

## LETTER TO OUR SHAREHOLDERS

### WE HAVE RESHAPED ABBOTT TO DELIVER CONTINUED, ACCELERATING GROWTH



2017

#### ST. JUDE MEDICAL

*Adding St. Jude Medical advances our strategic and competitive positions in high-growth segments of a critical healthcare market*

2014

#### CFR+VEROPHARM

*Acquiring CFR Pharmaceuticals and Veropharm, combined with divesting our developed-markets pharmaceuticals business, focused our branded-generics business on faster-growing international markets*

2013

abbvie

*With the separation of AbbVie, we also created a new, more balanced Abbott*

### SHAPING THE COMPANY

The fundamental question perpetually facing every company is, “What should we be?” Determining what fields to be in and what opportunities to pursue is the definitive task of business leadership.

The hallmark of the past 18 years at Abbott has been an unwavering focus on this central question. We have continually shaped the company to make it stronger and more competitive in its evolving environment. 2016 was a landmark year in this regard.

Our vision is fixed, clear, and ambitious: to make Abbott the world’s leading healthcare company in the markets in which we compete — the company that sets the standard in innovation, impact, and performance. To this end, we shape the company to achieve maximum competitiveness. To us, that means building significant and leading positions in large and growing markets. Two major strategic decisions in 2016 embody our intent in action.

The first was our decision to sell Abbott Medical Optics (AMO) to Johnson & Johnson. When we entered the vision business seven years ago, we expected AMO — which was a leader, both technologically and commercially,

in the segments in which it competed — to be the foundation of just such a position for us. And the business performed very well as a part of Abbott, gaining share and operating profitably. However, we did not see the opportunity for Abbott to expand this business into the broad-based leader we would wish to be. This change, then, provides greater opportunity for our former vision business as it joins an established leader in the field.

Abbott, on the other hand, will pursue another market that is more closely aligned with our long-term strategies. That market is cardiovascular care, and the pivotal opportunity is our acquisition of St. Jude Medical (SJM). With SJM, we now have exactly the kind of market-leading positions that we seek in all our businesses. This includes strong positions across virtually the entire spectrum of cardiovascular specialties, and number-one or number-two positions in many of these fields. Just as importantly, we now have one of the strongest new-product pipelines in the medical device industry.

The addition of SJM caps an almost 20-year process through which we’ve very deliberately built one of the world’s premier cardiac care businesses, as well as broad-based medical-device leadership.