

LETTER TO OUR SHAREHOLDERS

These mirror-image actions perfectly encapsulate our strategy: we compete where we can achieve the critical mass and innovation needed to have significant impact and achieve market leadership.

BUILT TO COMPETE

We're able to achieve such positions because our businesses are consciously built around a consistent core of competitive strengths:

BALANCE

Our long-term stability is a direct function of the balance we work to construct and maintain between the various elements of our business. Diversity of our strengths and resources has been central to Abbott's strategy for decades. We work continually to achieve the optimal mix across multiple dimensions of our competitive profile. We don't allow the company to become overly indexed toward any single business segment, geography, technology, customer type, or channel. Well-balanced diversity not only mitigates risk — it gives us more ways to win.

PRESENCE

Being a leader in a global business requires being present, visible, and known around the world — to customers, investors,

business partners, governments, and the general public. This is particularly critical in Established Pharmaceuticals (EPD), our branded-generics business, where presence *is* the strategy. Through a steady, focused shaping process, EPD is truly becoming the business we envisioned in its creation several years ago. Now focused exclusively on faster-growing emerging markets, and with strong presence in all relevant regions thanks to our acquisitions of CFR Pharmaceuticals and Veropharm, EPD is executing its model with great success, growing both sales and profits.

RELEVANCE

This attribute goes back to that central question of "What do we want to be?" It's a matter of understanding and providing what's current, what's important, what people need and want — now and in the future. To be a leading healthcare company, we have to be where the needs are greatest. To that end, we've aligned our businesses with the demographic trends driving the future of healthcare and of the global economy.

LEADERSHIP

Our other competitive advantages add up to this one. We enter businesses in order to lead them.

The healthcare business is about excellence. A lower standard simply is not appropriate. The essence of the business is creating new technologies and solutions that are better than before and deliver increasing benefits in critical areas of people's health and lives. We pursue leadership in every aspect of our operations — from market position to financial performance to corporate citizenship. But nowhere is it more important than in the innovation that is always the heartbeat of our business. And our leadership in this regard is particularly robust, as we're enjoying a very good time for Abbott science.

In 2016, *Popular Science* magazine, the world's largest science and technology publication, named two Abbott products — our *FreeStyle Libre* glucose-monitoring system and our *Absorb* bioresorbable stent — to its list of the year's 100 best inventions. And we're delivering a comparable level of innovation in our *Alinity* family of diagnostic systems. This is a program of unprecedented scope and ambition that advances our entire range of diagnostic technologies to offer greater efficiency, flexibility, and confidence to customers and health systems. It's a bold advance that embodies our approach to what we do — we aim to lead.