n\n\n\n\n Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section1350, as adopted pursuant to Section906 of the Sarbanes-Oxley Act of 2002.\n\n\n\n \n\n\n\n32.2\n\n\n \n\n\n\n\n\n Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section1350, as adopted pursuant to Section906 of the Sarbanes-Oxley Act of 2002.\n\n\n\n \n\n\n\n101\n\n\n \n\n\n\n\n\n The following financial statements and notes from the Abbott Laboratories Annual Report on Form10-K for the year ended December31, 2016 filed on February17, 2017, formatted in XBRL: (i)Consolidated Statement of Earnings;\n (ii)Consolidated Statement of Comprehensive Income; (iii)Consolidated Statement of Cash Flows; (iv)Consolidated Balance Sheet; (v)Consolidated Statement of Shareholders\' Investment; and (vi)the notes to the consolidated\n financial statements.\n\n\n\n\n\n\n\n \n\n \n\*Incorporated\nherein by reference. Commission file number1-2189.\n\*\*Denotes\nmanagement contract or compensatory plan or arrangement required to be filed as an exhibit hereto.\nIncorporated\nherein by reference. Commission file number1-12441. \n \n Abbott\nwill furnish copies of any of the above exhibits to a shareholder upon written request to the Secretary, Abbott Laboratories, 100Abbott Park Road, Abbott Park,\nIllinois60064-6400. \n\n107\n\n\n\n\n\n\n\n\n\n\n\n']

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