

DEAR FELLOW SHAREHOLDER: Abbott is here to create value. We do so by helping the people who use our products achieve better health. And we do so by helping our shareholders achieve financial growth. 2017 was an outstanding year for our company in both respects.

**FOCUS ON THE FUTURE**

The way we consistently create and deliver that value is by keeping our focus squarely on the future. This year marks our company's 130th anniversary. But our view is that we're only as old as our last year – that Abbott is a perpetually new company with a long legacy of success that informs where we go next and how we get there. That's a powerful combination: the experience of a company that's succeeded for generations, and the ambition and energy of a new company with fresh opportunities. We work very deliberately to ensure that Abbott remains always relevant and current to the people we serve and to the changes taking place in our environment. To that end, we continually shape the company, strategically choosing the businesses in which we compete, the areas of research in which we invest, and the geographies in which we build, to achieve the optimal configuration for success. 2017 was a watershed year in the shaping of our business for its next great era. The most conspicuous steps in this process were two major acquisitions that will be powerful drivers of our future. The first of these was St. Jude Medical, the addition of which made Abbott a leading medical-device innovator. Second was Alere Inc., a leader in rapid testing technologies. St. Jude and Alere both enhance our strength and presence in key businesses. We've long been a major global player in Diagnostics; Alere strengthens us in one of the few areas in which we weren't already a leader. St. Jude, on the other hand, makes us a premier company across the spectrum of cardiac care, where we'd previously had leadership only in certain focused areas. It also brings us into a very promising new field: Neuromodulation to treat chronic pain and movement disorders. We're now the market leader in non-opioid pain-relief technology, an area of high interest and immense potential. Equally important over time is how we strengthen the

company organically, through our investment in research and development. 2017 was a year of great success and productivity for Abbott innovation, with an extraordinary number of major product launches and approvals across our businesses and around the world. We have never had a more robust new-product pipeline of life-changing technologies. While this is detailed throughout this report, I'll call out two examples of internal Abbott innovation that speak to our broad aims and capabilities. First is our FreeStyle Libre glucosemonitoring system. The FreeStyle Libre system is a leap-frogging technology, changing the way people have managed their diabetes for decades. And it clearly demonstrates our strategic approach in action: we entered this field through acquisition, creating Abbott Diabetes Care in 2004; then developed it – strategically and technologically – into the market leader it is today. The year's other standout example of Abbott innovation is our Alinity family of diagnostic systems. This is a project of unprecedented scope and ambition in its market – a reinvention of the way the diagnostic lab works through a simultaneous reimaging of its component systems. What's particularly striking about this effort is that it comes in a legacy business in which Abbott has long been an established leader but, nonetheless, is executing a game-changing strategy through organic R&D.

**SHAPING SUCCESS**

We continually build Abbott to achieve a carefully defined profile that we've found optimal for achieving consistently strong performance. We craft that competitive profile to ensure our company is structured on these purposefully cultivated core strengths:

**Balance**

The diversity of Abbott's business portfolio not only expands our opportunities to more areas of healthcare, it's the key to our ability to deliver superior results. By managing a careful balance between diverse elements in our business mix, our customer base, and the markets we serve, we have more ways to win without being overly dependent on any single part of our business.

**Global Presence**

Abbott has strong commercial,

manufacturing, and R&D infrastructure throughout the world's largest and fastest growing markets. And our marketing efforts have now brought Abbott's corporate identity to more than three billion people worldwide. Alignment Abbott goes where significant health needs align with scientific opportunity in order to make the greatest impact for patients and, consequently, shareholders. Our ability to understand the needs of our customers allows us to move with the evolution of our markets. Leadership Our intent is to be the leading company in the markets in which we compete. And we're fulfilling that objective, with #1 or #2 positions in virtually every market we serve.

**CREATING VALUE** The results of the steps we've taken bear out the strategies behind them. The amount of value Abbott has created – near- and long-term – is extraordinary. Our company performed very well in 2017, and the result was a stellar year for Abbott shares. Our stock grew almost 50 percent in 2017 – its best performance in 20 years – hitting more than 20 all-time highs along the way. Combined with dividends paid, this resulted in total shareholder return of 52 percent, the best in our fundamental peer group. And, for the long term, we've paid rising dividends for the past 46 consecutive years, keeping us a member of the S&P Dividend Aristocrats Index since its inception.

We're able to create great value financially because we first do so in the lives of the people who use our products and for others whose lives we touch. In 2017, our efforts in global citizenship led us to be named to the Dow Jones Sustainability Indexes for the 13th consecutive year, the fifth in a row as the leader in our industry. As a result of this strong performance across our operations, Fortune magazine recently named us the Most Admired Company in our industry, also for the fifth consecutive year. 2017 was, then, a landmark year of building and putting the pieces in place for our next leap forward. In the years ahead we will capitalize on those investments and advancements. As this report makes clear, we are superbly positioned to do so. Thanks to our continual shaping of the company, Abbott is in a range of businesses, geographies, and

technologies that will allow us to keep growing, evolving, and succeeding. With our eyes always on the way ahead, our company is new again, for the 130th time, and readier than ever to create the ultimate value – in human lives improved and potential realized.