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

FORM 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019 **Commission file number 1-2189**

Abbott Laboratories

An Illinois Corporation
100 Abbott Park Road
Abbott Park, Illinois 60064-6400

36-0698440
(I.R.S. employer identification number)
(224) 667-6100
(telephone number)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares, Without Par Value	ABT	New York Stock Exchange Chicago Stock Exchange, Inc.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ **Accelerated Filer ☐** **Non-Accelerated Filer ☐** **Smaller reporting company ☐**
Emerging growth company ☐

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 accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No

The aggregate market value of the 1,723,621,480 shares of voting stock held by nonaffiliates of the registrant, computed by reference to the closing price as reported on the New York Stock Exchange, as of the last business day of Abbott Laboratories' most recently completed second fiscal quarter (June 28, 2019), was $144,956,566,468. Abbott has no non-voting common equity. Number of common shares outstanding as of January 31, 2020: 1,763,433,243

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2020 Abbott Laboratories Proxy Statement are incorporated by reference into Part III. The Proxy Statement will be filed on or about March 13, 2020.

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

Abbott Laboratories is an Illinois corporation, incorporated in 1900. Abbott's* principal business is the discovery, development, manufacture, and sale of a broad and diversified line of health care products.

NARRATIVE DESCRIPTION OF BUSINESS

Abbott has four reportable segments: Established Pharmaceutical Products, Diagnostic Products, Nutritional Products, and Medical Devices.

On October 3, 2017, Abbott completed the acquisition of Alere Inc., a diagnostic device and service provider, for an aggregate consideration of approximately $4.5 billion in cash.

On February 27, 2017, Abbott completed the sale of Abbott Medical Optics, its vision care business, to Johnson & Johnson for $4.325 billion in cash.

On January 4, 2017, Abbott completed the acquisition of St. Jude Medical, Inc., a global medical device manufacturer. Based on the closing Abbott share price on January 4, 2017, the aggregate implied value of the consideration paid in connection with the acquisition was approximately $23.6 billion, including approximately $13.6 billion in cash and approximately $10 billion in Abbott common shares.

Established Pharmaceutical Products

These products include a broad line of branded generic pharmaceuticals manufactured worldwide and marketed and sold outside the United States in emerging markets. These products are generally sold directly to wholesalers, distributors, government agencies, health care facilities, pharmacies, and independent retailers from Abbott-owned distribution centers and public warehouses, depending on the market served. Certain products are co-marketed or co-promoted with, or licensed from, other companies.

The principal products included in the broad therapeutic area portfolios of the Established Pharmaceutical Products segment are:

- gastroenterology products, including Creon™, for the treatment of pancreatic exocrine insufficiency associated with several underlying conditions, including cystic fibrosis and chronic pancreatitis; Duspatal™ and Dicetel™, for the treatment of irritable bowel syndrome or biliary spasm; Heptral™, Transmetil™, and Samyr™, for the treatment of intrahepatic cholestasis (associated with liver disease) or depressive symptoms; and Duphalac™, for regulation of the physiological rhythm of the colon;
- women's health products, including Duphaston™, for the treatment of many different gynecological disorders; and Femoston™, a hormone replacement therapy for postmenopausal women;
- cardiovascular and metabolic products, including Lipanthyl™ and TriCor™, for the treatment of dyslipidemia; Teveten™ and Teveten™ Plus, for the treatment of essential hypertension, and Physiotens™, for the treatment of hypertension; and Synthroid™, for the treatment of hypothyroidism;
- pain and central nervous system products, including Serc™, for the treatment of Ménière's disease and vestibular vertigo; Brufen™, for the treatment of pain, fever, and inflammation; and Sevedol™, for the treatment of severe migraines; and
- respiratory drugs and vaccines, including the anti-infective clarithromycin (sold under the trademarks Biaxin™, Klacid™, and Klaricid™); and Influvac™, an influenza vaccine.

* As used throughout the text of this report on Form 10-K, the term "Abbott" refers to Abbott Laboratories, an Illinois corporation, or Abbott Laboratories and its consolidated subsidiaries, as the context requires.

The Established Pharmaceutical Products segment directs its primary marketing efforts toward building strong brands with key stakeholders, including consumers, pharmacists, physicians, and other healthcare providers. Government agencies are also important customers.

Competition in the Established Pharmaceutical Products segment is generally from other health care and pharmaceutical companies. In addition, the substitution of generic drugs for the brand prescribed and introduction of additional forms of already marketed established products by generic or branded competitors may increase competitive pressures.

Diagnostic Products

These products include a broad line of diagnostic systems and tests manufactured, marketed, and sold worldwide. These products are generally marketed and sold directly to blood banks, hospitals, commercial laboratories, clinics, physicians' offices, government agencies, alternate care testing sites, and plasma protein therapeutic companies from Abbott owned distribution centers, public warehouses or third party distributors.

The principal products included in the Diagnostic Products segment are:

- core laboratory systems in the areas of immunoassay, clinical chemistry, hematology, and transfusion, including the Alinity® family of instruments, ARCHITECT®, ABBOTT PRISM®, and Cell-Dyn®, with assays used for screening and/or diagnosis for cancer, cardiac, metabolics, drugs of abuse, fertility, general chemistries, infectious diseases such as hepatitis and HIV, and therapeutic drug monitoring;
- molecular diagnostics systems, including Alinity® m and the m2000™ instruments that automate the extraction, purification, and preparation of DNA and RNA from patient samples, and detect and measure infectious agents including HIV, HBV, HCV, HPV, and CT/NG/TV/MG; and the Vysis® FISH product line of genomic-based tests;
- point of care systems, including the i-STAT® and next-generation i-STAT® Alinity® and cartridges for blood analysis;
- rapid diagnostics systems in the area of infectious diseases, including influenza, HIV, HCV, and tropical diseases such as malaria and dengue fever; molecular point-of-care testing for HIV, including the m-PIMA™ HIV-1/2 Viral Load Test, and for influenza A & B, RSV and strep A, including the ID NOW™ rapid molecular system; cardiometabolic testing, including Afinion® and Cholestech™ platforms and tests; a toxicology business for drug and alcohol testing; and remote patient monitoring and consumer self-testing; and
- informatics and automation solutions for use in laboratories, including laboratory automation systems, the RALS point of care solution, and AlinIQ™, a suite of informatics tools and professional services.

The Diagnostic Products segment's products are subject to competition in technological innovation, price, convenience of use, service, instrument warranty provisions, product performance, 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 product 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 introduce new products.

Nutritional Products

These products include a broad line of pediatric and adult nutritional products manufactured, marketed, and sold worldwide. These products are generally marketed and sold directly to consumers and to institutions, wholesalers, retailers, health care facilities, government agencies, and third-party distributors from Abbott-owned distribution centers or third-party distributors.

The principal products included in the Nutritional Products segment are:

- various forms of prepared infant formula and follow-on formula, including Similac®*, Similac Pro-Advance®*, Similac® Advance®, Similac® Advance® Non-GMO, Similac Pro-Sensitive®*, Similac Sensitive®, Similac Sensitive® Non-GMO, Go&Grow by Similac®*, Similac® NeoSure®, Similac® Organic, Similac® Special Care®,

Similac Total Comfort®*, Similac® For Supplementation, Isomil® Advance®, Isomil®, Alimentum®, Gain™, Grow™, Similac En Mei Li™, and Eleva™;

- adult and other pediatric nutritional products, including Ensure®, Ensure Plus®, Ensure® Enlive®, Ensure® (with NutriVigor®), Ensure® Max Protein, Ensure® High Protein, Glucerna®, Glucerna Hunger Smart®, ProSure®, PediaSure®, PediaSure SideKicks®, PediaSure® Peptide, EleCare®, Juven®, Abound®, Pedialyte® and Zone Perfect®; and
- nutritional products used in enteral feeding in health care institutions, including Jevity®, Glucerna® 1.2 Cal, Glucerna® 1.5 Cal, Osmolite®, Oxepa®, Freego® (Enteral Pump) and Freego® sets, Nepro®, and Vital®.

* These products are available with 2'-FL HMO (Human Milk Oligosaccharide) in several markets.

Primary marketing 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 professionals. In addition, certain nutritional products sold as Similac®, Gain™, Grow™, Eleva™, PediaSure®, PediaSure SideKicks®, Pedialyte®, Ensure®, Zone Perfect®, and Glucerna® are also promoted directly to the public by consumer marketing efforts in select markets where appropriate.

Competition for nutritional products in the segment is generally from other diversified consumer and health care manufacturers. Competitive factors include consumer advertising, formulation, packaging, scientific innovation, price, retail distribution, and availability of product forms. A significant aspect of competition is the search for ingredient innovations. 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 local manufacturers' products may increase competitive pressure.

Medical Devices

These products include a broad line of rhythm management, electrophysiology, heart failure, vascular and structural heart devices for the treatment of cardiovascular diseases, and diabetes care products for people with diabetes, as well as neuromodulation devices for the management of chronic pain and movement disorders. Medical devices are manufactured, marketed and sold worldwide. In the United States, depending upon the product, medical devices are generally marketed and sold directly to wholesalers, hospitals, ambulatory surgery centers, physicians' offices, and distributors from Abbott-owned distribution centers and public warehouses. Outside the United States, sales are made either directly to customers or through distributors, depending on the market served.

The principal products included in the Medical Devices segment are:

- rhythm management products, including Assurity MRI® and Endurity MRI® pacemaker systems; Ellipse® and Fortify Assura® implantable cardioverter defibrillators and Quadra Assura MP® implantable cardioverter defibrillator with cardiac resynchronization therapy and MultiPoint® Pacing technology; and Confirm Rx® implantable cardiac monitor;
- electrophysiology products, including the TactiCath® family of ablation catheters and FlexAbility® irrigated ablation catheters; Ampere® RF ablation generator; EnSite Precision® cardiac mapping system; and the Advisor® HD Grid mapping catheter;
- heart failure related products, including the HeartMate™ left ventricular device family and the CardioMEMS® HF System pulmonary artery sensor, a heart failure monitoring system;
- vascular products, including the XIENCE™ family of drug-eluting coronary stent systems developed on the Multi-Link Vision® platform; StarClose SE® and Perclose ProGlide® vessel closure devices, TREK® coronary balloon dilatation products, Hi-Torque Balance Middleweight Universal II® guidewires, Supera® Peripheral Stent System, a peripheral vascular stent system; Acculink®/Accunet® and Xact®/Emboshield NAV6®, carotid stent systems; and the OPTIS® integrated system with the Dragonfly OPTIS® imaging catheter and PressureWire® fractional flow reserve measurement systems;
- structural heart products, including MitraClip®, a percutaneous mitral valve repair system; Trifecta® Valve with Glide™ Technology, a surgical tissue heart valve; Portico® transcatheter aortic heart valve; Regent™ mechanical heart valve; AMPLATZER® PFO occluders; and Tendyne® Transcatheter Mitral Valve Implantation (TMVI) system;

- continuous glucose and blood glucose monitoring systems, including test strips, sensors, data management decision software, and accessories for people with diabetes, under the FreeStyle® brand such as the FreeStyle Libre® system; and
- neuromodulation products, including spinal cord stimulators Proclaim® Elite and Proclaim® XR Recharge-free implantable pulse generators (IPG) and Prodigy MRI® IPG, each 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 Infinity® Deep Brain Stimulation System with directional lead technology for the treatment of movement disorders.

These products are subject to competition in technological innovation, price, convenience of use, service, product performance, long-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 changes. 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.

INFORMATION WITH RESPECT TO ABBOTT'S BUSINESS IN GENERAL

Sources and Availability of Raw Materials

Abbott purchases, in the ordinary course of business, raw materials and supplies essential to Abbott's operations from numerous suppliers in the United States and around the world. There have been no recent significant availability problems or supply shortages for raw materials or supplies.

Patents, Trademarks, and Licenses

Abbott is aware of the desirability for patent and trademark protection for its products. Accordingly, where possible, patents and trademarks are 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. Principal trademarks and the products they cover are discussed in the Narrative Description of Business on pages 1 through 4. These, and various patents which expire during the period 2020 to 2040, 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 Abbott's business as a whole.

Seasonal Aspects, Customers, Backlog, and Renegotiation

There are no significant seasonal aspects to Abbott's business. Abbott has no single customer that, if the customer were lost, would have a material 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 business is subject to renegotiation of profits or termination of contracts at the election of a government.

Environmental Matters

Abbott believes that its operations comply in all material respects with applicable laws and regulations concerning environmental protection. Regulations 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 expenditures for pollution control in 2019 were not material and are not expected to be material in 2020.

Abbott has 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 the 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, in 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 activities, Abbott believes that such costs, together with other expenditures to maintain compliance with applicable laws and regulations concerning environmental protection, should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations.

Employees

Abbott employed approximately 107,000 people as of December 31, 2019.

Regulation

The development, manufacture, marketing, sale, promotion, and distribution of Abbott's products are subject to comprehensive government regulation by the U.S. Food and Drug Administration (FDA) and similar international regulatory agencies. Government regulation by various international, supranational, federal and state agencies addresses (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 approvals and manufacturing, labeling, packaging, supply chains, marketing and promotion, pricing and reimbursement, sampling, distribution, quality control, post-market surveillance, record keeping, storage, and disposal practices. In addition, Abbott's clinical laboratories and associated testing services are subject to comprehensive government regulation, including registration, certification, and licensure, by federal, state, and local agencies, such as the Centers for Medicare & Medicaid Services, the Drug Enforcement Administration, the Substance Abuse and Mental Health Services Administration, and their respective foreign counterparts. Certain of these agencies require our clinical laboratories to meet quality assurance, quality control, and personnel standards and undergo inspections.

Abbott's international operations are also affected by trade and investment regulations in many countries. These may require local investment, restrict Abbott's investments, or limit the import of raw materials and finished products.

Abbott's laboratory facilities and home monitoring services, which provide services, related products and medical devices to consumers, are subject to additional laws and regulations applicable to health care providers and suppliers that submit claims for reimbursement to third-party payors. In the United States, Medicare, Medicaid, and other third-party payors may from time to time conduct inquiries, claims audits, investigations, and enforcement actions relating to the claims or enrollment criteria.

Abbott 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 United 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. Governmental agencies can also invalidate intellectual property rights.

Compliance with these laws and regulations is costly and materially affects Abbott's business. Among other effects, health care regulations and significant changes thereto (such as the introduction of the Medical Device Regulation and the In Vitro Diagnostic Medical Device Regulation in the European Union) substantially increase the time, difficulty, and costs incurred in developing, obtaining and maintaining approval to market, and marketing newly developed and existing products. Abbott expects this regulatory environment will continue to require significant technical expertise and 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 suspension 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 penalties. Similarly, compliance with the laws and regulations governing clinical laboratories and testing services requires specialized expertise. Failure to comply with these regulatory requirements can result in sanctions, including suspension, revocation, or limitation of a laboratory's certification, which is necessary to conduct business, as well as significant fines or criminal penalties.

Abbott's business 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 industry 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 resulted, 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 injured as a result of their use.

Access to 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 major 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 reduction 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 care 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 pressures on Abbott's products for the foreseeable future. In the United States, the federal government regularly evaluates reimbursement for medical devices, diagnostics, supplies, and other products, as well as the procedures in which these products 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 payment 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 and/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 methodology 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 products), 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 January 1, 2018.

In 2010, 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 Abbott and other medical device manufacturers and importers. The excise tax was suspended from January 1, 2016 to December 31, 2019 and was repealed as of January 1, 2020 by the Further Consolidated Appropriations Act of 2020.

The Affordable Care Act also includes provisions known as the Physician Payments Sunshine Act, which requires manufacturers of drugs, devices, and medical supplies covered under Medicare and 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. In October 2018, the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act significantly expanded the types of healthcare providers for which reporting is required, beginning with reports filed in 2022. Similar 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 transparency of interactions with health care professionals. Failure to report appropriate data may result in civil or criminal fines and/or penalties.

Policy changes or implementation of new health care legislation could result in significant changes to health care systems. In the United States, this could include potential modification or repeal of all or parts of the Affordable Care Act.

The regulation of data privacy and security, and the protection of the confidentiality of certain personal information (including patient health information and financial information), is increasing. For example, the European Union, various other countries, and various U.S. states (e.g., California) have enacted stricter data protection laws that contain enhanced financial penalties for noncompliance. Similarly, the U.S. Department of Health and Human Services has issued rules governing the use, disclosure, and security of protected health information, and the FDA has issued further guidance concerning cybersecurity for medical devices. In addition, certain countries have issued or 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 result in enforcement actions, which could include civil or criminal penalties. Transferring and managing protected information will become more challenging as laws and regulations are enacted or amended, and Abbott expects there will be increasing complexity in this area.

Governmental cost containment efforts also affect Abbott’s nutritional products business. In the United States, for example, under regulations governing the federally funded Special Supplemental 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 manufacturers of infant formula whose products are used in the program.

Abbott expects debate to continue at all government levels worldwide over the manufacture, quality assurance requirements, marketing authorization processes, post-market surveillance requirements, availability, method of delivery, and payment for health care products and services, as well as data privacy and security. Abbott believes that future legislation and regulation in the markets it serves could affect the timing and expense associated with bringing health care products or services to market, access to health care products and services, increase rebates, reduce prices 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, diagnostic, 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 affected by the matters discussed above.

INTERNET INFORMATION

Copies of Abbott's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through Abbott's investor relations website (*www.abbottinvestor.com*) as soon as reasonably practicable after Abbott electronically files the material with, or furnishes it to, the Securities and Exchange Commission (the Commission). These reports and other information are also available, free of charge, at www.sec.gov.

Abbott's corporate governance guidelines, outline of directorship qualifications, code of business conduct and the charters of Abbott's audit committee, compensation committee, nominations and governance committee, and public policy committee are all available on Abbott's investor relations website (*www.abbottinvestor.com*).

ITEM 1A. RISK FACTORS

In addition to the other information in this report, the following risk factors should be considered before deciding to invest in any of Abbott'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, financial condition, results of operations, or prospects could be materially adversely affected by any of these risks.

Abbott may acquire other businesses, license rights to technologies or products, form alliances, or dispose of or spin-off businesses, which could cause it to incur significant expenses and could negatively affect profitability.

Abbott may pursue acquisitions, licensing arrangements, and strategic alliances, or dispose of or spin-off some of its businesses, as part of its 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 an 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 to integrate acquisitions successfully into its existing business or transition disposed businesses efficiently, and could incur or assume significant debt and unknown or contingent liabilities. Abbott 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 impairment 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.

Abbott is subject to cost containment efforts that could cause a reduction in future revenues and operating income.

In the United States and other countries, Abbott's businesses have experienced downward pressure on product pricing. Cost containment efforts by governments 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 health care or other factors, Abbott's future revenues and operating income will be reduced.

Abbott is subject to numerous governmental regulations and it can be costly to comply with these regulations and to develop compliant products and processes.

Abbott's products are subject to rigorous regulation by the FDA and numerous international, supranational, federal, and state authorities. The process of obtaining regulatory approvals to market a drug, medical device, or diagnostic product can be costly and time-consuming, and approvals might not be granted for future products, 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 uses, could result in delayed realization of product revenues, reduction in revenues, and substantial additional costs.

In addition, 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 obtained for a product. These requirements include, among other things, regulations regarding manufacturing practices, product labeling, and advertising and postmarketing reporting, including adverse event 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 regulatory 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 letters, fines, damages, injunctions, civil penalties, recalls, seizures of Abbott's products, and criminal prosecution.

These actions 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 partial 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 authorizations; 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, profitability and financial condition.

Laws and regulations affecting government benefit programs could impose new obligations on Abbott, require Abbott to change its business practices, and restrict its operations in the future.

Abbott's industry is subject to various international, supranational, federal, and state laws and regulations pertaining to government benefit program 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 and 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 participation 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 subject 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, violations 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.

Changes in the health care regulatory environment may adversely affect Abbott's business.

Both in the U.S. and internationally, government authorities may enact changes in regulatory requirements, make legislative or administrative reforms 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 impact the demand for and usage of Abbott's products or the prices that Abbott's customers are willing to pay for them.

Further, in 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 health care products and services. These provisions may be modified, repealed, or otherwise invalidated, in whole or in part. Future rulemaking 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 future rulemaking or changes in the law.

For additional information concerning health care regulation, see the discussion in "Regulation" under Item 1, "Business."

Abbott depends on sophisticated information technology systems and maintains protected personal data, and a cyber attack or other breach affecting these information technology systems or protected data could have a material adverse effect on Abbott's results of operations.

Similar to other large multi-national companies, the size and complexity of the information technology systems on which Abbott relies for both its 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 and 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, protected data, or proprietary information to be compromised or stolen. A significant attack or other disruption could result in adverse consequences, including increased costs and expenses, problems with product functionality, damage to customer relations, lost revenue, and legal or regulatory penalties.

Abbott also collects, manages and processes protected personal data, including protected health information, in connection with certain medical products and service offerings. Abbott is subject to certain regional and local data protection laws that prohibit or restrict the transfer of protected data across country borders. For additional information concerning data privacy and security regulation, see the discussion in "Regulation" under Item 1, "Business." A breach of protected personal information could result in adverse consequences, including regulatory inquiries or litigation, increased costs and expenses, reputational damage, lost revenue, and fines or penalties.

Abbott invests 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 an 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 attacks 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 Abbott's systems or products could have a material adverse effect on Abbott's business.

Abbott has significant indebtedness, which could adversely affect its business, including decreasing its business flexibility.

As of December 31, 2019, Abbott's consolidated indebtedness was approximately $18 billion. This consolidated indebtedness could have the effect, among other things, of reducing Abbott's flexibility to respond to changing business and economic conditions, and reducing funds available for working capital, capital expenditures, acquisitions, and other general corporate purposes.

Further, Abbott may be required to raise additional financing for working capital, capital expenditures, future acquisitions or other general corporate purposes. Abbott's ability to arrange 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 control. Consequently, Abbott cannot assure that it will be able to obtain additional financing or refinancing on terms acceptable 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 condition.

Additionally, further borrowing could cause a deterioration of Abbott's credit ratings. Abbott's credit ratings reflect each credit rating agency's then opinion of Abbott's financial strength, 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 borrowing 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.

The expiration or loss of patent protection and licenses may affect Abbott's future revenues and operating income.

Many of Abbott's businesses rely on patent and trademark and other intellectual property protection. Although most of the challenges to Abbott's intellectual property have come from other companies, governments may also challenge intellectual property protections. To the extent Abbott's intellectual property is successfully challenged, invalidated, 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 property 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 Proceedings."

Competitors' intellectual property may prevent Abbott from selling its products or have a material adverse effect on Abbott's future profitability and financial condition.

Competitors may claim that an Abbott product infringes their intellectual property. Resolving an intellectual property infringement claim can 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 successful 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. Any of these events could have a material adverse effect on Abbott's profitability and financial condition.

Abbott's research and development efforts may not succeed in developing commercially successful products and technologies, which may cause Abbott's revenue and profitability to decline.

To remain competitive, Abbott must continue to launch new products and technologies. To accomplish this, Abbott commits substantial efforts, funds, 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 expenditures 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.

Promising new 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 clinical 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 infringement 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 rendered obsolete by changing customer preferences, changing industry or regulatory standards, or competitors' innovations. Innovations may not be accepted quickly in the marketplace because of, among other things, entrenched 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, whether 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 technologies, 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.

New products and technological advances by Abbott's competitors may negatively affect Abbott's results of operations.

Abbott's products face intense competition from its competitors' products. Competitors' products may be safer, more effective, more effectively marketed 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.

The manufacture of many of Abbott's products is a highly exacting and complex process, and if Abbott or one of its suppliers encounters problems manufacturing products, Abbott's business could suffer.

The manufacture of many of Abbott's products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may 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 environmental 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 have to be discarded. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. Any of these events 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, similar losses with respect to other lots, batches or products. To the extent Abbott or one of its suppliers experiences significant manufacturing problems, this could have a material adverse effect on Abbott's revenues and profitability.

Significant safety concerns could arise for Abbott's products, which could have a material adverse effect on Abbott's revenues and financial condition.

Health care products typically receive regulatory approval based on data obtained in controlled clinical trials of limited duration. Following regulatory 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 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 or 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 or by regulatory authorities. Safety issues affecting suppliers' or competitors' products also may reduce the market acceptance of Abbott's products.

In addition, 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 promotes 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 safety 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 customers. 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 liability claims could have a material adverse effect on Abbott's profitability and financial condition.

Fluctuation in foreign currency exchange rates may adversely affect our financial statements and Abbott's ability to realize projected sales and earnings.

Although Abbott's financial statements are denominated in U.S. dollars, a significant portion of Abbott's revenues and costs are realized in other currencies. Sales outside of the United States in 2019 made up approximately 64 percent of Abbott's net sales. Abbott's profitability is affected by movement of the U.S. dollar against other 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 foreign 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 certainty changes in foreign currency exchange rates or its ability to mitigate these risks.

Information on the impact of foreign exchange rates on Abbott's financial results is contained in the "Financial Review — Results of Operations" section in Item 7, 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 contained in Item 7A, Quantitative and Qualitative Disclosures about Market Risk in Abbott's 2019 Form 10-K. Information on Abbott's hedging arrangements is contained in Note 13 to the consolidated financial statements in this report.

Deterioration in the economic condition and credit quality of certain countries may negatively affect Abbott's results of operations.

Unfavorable economic conditions in certain countries may increase the time it takes to collect outstanding trade receivables. Financial instability 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 downgrades, 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 on payment by government health care systems.

The international nature of Abbott's business subjects it to additional business risks that may cause its revenue and profitability to decline.

Abbott's business is subject to risks associated with managing a global supply chain and doing business internationally. Sales outside of the United States in 2019 made up approximately 64 percent of Abbott's net sales. Additional risks associated with Abbott's international operations include:

- differing local product preferences and product requirements;
- trade protection measures, including tariffs, import or export licensing requirements, and changes to international trade agreements;
- difficulty in establishing, staffing, and managing operations;
- differing labor regulations;
- potentially negative consequences from changes in or interpretations of tax laws;
- political and economic instability, including sovereign debt issues;
- restrictions on local currency conversion and/or cash extraction;
- price controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action;
- inflation, recession, and fluctuations in interest rates;
- diminished protection of intellectual property; and
- potential penalties or other adverse consequences for violations of anti-corruption, anti-bribery, and other similar laws and regulations, including the Foreign Corrupt Practices Act and the U.K. Bribery Act.

Events contemplated by these risks may, individually or in the aggregate, have a material adverse effect on Abbott's revenues and profitability.

Other factors can have a material adverse effect on Abbott's future profitability and financial condition.

Many other factors can affect Abbott's profitability and its financial condition, including:

- changes in or interpretations of laws and regulations, including changes in accounting standards, taxation requirements, product marketing application standards, product labeling, source and use laws, and environmental laws;
- differences between the fair value measurement of assets and liabilities and their actual value, particularly for pensions, retiree health care, 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 minimum, compared to the actual amount;

- changes in the rate of inflation (including the cost of raw materials, commodities, and supplies), interest rates, market value of Abbott's equity investments, and the performance of investments held by Abbott or Abbott's employee benefit trusts;
- changes in the creditworthiness of counterparties that transact business with or provide services to Abbott or Abbott's employee benefit trusts;
- changes in business, economic, and political conditions, including: war, political instability, terrorist attacks, the threat of future terrorist 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 the foregoing events; labor disputes, strikes, slow-downs, or other forms of labor or union activity; and pressure from third-party interest groups;
- changes in Abbott's business units and investments and changes in the relative and absolute contribution of each to earnings and cash flow resulting 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;
- changes in the buying patterns of a major distributor, retailer, or wholesale customer resulting from buyer purchasing decisions, pricing, seasonality, or other factors, or other problems with licensors, suppliers, distributors, and business partners; and
- legal difficulties, any of which could preclude or delay commercialization of products or adversely affect profitability, including claims asserting statutory or regulatory violations, and adverse litigation decisions.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements that are based on management's current expectations, estimates, and projections. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "forecasts," variations of these words, and similar expressions are intended to identify these forward-looking statements. Certain factors, including but not limited to those identified under "Item 1A. Risk Factors" of this Form 10-K, may cause actual results to differ materially from current expectations, 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 or will not be affected by the factors cited above or other unknown or future events. Abbott undertakes no obligation to release publicly any revisions to forward-looking statements as the result of subsequent events or developments, except as required by law.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2019, Abbott owned or leased properties totaling approximately 42 million square feet, of which approximately 70% is owned by Abbott. Abbott's principal corporate offices are located in Illinois and are owned by Abbott.

Abbott operates 92 manufacturing facilities globally. Abbott's facilities are deemed suitable and provide adequate productive capacity. The manufacturing facilities are used by Abbott's reportable segments as follows:

Reportable Segments	Manufacturing Sites
Medical Devices	27
Diagnostic Products	23
Established Pharmaceutical Products	28
Nutritional Products	14
Worldwide Total	92

Abbott's research and development facilities in the United States are primarily located in California, Illinois, Minnesota, New Jersey, and Ohio. Abbott also has research and development facilities in various other countries, including China, Colombia, India, Singapore, Spain, and the United Kingdom.

There are no material encumbrances on the properties.

ITEM 3. LEGAL PROCEEDINGS

Abbott is involved in various claims, legal proceedings and investigations. While 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 material adverse effect on Abbott's financial position, cash flows, or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Executive officers of Abbott are elected annually by the board of directors. Each executive 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. Any executive officer may be removed by the board of directors when, in its judgment, removal would serve the best interests of Abbott.

Abbott's executive officers, their ages as of February 21, 2020, and the dates of their first election as officers of Abbott are listed below. The executive officers' principal occupations 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 relationships between any executive officers or directors.

Miles D. White will step down as Chief Executive Officer on March 31, 2020. The board of directors appointed Mr. White as Executive Chairman and Robert B. Ford as President and Chief Executive Officer, each effective March 31, 2020. Brian B. Yoor will retire as an officer of Abbott, effective February 29, 2020. The board of directors appointed Robert E. Funck, Jr. as Executive Vice President, Finance and Chief Financial Officer and Philip P. Boudreau as Vice President, Finance and Controller, each effective March 1, 2020.

Miles D. White, 64

1999 to present — Chairman of the Board and Chief Executive Officer, and Director.

Elected Corporate Officer — 1993.

Robert B. Ford, 46

2018 to present — President and Chief Operating Officer, and Director since 2019.

2015 to 2018 — Executive Vice President, Medical Devices.

2014 to 2015 — Senior Vice President, Diabetes Care.

Elected Corporate Officer — 2008.

Hubert L. Allen, 54

2013 to present — Executive Vice President, General Counsel and Secretary.

Elected Corporate Officer — 2012.

John M. Capek, 58

2015 to present — Executive Vice President, Ventures.

2007 to 2015 — Executive Vice President, Medical Devices.

Elected Corporate Officer — 2006.

Lisa D. Earnhardt, 50

2019 to present — Executive Vice President, Medical Devices.

2008 to 2019 — President, CEO, and Director, Intersect ENT (a medical technology company focused on developing treatments for ear, nose and throat conditions).

Elected Corporate Officer — 2019.

John F. Ginascol, 61

2019 to present — Executive Vice President, Core Diagnostics.

2008 to 2019 — Vice President, Nutrition, Supply Chain.

Elected Corporate Officer — 2008.

Andrew H. Lane, 49

2017 to present — Executive Vice President, Established Pharmaceuticals.

2015 to 2017 — Senior Vice President, Established Pharmaceuticals, Emerging Markets.

2014 to 2015 — Divisional Vice President, Established Pharmaceuticals, Asia Pacific.

Elected Corporate Officer — 2015.

Mary K. Moreland, 53

2019 to present — Executive Vice President, Human Resources.

2013 to 2019 — Divisional Vice President, Compensation, Benefits and HR M&A.

Elected Corporate Officer — 2019.

Daniel Salvadori, 41

2017 to present — Executive Vice President, Nutritional Products.

2014 to 2017 — Senior Vice President, Established Pharmaceuticals, Latin America.

Elected Corporate Officer — 2014.

Andrea Wainer, 51

2019 to present — Executive Vice President, Rapid and Molecular Diagnostics.

2015 to 2019 — Vice President, Molecular Diagnostics.

Elected Corporate Officer — 2015.

Brian B. Yoor, 50

2017 to present — Executive Vice President, Finance and Chief Financial Officer.

2015 to 2017 — Senior Vice President, Finance and Chief Financial Officer.

2013 to 2015 — Vice President, Investor Relations.

Elected Corporate Officer — 2013.

Roger M. Bird, 63

2015 to present — Senior Vice President, U.S. Nutrition.

2009 to 2015 — Divisional Vice President and General Manager, China and Hong Kong, Nutritional Products.

Elected Corporate Officer — 2015.

Charles R. Brynelsen, 63

2017 to present — Senior Vice President, Abbott Vascular.

2016 to 2017 — Managing Director, CB Business Advisors, Inc. (a medical device consulting firm).

2015 to 2016 — Senior Vice President and President, Medtronic Early Technologies, Medtronic plc (a global medical device company).

2013 to 2015 — President, Early Technologies, Covidien plc (a global healthcare products company).

Elected Corporate Officer — 2017.

Jaime Contreras, 63

2013 to present — Senior Vice President, Core Laboratory Diagnostics, Commercial Operations.

Elected Corporate Officer — 2003.

Michael D. Dale, 60

2019 to present — Senior Vice President, Structural Heart.

2017 to 2019 — Vice President, Structural Heart.

2016 to 2017 — Divisional Vice President and General Manager, Structural Heart.

2014 to 2016 — President and Chief Executive Officer, GI Dynamics, Inc. (a medical device company focused on developing gastrointestinal therapies).

Elected Corporate Officer — 2017.

Robert E. Funck, Jr., 58

2018 to present — Senior Vice President, Finance and Controller.

2013 to 2018 — Vice President, Controller.

Elected Corporate Officer — 2005.

Sammy Karam, 58

2019 to present — Senior Vice President, Established Pharmaceuticals, Emerging Markets.

2014 to 2019 — Divisional Vice President, Global Marketing Commercial Execution, Established Pharmaceuticals.

Elected Corporate Officer — 2019.

Joseph Manning, 51

2017 to present — Senior Vice President, International Nutrition.

2015 to 2017 — Vice President, Nutrition, Asia Pacific.

2014 to 2015 — General Manager, Indonesia, Nutritional Products.

Elected Corporate Officer — 2015.

Michael J. Pederson, 58

2019 to present — Senior Vice President, Electrophysiology and Heart Failure.

2017 to 2019 — Senior Vice President, Cardiac Arrhythmias and Heart Failure.

2015 to 2017 — Divisional Vice President and General Manager, Abbott Electrophysiology.

2011 to 2015 — Chief Executive Officer, VytronUS, Inc. (a medical device company focused on developing electrophysiology technologies).

Elected Corporate Officer — 2017.

Christopher J. Scoggins, 50

2019 to present — Senior Vice President, Rapid Diagnostics.

2015 to 2019 — Vice President, Diabetes Care, Commercial Operations.

2011 to 2015 — Divisional Vice President, EMEA Commercial Operations, ADC.

Elected Corporate Officer — 2015.

Jared L. Watkin, 52

2015 to present — Senior Vice President, Diabetes Care.

2010 to 2015 — Divisional Vice President, Technical Operations, Diabetes Care.

Elected Corporate Officer — 2015.

Alejandro D. Wellisch, 45

2017 to present — Senior Vice President, Established Pharmaceuticals, Latin America.

2014 to 2017 — General Manager, Argentina, Bolivia, Paraguay and Uruguay, Established Pharmaceuticals.

Elected Corporate Officer — 2017.

Randel W. Woodgrift, 58

2019 to present — Senior Vice President, CRM.

2017 to 2019 — Vice President, Global Operations, Cardiovascular and Neuromodulation.

2015 to 2017 — Vice President, Operations and R&D, Abbott Vascular.

Elected Corporate Officer — 2015.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Principal Market

The principal market for Abbott's common shares is the New York Stock Exchange under the symbol "ABT." Shares are also listed on the Chicago Stock Exchange and traded on various regional and electronic exchanges. Outside the United States, Abbott's shares are listed on the SIX Swiss Exchange.

Shareholders

There were 38,990 shareholders of record of Abbott common shares as of December 31, 2019.

Tax Information for Shareholders

In 2001, the Illinois Department of Commerce and Economic Opportunity designated Abbott as an Illinois High Impact Business (HIB) for a period not 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 income tax purposes. Abbott certified that the HIB requirements were met for the calendar year ending December 31, 2019.

If you have any questions, please contact your tax advisor.

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1, 2019 — October 31, 2019	2,675,000 (1)	$ 81.950	2,675,000	$ 3,576,018,444 (2)
November 1, 2019 — November 30, 2019	1,786,605 (1)	$ 82.928	1,786,605	$ 3,427,858,606 (2)
December 1, 2019 — December 31, 2019	1,844,839 (1)	$ 85.440	1,844,839	$ 3,270,234,923 (2)
Total	6,306,444 (1)	$ 83.248	6,306,444	$ 3,270,234,923 (2)

(1) These shares 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.

(2) On September 11, 2014, the board of directors authorized the repurchase of up to $3 billion of its common shares, from time to time (the "2014 Plan"). On October 11, 2019, the board of directors authorized the repurchase of up to $3 billion of Abbott common shares, from time to time (the "2019 Plan"). The 2019 Plan is in addition to the unused portion of the 2014 Plan.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended December 31				
	2019	2018	2017	2016	2015
Net sales	$ 31,904	$ 30,578	$ 27,390	$ 20,853	$ 20,405
Earnings from continuing operations	3,687	2,334	353	1,063	2,606
Net earnings	3,687	2,368	477	1,400	4,423
Basic earnings per common share from continuing operations	2.07	1.32	0.20	0.71	1.73
Basic earnings per common share	2.07	1.34	0.27	0.94	2.94
Diluted earnings per common share from continuing operations	2.06	1.31	0.20	0.71	1.72
Diluted earnings per common share	2.06	1.33	0.27	0.94	2.92
Total assets	67,887	67,173	76,250	52,666	41,247
Long-term debt, including current portion	17,938	19,366	27,718	20,684	5,874
Cash dividends declared per common share	1.32	1.16	1.075	1.045	0.98

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Review

Abbott's revenues are derived primarily from the sale of a broad line of health care products under short-term receivable arrangements. Patent protection 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 impact the net selling prices of products; and foreign currency translation impacts the measurement of net sales and costs. Abbott's primary products are medical devices, diagnostic testing products, nutritional products and branded generic pharmaceuticals. Sales in international markets comprise approximately 64 percent of consolidated net sales.

Over the last several years, Abbott proactively shaped the company with the strategic intent to deliver sustainable growth in all of its businesses. Significant steps over the last three years included:

- In January 2017, Abbott acquired St. Jude Medical, Inc. (St. Jude Medical), a global medical device manufacturer, for approximately $23.6 billion. As part of the acquisition, Abbott also assumed, repaid or refinanced approximately $5.9 billion of St. Jude Medical's debt. The acquisition provided expanded opportunities for future growth and is an important part of the company's effort to develop a strong, diverse portfolio.
- In October 2017, Abbott acquired Alere Inc. (Alere), a diagnostic device and service provider, for approximately $4.5 billion. As part of the acquisition, Abbott also tendered for Alere's preferred shares for a total value of approximately $0.7 billion and assumed and subsequently repaid approximately $3.0 billion of Alere's debt. The acquisition established Abbott as a leader in point of care testing, expanded Abbott's global diagnostics presence and provided access to new products, channels and geographies.
- In February 2017, Abbott completed the sale of Abbott Medical Optics (AMO), its vision care business, to Johnson & Johnson for $4.325 billion in cash and recognized an after-tax gain of $728 million.

The increase in total sales over the last three years reflects both volume growth across Abbott's businesses and the 2017 acquisitions of St. Jude Medical and Alere. Volume growth reflects the introduction of new products as well as higher sales of existing products. Sales in emerging markets, which represent approximately 40 percent of total company sales, increased 8.2 percent in 2019 and 12.3 percent in 2018, excluding the impact of foreign exchange. (Emerging markets include all countries except the United States, Western Europe, Japan, Canada, Australia and New Zealand.)

Over the last three years, Abbott's operating margin was positively impacted by margin improvements in various businesses, including Established Pharmaceutical Products, Diabetes Care, Rapid Diagnostics, and Structural Heart. A reduction in the costs associated with the recent business acquisitions also drove the improvement in operating margins from 2017 to 2019. In 2019, Abbott's operating margin increased by approximately 2 percentage points primarily due to lower intangible amortization expense and lower business integration and restructuring costs compared to 2018. In 2018, Abbott's operating margin increased by approximately 6 percentage points primarily due to operating margin improvement in various businesses and lower inventory step-up amortization and integration costs associated with the acquisitions.

Beginning in the fourth quarter of 2019, the results of the Diabetes Care business, which had previously been included in the non-reportable segment category, were aggregated with the results of the businesses in the Cardiovascular and Neuromodulation segment to comprise the Medical Devices reportable segment. Historic periods have been adjusted to reflect this change.

Excluding the impact of foreign exchange, sales in the Medical Devices segment increased 10.5 percent in 2019 and 9.0 percent in 2018. The sales increase in 2019 was driven primarily by higher Diabetes Care, Structural Heart, Electrophysiology and Heart Failure sales. The sales increase in 2018 was driven primarily by higher Diabetes Care, Structural Heart, Electrophysiology, and Neuromodulation sales.

In 2019, operating earnings for this segment increased 7.7 percent. The operating margin profile increased from 29.2 percent of sales in 2017 to 30.8 percent in 2019 primarily due to sales volume growth and various cost improvement initiatives, partially offset by investment spending to drive the growth of new products.

In 2019, in the Medical Devices segment, product approvals from the U.S. Food and Drug Administration (FDA) included:

- the TactiCath® contact force ablation catheter, Sensor enabled™, which is designed to help physicians treat atrial fibrillation, a form of irregular heartbeat.
- a new, expanded indication for Abbott's MitraClip® heart valve repair device to treat clinically significant secondary mitral regurgitation (MR) as a result of underlying heart failure. This new indication expands the number of people with MR that can be treated with the MitraClip device.
- the next-generation version of the MitraClip device, which includes a new leaflet grasping enhancement, an expanded range of clip sizes and facilitation of procedure assessment in real time to offer doctors further options when treating mitral valve disease.
- the Proclaim XR recharge-free neurostimulation system for people living with chronic pain which works by using low doses of mild electrical pulses to change pain signals as they travel from the spinal cord to the brain.

In March 2019, Abbott announced new data from its MOMENTUM 3 clinical study, the largest randomized controlled trial to assess outcomes in patients receiving a heart pump to treat advanced heart failure, which demonstrated Abbott's HeartMate 3® Left Ventricular Assist Device (LVAD) improved survival and clinical outcomes in this patient population. In October 2018, the FDA approved HeartMate 3 as a destination (long-term use) therapy for patients living with advanced heart failure.

In December 2019, Abbott received CE Mark approval in Europe for its next-generation high-voltage implantable cardioverter defibrillator (ICD) and cardiac resynchronization therapy defibrillator (CRT-D) devices.

In January 2020, Abbott received CE Mark approval in Europe for its Tendyne Transcatheter Mitral Valve Implantation system for the treatment of significant MR in patients requiring a heart valve replacement who are not candidates for open-heart surgery or transcatheter mitral valve repair.

In Abbott's worldwide diagnostics business, sales growth over the last three years reflected the acquisition of Alere in October 2017, as well as continued market penetration by the core laboratory business in the U.S. and internationally. Alere's results are included in Abbott's Diagnostic Products reportable segment from the date of acquisition. Worldwide diagnostic sales increased 5.9 percent in 2019 and 33.6 percent in 2018, excluding the impact of foreign exchange. Excluding the impact of the Alere acquisition, as well as the impact of foreign exchange, sales in the Diagnostic Products segment increased 6.5 percent in 2018. The 2019 and 2018 growth includes the continued adoption by customers of Alinity®, which is Abbott's integrated family of next-generation diagnostic systems and solutions that are designed to increase efficiency by running more tests in less space, generating test results faster and minimizing human errors while continuing to provide quality results.

Abbott has regulatory approvals in the U.S., Europe, China, and other markets for the "Alinity c" and "Alinity i" instruments and multiple assays for clinical chemistry and immunoassay diagnostics, respectively. Abbott has obtained regulatory approval for the "Alinity h" instrument for hematology in Europe and Japan. In 2019, Abbott continued the roll-out in Europe of its "Alinity s" blood and plasma screening system and received U.S. FDA approval for "Alinity s" and several testing assays. In 2019, Abbott also announced that it had obtained CE Mark for its "Alinity m" (molecular) diagnostics system and several testing assays.

In 2019, operating earnings for the Diagnostics segment increased 2.3 percent. The operating margin profile decreased from 26.1 percent of sales in 2017 to 24.8 percent in 2019 primarily due to dilution from the acquisition of Alere, the negative impact of foreign exchange, and costs to accelerate the roll-out of Alinity, partially offset by the continued focus on cost improvement.

In Abbott's worldwide nutritional products business, sales over the last three years were positively impacted by numerous new product introductions, including the roll-out of HMO in infant formula, that leveraged Abbott's strong brands. Sales were also positively affected by demographics such as an aging population and an increasing rate of chronic disease in developed markets and the rise of a middle class in many emerging markets. In 2019, excluding the impact of foreign exchange, total adult nutrition sales increased 6.6 percent led by the continued growth of Ensure®, Abbott's market-leading complete and balanced nutrition brand, and Glucerna®, Abbott's market-leading diabetes-specific nutrition brand, across several countries, partially offset by the unfavorable impact of the discontinuation of a non-core product line in the U.S. In 2019, excluding the impact of foreign exchange, total pediatric nutrition sales increased 3.4 percent driven by the PediaSure® and Pedialyte® brands in the U.S. as well as infant and toddler product growth across several markets in Asia and Latin America, partially offset by challenging conditions in the Greater China market.

In 2018, excluding the impact of foreign exchange, the nutritional business experienced above-market growth in the worldwide pediatric business driven by the Similac® and Pedialyte brands in the U.S. as well as growth across several markets in Asia. Worldwide, adult nutrition sales increased in 2018 led by the growth of Ensure and Glucerna.

The Established Pharmaceutical Products segment focuses on the sale of its products in emerging markets. Excluding the impact of foreign exchange, Established Pharmaceutical sales increased 7.3 percent in 2019 and 7.0 percent in 2018. The sales increase in 2019 was driven by growth in several geographies including China, Brazil, Russia and India. The sales increase in 2018 was driven by double-digit growth in India and China. Operating margins increased from 19.8 percent of sales in 2017 to 20.1 percent in 2019 primarily due to the continued focus on cost reduction initiatives, partially offset by the unfavorable impact of foreign exchange.

In conjunction with the funding of the St. Jude Medical and Alere acquisitions and the assumption of St. Jude Medical's and Alere's existing debt, Abbott's total short-term and long-term debt increased from approximately $9.0 billion at December 31, 2015 to $27.9 billion at December 31, 2017. In 2018, Abbott repaid approximately $8.3 billion of debt, net of borrowings, bringing its total debt to $19.6 billion at December 31, 2018. In 2019, Abbott repaid approximately $1.6 billion of debt, net of borrowings, bringing its total debt to $18.1 billion at December 31, 2019.

Abbott declared dividends of $1.32 per share in 2019 compared to $1.16 per share in 2018, an increase of approximately 14 percent. Dividends paid totaled $2.270 billion in 2019 compared to $1.974 billion in 2018. The year-over-year change in the amount of dividends paid primarily reflects the increase in the dividend rate. In December 2019, Abbott increased the company's quarterly dividend by approximately 12.5 percent to $0.36 per share from $0.32 per share, effective with the dividend paid in February 2020.

In 2020, Abbott will focus on continuing to invest in product development areas that provide the opportunity for strong sustainable growth over the next several years. In its diagnostics business, Abbott will continue to focus on driving market adoption and geographic expansion of its Alinity suite of diagnostics instruments. In the medical devices business, Abbott will continue to focus on expanding its market position in various areas including diabetes care, structural heart, electrophysiology, and heart failure. In its nutritionals business, Abbott will continue to focus on driving growth globally and further enhancing its portfolio with the introduction of several new science-based products. In the established pharmaceuticals business, Abbott will continue to focus on growing its business with the depth and breadth of its portfolio in emerging markets.

Critical Accounting Policies

Sales Rebates — In 2019, approximately 44 percent of Abbott's consolidated gross revenues were subject to various forms of rebates and allowances that Abbott recorded as reductions of revenues at the time of sale. Most of these rebates and allowances in 2019 are in the Nutritional Products and Diabetes Care businesses. Abbott provides rebates to state agencies that administer the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), wholesalers, group purchasing organizations, and other government agencies 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 identification 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 historical 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 the 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 and terms of rebate programs. Rebates and chargebacks charged against gross sales in 2019, 2018 and 2017 amounted to approximately $3.1 billion, $3.0 billion and $2.8 billion, respectively, or 19.1 percent, 19.0 percent and 20.5 percent of gross sales, respectively, based on gross sales of approximately $16.3 billion, $16.0 billion and $13.9 billion, respectively, subject to rebate. A one-percentage point increase in the percentage of rebates to related gross sales would decrease net sales by approximately $163 million in 2019. 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 approximately $169 million, $175 million and $166 million for cash discounts in 2019, 2018 and 2017, respectively, and $192 million, $191 million and $204 million for returns in 2019, 2018 and 2017, respectively. Cash discounts are known within 15 to 30 days 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 have remained relatively unchanged for several periods.

Management analyzes the adequacy of ending rebate accrual balances each quarter. In the domestic nutritional business, management uses both internal and external data available to estimate the accruals. In the WIC business, estimates are required for the amount of WIC sales within each state where Abbott holds the WIC contract. The state where the sale is made, which is the determining factor for the applicable rebated price, is reliably determinable. Rebated prices are based on contractually obligated agreements generally lasting a period of two to four years. Except for a change in contract price or a transition period before or after a change in the supplier for the WIC business in a state, accruals are based on historical redemption rates and data from the U.S. Department of Agriculture (USDA) and the states submitting rebate claims. The USDA, which administers the WIC program, has been making its data available for many years. Management also estimates the states' processing lag time based on sales and claims data. Inventory in the retail distribution channel does not vary substantially. Management has access to several large customers' inventory management data, which allows management to make reliable estimates of inventory in the retail distribution channel. At December 31, 2019, Abbott had WIC business in 26 states.

Historically, adjustments 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 where 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 interpretations of relevant regulations, which are subject to challenge or change in interpretation.

Income Taxes — Abbott operates in numerous countries where its income tax returns are subject to audits and adjustments. Because Abbott operates 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 internal 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 recognize 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 50 percent 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 2016 are settled except for the federal income tax returns of the former Alere consolidated group which are settled through 2015 and the former St. Jude Medical consolidated group which are settled through 2013. Undistributed foreign earnings remain indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to any remaining undistributed foreign earnings not subject to the transition tax and additional outside basis difference in its foreign entities is not practicable.

Pension and Post-Employment Benefits — Abbott offers pension benefits and post-employment health care to many of its employees. Abbott engages 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 cost 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 duration 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 health 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 annual cost recorded for these programs. Low interest rates have significantly increased actuarial losses for these plans. At December 31, 2019, pretax net actuarial losses and prior service costs and (credits) recognized in Accumulated other comprehensive income (loss) for Abbott's defined benefit plans and medical and dental plans were losses of $4.1 billion and $434 million, 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 accounting 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. Note 15 to the consolidated 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 one percentage point.

Valuation of Intangible Assets — Abbott has acquired and continues to acquire significant intangible assets that Abbott records at fair value 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 a 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 participants. 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 for 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 of 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 flows 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 to 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 December 31, 2019, goodwill amounted to $23.2 billion and net intangibles amounted to $17.0 billion. Amortization expense in continuing operations for intangible assets amounted to $1.9 billion in 2019, $2.2 billion in 2018 and $2.0 billion in 2017. There was no significant reduction of goodwill relating to impairments in 2019, 2018 and 2017.

Litigation — Abbott accounts for litigation losses in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 450, "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 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 as additional information 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 known, 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 amount 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 $95 million to $130 million for its legal proceedings and environmental exposures. Accruals of approximately $110 million have been recorded at December 31, 2019 for these proceedings and exposures. These accruals represent management's best estimate of probable loss, as defined by FASB ASC No. 450, "Contingencies."

Results of Operations

Sales

The following table details the components of sales growth by reportable segment for the last two years:

		Components of % Change			
	Total % Change	Business Acquisitions/ Divestitures	Price	Volume	Exchange
Total Net Sales					
2019 vs. 2018	4.3	—	0.2	7.3	(3.2)
2018 vs. 2017	11.6	4.9	(1.0)	8.1	(0.4)
Total U.S.					
2019 vs. 2018	5.2	—	(0.4)	5.6	—
2018 vs. 2017	12.1	8.0	(1.1)	5.2	—
Total International					
2019 vs. 2018	3.9	—	0.5	8.3	(4.9)
2018 vs. 2017	11.4	3.2	(1.0)	9.7	(0.5)
Established Pharmaceutical Products Segment					
2019 vs. 2018	1.4	—	3.0	4.3	(5.9)
2018 vs. 2017	3.2	—	2.2	4.8	(3.8)
Nutritional Products Segment					
2019 vs. 2018	2.5	—	0.9	3.9	(2.3)
2018 vs. 2017	4.4	—	0.2	4.7	(0.5)
Diagnostic Products Segment					
2019 vs. 2018	2.9	—	(0.5)	6.4	(3.0)
2018 vs. 2017	33.5	27.1	(2.0)	8.5	(0.1)
Medical Devices Segment					
2019 vs. 2018	7.6	—	(0.9)	11.4	(2.9)
2018 vs. 2017	10.1	—	(2.7)	11.7	1.1

Note: Diabetes Care sales, which had previously been reported in Other, are now included in the Medical Devices segment. Historic periods have been adjusted to reflect this change.

The increase in Total Net Sales in 2019 reflects volume growth across all of Abbott's segments. The increase in Total Net Sales in 2018 reflects the acquisition of Alere, as well as volume growth across all of Abbott's segments. The price declines related to the Medical Devices segment in 2019 and 2018 primarily reflect pricing pressures on drug eluting stents (DES) as a result of market competition in the U.S. and other major markets.

A comparison of significant product and product group sales is as follows. Percent changes are versus the prior year and are based on unrounded numbers.

(dollars in millions)	2019	2018	Total Change	Impact of Exchange	Total Change Excl. Exchange
Total Established Pharmaceuticals —					
Key Emerging Markets	$ 3,392	$ 3,363	1 %	(7)%	8 %
Other	1,094	1,059	3	(3)	6
Nutritionals —					
International Pediatric Nutritionals	2,282	2,254	1	(4)	5
U.S. Pediatric Nutritionals	1,879	1,843	2	—	2
International Adult Nutritionals	2,017	1,900	6	(5)	11
U.S. Adult Nutritionals	1,231	1,232	—	—	—
Diagnostics —					
Core Laboratory	4,656	4,386	6	(4)	10
Molecular	442	484	(9)	(3)	(6)
Point of Care	561	553	2	—	2
Rapid Diagnostics	2,054	2,072	(1)	(2)	1
Medical Devices —					
Rhythm Management	2,144	2,198	(3)	(3)	—
Electrophysiology	1,721	1,561	10	(3)	13
Heart Failure	769	646	19	(1)	20
Vascular (a)	2,850	2,929	(3)	(3)	—
Structural Heart	1,400	1,239	13	(3)	16
Neuromodulation	831	864	(4)	(2)	(2)
Diabetes Care	2,524	1,933	31	(5)	36
(a) Vascular Product Lines:					
Coronary and Endovascular	2,740	2,778	(1)	(2)	1

(dollars in millions)	2018	2017	Total Change	Impact of Exchange	Total Change Excl. Exchange
Total Established Pharmaceuticals —					
Key Emerging Markets	$ 3,363	$ 3,307	2 %	(5)%	7 %
Other	1,059	980	8	2	6
Nutritionals —					
International Pediatric Nutritionals	2,254	2,112	7	—	7
U.S. Pediatric Nutritionals	1,843	1,777	4	—	4
International Adult Nutritionals	1,900	1,782	7	(1)	8
U.S. Adult Nutritionals	1,232	1,254	(2)	—	(2)
Diagnostics —					
Core Laboratory	4,386	4,063	8	—	8
Molecular	484	463	5	1	4
Point of Care	553	550	—	—	—
Rapid Diagnostics	2,072	540	n/m	n/m	n/m
Medical Devices —					
Rhythm Management	2,198	2,132	3	1	2
Electrophysiology	1,561	1,353	15	1	14
Heart Failure	646	643	—	—	—
Vascular (a)	2,929	2,892	1	1	—
Structural Heart	1,239	1,083	14	1	13
Neuromodulation	864	808	7	—	7
Diabetes Care	1,933	1,414	37	2	35
(a) Vascular Product Lines:					
Coronary and Endovascular	2,778	2,727	2	1	1

n/m = percent change is not meaningful.

Note: Insertable Cardiac Monitor (ICM) sales, which had previously been reported in Electrophysiology, are now included in Rhythm Management. Historic periods have been adjusted to reflect this change.

In order 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 average foreign exchange rates and then those amounts are multiplied or divided, as appropriate, by the prior year average foreign exchange rates.

Total Established Pharmaceutical Products sales increased 7.3 percent in 2019 and 7.0 percent in 2018, excluding the unfavorable impact of foreign exchange. The Established Pharmaceutical 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 markets increased 7.9 percent in 2019 due to growth in several geographies including China, Brazil, Russia and India. In 2018, excluding the impact of foreign exchange, total sales in these key emerging markets increased 7.4 percent as sales in India and China experienced double-digit growth. Excluding the impact of foreign exchange, sales in Established Pharmaceuticals' other emerging markets increased 5.6 percent in 2019 and 5.8 percent in 2018.

Total Nutritional Products sales increased 4.8 percent in 2019 and 4.9 percent in 2018, excluding the impact of foreign exchange. In 2019, the 4.6 percent increase in International Pediatric Nutritional sales, excluding the effect of foreign exchange, was driven by growth across Abbott's portfolio, including Similac and PediaSure in various countries in Asia and Latin America and Pedialyte in Latin America. This growth was partially offset by challenging market dynamics in the Greater China infant category. The 7.2 percent increase in 2018 International Pediatric Nutritional sales, excluding the effect of foreign exchange, was driven primarily by growth in Asia and Latin America. In the U.S. Pediatric Nutritional business, the 1.9 percent increase in 2019 sales reflects growth in Pedialyte and PediaSure. 2018 U.S. Pediatric Nutritional sales increased 3.7 percent primarily due to above-market performance in Abbott's infant and toddler brands, including Similac and Pedialyte.

In the International Adult Nutritional business, the 10.9 percent increase in 2019 sales, excluding the effect of foreign exchange, reflects continued growth of Ensure, Abbott's market-leading complete and balanced nutrition brand, and Glucerna, Abbott's market-leading diabetes-specific nutrition brand in several countries. In 2018, the 8.0 percent sales increase in the International Adult Nutritional business, excluding the effect of foreign exchange, was led by growth of Ensure and Glucerna in Asia and Latin America. In 2019, U.S. Adult Nutritional sales were unchanged from 2018 due to the impact of Abbott's discontinuation of a non-core product line during the third quarter of 2018 that was offset by growth in other areas of the business. In 2018, the 1.7 percent decrease in U.S. Adult Nutritional was also primarily driven by the wind down of this non-core product line.

Total Diagnostic Products sales increased 5.9 percent in 2019 and 33.6 percent in 2018, excluding the impact of foreign exchange. The sales increase in 2019 was driven by above-market growth in Core Laboratory in the U.S. and internationally, where Abbott is achieving continued adoption of its Alinity family of diagnostic instruments. In July 2019, Abbott received U.S. FDA approval for its "Alinity s" blood and plasma screening system and several testing assays. The 6.3 percent decrease in 2019 Molecular sales, excluding the effect of foreign exchange, reflects the negative impact of lower non-governmental organization purchases in Africa. In March 2019, Abbott announced that it obtained CE Mark for its "Alinity m" molecular diagnostics system and several testing assays. In Rapid Diagnostics, sales growth in 2019 in various areas, including infectious disease testing in developed markets and cardio-metabolic testing, was mostly offset by lower than expected infectious disease testing sales in Africa.

In 2018, the increase in total Diagnostic Products sales included the acquisition of Alere, which was completed on October 3, 2017. Excluding the impact of the acquisition, as well as the impact of foreign exchange, sales in the Diagnostic Products segment in 2018 increased 6.5 percent. The 2018 increase in sales was primarily driven by above-market growth in Core Laboratory in the U.S. and internationally. In 2018, Abbott accelerated the roll out of its Alinity systems for Core Laboratory in Europe.

Excluding the effect of foreign exchange, total Medical Devices sales grew 10.5 percent and 9.0 percent in 2019 and 2018, respectively. The 2019 sales increase was driven by double-digit growth in Diabetes Care, Structural Heart, Electrophysiology and Heart Failure. The 2018 sales increase was driven by growth in several areas, including double-digit growth in Diabetes Care, Electrophysiology and Structural Heart.

The 2019 and 2018 growth in Diabetes Care revenue was driven by continued growth of FreeStyle Libre, Abbott's continuous glucose monitoring system, internationally and in the U.S. In 2019, Freestyle Libre sales totaled $1.842 billion, which reflected a 69.8 percent increase over 2018 sales, excluding the effect of foreign exchange. In July 2018, Abbott received U.S. FDA approval of its FreeStyle Libre 14 day sensor, making it the longest lasting wearable glucose sensor available. In October 2018, Abbott obtained CE Mark for its Freestyle Libre 2 system, a next-generation product offering with optional real-time alarms.

The 2019 growth in Structural Heart revenue was broad-based across several areas of the business, including MitraClip, Abbott's market-leading device for the minimally invasive treatment of mitral regurgitation (MR), a leaky heart valve. During the first quarter of 2019, Abbott received U.S. FDA approval for a new, expanded indication for MitraClip to treat clinically significant secondary MR as a result of underlying heart failure. This new indication expands the number of people with MR that can be treated with the MitraClip device. In July 2019, Abbott received U.S. FDA approval of the next generation of its MitraClip device, which includes a new leaflet grasping enhancement, an expanded range of clip sizes and facilitation of procedure assessment in real time to offer doctors further options when treating mitral valve disease. In 2018, growth in Structural Heart was driven by several product areas including MitraClip and the AMPLATZER® PFO occluder, a device designed to close a hole-like opening in the heart. In September 2018, Abbott announced positive clinical results from its COAPT study, which demonstrated that MitraClip improved survival and clinical outcomes for select patients with functional MR. In September 2019, Abbott announced additional data from its COAPT trial that shows that MitraClip is projected to increase life expectancy and quality of life compared to guideline-directed medical therapy alone in heart failure patients with secondary MR.

In 2019, the growth in Electrophysiology revenue reflects higher sales of cardiac diagnostic and ablation catheters in both the U.S. and internationally. In January 2019, Abbott announced U.S. FDA approval of its TactiCath® contact force ablation catheter, Sensor Enabled™, which is designed to help physicians treat atrial fibrillation, a form of irregular heartbeat. In 2018, the growth in Electrophysiology was led by higher sales in cardiac mapping and ablation catheters. In May 2018, Abbott announced U.S. FDA clearance of the Advisor HD Grid Mapping Catheter, Sensor Enabled, which creates detailed maps of the heart and expands Abbott's electrophysiology product portfolio.

In 2019, the growth in Heart Failure revenue was driven by rapid market adoption in the U.S. of Abbott's HeartMate 3® Left Ventricular Assist Device (LVAD) following FDA approval in October 2018 as a destination (long-term use) therapy for people living with advanced heart failure as well as higher sales of Abbott's CardioMEMS® heart failure monitoring system. In March 2019, Abbott announced new data from its MOMENTUM 3 clinical study, the largest randomized controlled trial to assess outcomes in patients receiving a heart pump to treat advanced heart failure, which demonstrated HeartMate 3 improved survival and clinical outcomes in this patient population. In 2018, growth in international Heart Failure sales was offset by lower U.S. sales.

In Vascular, excluding the effect of foreign exchange, sales in 2019 were flat as the 1.3 percent increase in coronary and endovascular product sales, which includes drug-eluting stents, balloon catheters, guidewires, vascular imaging/diagnostics products, vessel closure, carotid and other coronary and peripheral products, was offset by reductions in royalty and contract manufacturing revenue. In 2018, growth in Vascular imaging, vessel closure and other endovascular revenues was partially offset by lower DES sales due to lower U.S. market share and price erosion in various markets. During the second quarter of 2018, Abbott received approval from the U.S. FDA for the XIENCE Sierra Drug Eluting Stent System, the newest generation of its coronary stent system. During the second quarter of 2018, the XIENCE Sierra Drug Eluting Stent System also received national reimbursement in Japan to treat people with coronary artery disease.

In Rhythm Management, higher 2019 international sales, excluding the effect of foreign exchange, were offset by a 4.4 percent decrease in U.S. revenue. In 2018, market share gains in the new patient segment for Rhythm Management and the U.S. launch of Abbott's Confirm Rx® Insertable Cardiac Monitor (ICM), the world's first and only smartphone-compatible ICM designed to help physicians remotely identify cardiac arrhythmias, were partially offset by replacement cycle dynamics.

In 2019, the 2.4 percent decline in Neuromodulation sales, excluding the effect of foreign exchange, reflects a 4.2 percent decline in U.S. sales. In 2018, the growth in Neuromodulation reflects higher revenue for various products for the treatment of chronic pain and movement disorders.

Abbott has 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 discussed in Note 1 to the consolidated financial statements. Related net sales were not significant in 2019, 2018 and 2017.

The expiration 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 years that are expected to materially affect Abbott.

In April 2017, Abbott received a warning letter from the U.S. FDA related to its manufacturing facility in Sylmar, CA which was acquired by Abbott on January 4, 2017 as part of the acquisition of St. Jude Medical. This facility manufactures implantable cardioverter defibrillators, cardiac resynchronization therapy defibrillators, and monitors. 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. Abbott is continuing to execute the corrective actions in the plan.

Operating Earnings

Gross profit margins were 52.5 percent of net sales in 2019, 51.3 percent in 2018 and 47.5 percent in 2017. In 2019, the increase primarily reflects lower intangible amortization expense and lower integration and restructuring costs. In 2018, the increase primarily reflects lower inventory step-up amortization related to the St. Jude Medical and Alere acquisitions and margin improvements in various businesses.

Research and development (R&D) expense was $2.4 billion in 2019, $2.3 billion in 2018, and $2.3 billion in 2017 and represented a 6.1 percent increase in 2019, and a 1.7 percent increase in 2018. The increase in R&D spending in 2019 primarily reflects higher spending on the acquisition of R&D assets which were immediately expensed. In 2019, spending on R&D assets totaled $116 million and included the acquisition of an R&D asset valued at $102 million that was acquired in conjunction with the acquisition of Cephea Valve Technologies, Inc. In 2018, Abbott acquired R&D assets valued at $47 million which were also immediately expensed. The 2019 increase in R&D expense was also driven by higher R&D spending in various businesses, primarily in Medical Devices, partially offset by the favorable effect of foreign exchange. The 2018 increase in R&D expenses was primarily due to higher spending on various projects, partially offset by lower restructuring and integration costs. In 2019, R&D expenditures totaled $1.2 billion for the Medical Devices segment, $553 million for the Diagnostic Products segment, $193 million for the Nutritional Products segment and $185 million for the Established Pharmaceutical Products segment.

Selling, general and administrative (SG&A) expenses were basically flat in 2019 and increased 6.1 percent in 2018 versus the respective prior year. In 2019, the favorable effect of foreign exchange and lower acquisition-related integration costs offset higher selling and marketing costs to drive continued growth across various businesses. The 2018 increase was primarily due to the impact of the acquisition of the Alere business in October 2017, as well as higher spending to drive continued growth and market expansion in various businesses, partially offset by lower acquisition-related expenses.

Business Acquisitions

On January 4, 2017, Abbott completed the acquisition of St. Jude Medical, a global medical device manufacturer, for approximately $23.6 billion, including approximately $13.6 billion in cash and approximately $10 billion in Abbott common shares, which represented approximately 254 million shares of Abbott common stock, based on Abbott's closing stock price on the acquisition date. The cash portion of the acquisition was funded through a combination of medium and long-term debt issued in November 2016 and a $2.0 billion 120-day senior unsecured bridge term loan facility which was subsequently repaid. As part of the acquisition, approximately $5.9 billion of St. Jude Medical's debt was assumed, repaid or 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, diagnostics, 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.

In 2016, Abbott and St. Jude Medical agreed to sell certain businesses to Terumo Corporation for approximately $1.12 billion. The sale included the St. Jude Medical Angio-Seal™ and Femoseal™ vascular closure and Abbott's Vado ® Steerable Sheath businesses. The sale closed on January 20, 2017 and no gain or loss was recorded in the Consolidated Statement of Earnings.

On October 3, 2017, Abbott acquired Alere, a diagnostic device and service provider, for $51.00 per common share in cash, which equated to a purchase price of approximately $4.5 billion. As part of the acquisition, Abbott tendered for Alere's preferred shares for a total value of approximately $0.7 billion. In addition, approximately $3.0 billion 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 provides access to new products, channels and geographies. Abbott utilized a combination of cash on hand and debt to fund the acquisition. See Note 11 — Debt and Lines of Credit for further details regarding the debt utilized for the acquisition.

In the 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 Natriuretic Peptide assay business run on Beckman Coulter analyzers to Quidel Corporation (Quidel). The transactions with Quidel reflect a total purchase price of $400 million payable at the close of the transaction, $240 million payable in six annual installments beginning approximately six months after the close of the transaction, and contingent consideration with a maximum value of $40 million. In the third quarter of 2017, Alere entered into an agreement with Siemens Diagnostics Holding II B.V. (Siemens) to sell its subsidiary, Epocal Inc., for approximately $200 million 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 Commission of Abbott's agreement to acquire Alere. The sale to Quidel closed on October 6, 2017, and the sale to Siemens closed on October 31, 2017. No gain or loss on these sales was recorded in the Consolidated Statement of Earnings.

On July 17, 2017, Abbott commenced a tender offer to purchase for cash the 1.77 million outstanding shares of Alere's Series B Convertible Perpetual Preferred Stock at 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, including Abbott's acquisition of Alere and upon there being validly tendered (and not properly withdrawn) at the expiration date of the tender offer 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. All conditions to the offer were satisfied and Abbott accepted for payment the 1.748 million shares of Preferred Stock that were validly tendered (and not properly withdrawn). 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 all of the shares of Preferred Stock was made in the fourth quarter of 2017.

Restructurings

From 2017 to 2019, Abbott management approved restructuring plans as part of the integration of the acquisitions of St. Jude Medical into the Medical Devices segment, and Alere into the Diagnostic Products segment, in order to leverage economies of scale and reduce costs. Abbott recorded employee related severance and other charges of approximately $72 million in 2019, $52 million in 2018 and $187 million in 2017. Approximately $19 million in 2019, $5 million in 2018 and $5 million in 2017 are recorded in Cost of products sold, approximately $4 million in 2019 and $10 million in 2018 are recorded in Research and development, and approximately $49 million in 2019, $37 million in 2018 and $182 million in 2017 are recorded in Selling, general and administrative expense. Abbott also assumed restructuring liabilities of approximately $23 million as part of the St Jude Medical and Alere acquisitions.

From 2016 to 2019, Abbott management approved plans to streamline operations in order to reduce costs and improve efficiencies in various Abbott businesses including the nutritional, established pharmaceuticals and vascular businesses. Abbott recorded employee related severance and other charges of approximately $66 million in 2019, $28 million in 2018 and $120 million in 2017. Approximately $16 million in 2019, $10 million in 2018 and $7 million in 2017 are recorded in Cost of products sold, approximately $28 million in 2019, $2 million in 2018 and $77 million in 2017 are recorded in Research and development, and approximately $22 million in 2019, $16 million in 2018 and $36 million in 2017 are recorded in Selling, general and administrative expense. Additional charges of approximately $2 million in 2017 were recorded, primarily for accelerated depreciation.

Interest Expense and Interest (Income)

Interest expense decreased $156 million in 2019 due to the favorable impact of the euro debt financing in September 2018, as well as the repayment of debt in 2018 and the first quarter of 2019. In 2018, interest expense decreased primarily due to the net repayment of $8.3 billion of debt, partially offset by lower interest income due to lower cash balances. In 2017, interest expense increased primarily due to the $15.1 billion of debt issued in November of 2016 related to the financing of the St. Jude Medical acquisition which closed on January 4, 2017.

Debt Extinguishment Costs

On December 19, 2019, Abbott redeemed the $2.850 billion principal amount of its 2.9% Notes due 2021. Abbott incurred a charge of $63 million related to the early repayment of this debt.

On October 28, 2018, Abbott redeemed approximately $4 billion of debt, which included $750 million principal amount of its 2.00% Notes due 2020; $597 million principal amount of its 4.125% Notes due 2020; $900 million principal amount of its 3.25% Notes due 2023; $450 million principal amount of its 3.4% Notes due 2023; and $1.300 billion principal amount of its 3.75% Notes due 2026. Abbott incurred a net charge of $153 million related to the early repayment of this debt and the unwinding of related interest rate swaps.

On March 22, 2018, Abbott redeemed all of the $947 million principal amount of its 5.125% Notes due 2019, as well as $1.055 billion of the $2.850 billion principal amount of its 2.35% Notes due 2019. Abbott incurred a net charge of $14 million related to the early repayment of this debt.

Other (Income) Expense, net

Other (income) expense, net, for 2019, 2018 and 2017 includes approximately $225 million, $160 million, and $160 million of income in each year, respectively, related to the non-service cost components of the net periodic benefit costs associated with the pension and post-retirement medical plans. 2017 includes a pre-tax gain of $1.163 billion on the sale of AMO to Johnson & Johnson.

Taxes on Earnings

The income tax rates on earnings from continuing operations were 9.6 percent in 2019, 18.8 percent in 2018 and 84.2 percent in 2017.

The Tax Cuts and Jobs Act (TCJA) was enacted in the U.S. on December 22, 2017. The TCJA reduces the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. As of December 31, 2018, Abbott completed its accounting for all of the enactment date income tax effects of the TCJA.

Effective for fiscal years beginning after December 31, 2017, the TCJA subjects taxpayers to tax on global intangible low-taxed income (GILTI) earned by certain foreign subsidiaries. In January 2018, the FASB staff provided guidance that an entity may make an accounting policy election to either recognize deferred taxes related to items that will give rise to GILTI in future years or provide for the tax expense related to GILTI in the year that the tax is incurred. Abbott has elected to treat the GILTI tax as a period expense and provide for the tax in the year that the tax is incurred.

In the fourth quarter of 2017, Abbott recorded an estimate of net tax expense of $1.46 billion for the impact of the TCJA, which was included in Taxes on Earnings from Continuing Operations in the Consolidated Statement of Earnings. The estimate was provisional and included a charge of approximately $2.89 billion for the transition tax, partially offset by a net benefit of approximately $1.42 billion for the remeasurement of deferred tax assets and liabilities, and a net benefit of approximately $10 million related to certain other impacts of the TCJA. In 2018, Abbott recorded $130 million of additional tax expense which increased the final tax expense related to the TCJA to $1.59 billion. The $130 million of additional tax expense reflects a $120 million increase in the transition tax from $2.89 billion to $3.01 billion and a $10 million reduction in the net benefit related to the remeasurement of deferred tax assets and liabilities. In 2019, taxes on earnings from continuing operations include an $86 million reduction to the transition tax. The $86 million reduction to the transition tax liability was the result of the issuance of final transition tax regulations by the U.S. Department of Treasury in 2019. This adjustment decreased the cumulative net tax expense related to the TCJA to $1.50 billion.

The one-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. The tax computation also requires the determination of the amount of post-1986 E&P considered held in cash and other specified assets. As of December 31, 2019, the remaining balance of Abbott's transition tax obligation is approximately $1.33 billion, which will be paid over the next seven years as allowed by the TCJA.

In 2019, taxes on earnings from continuing operations included $68 million of tax expense resulting from tax legislation enacted in the fourth quarter of 2019 in India. In 2018, taxes on earnings from continuing operations included $98 million of net tax expense related to the settlement of Abbott's 2014-2016 federal income tax audit in the U.S., partial settlement of the former St. Jude Medical consolidated group's 2014 and 2015 federal income tax returns in the U.S. and audit settlements in various countries. In 2017, taxes on earnings from continuing operations include $435 million of tax expense related to the gain on the sale of the AMO business.

Exclusive of 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, Switzerland, 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. See Note 16 to the consolidated financial statements for a full reconciliation of the effective tax rate to the U.S. federal statutory rate.

Discontinued Operations

Earnings from discontinued operations, net of tax of $34 million and $124 million, in 2018 and 2017, respectively, were driven primarily by the recognition of net tax benefits as a result of the resolution of various tax positions pertaining to AbbVie's operations for years prior to the separation. On January 1, 2013, Abbott completed the separation of AbbVie Inc. (AbbVie), which was formed to hold Abbott's research-based proprietary pharmaceuticals business. Abbott has 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 will be liable for all other taxes attributable to its business.

Business Disposition

In 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 $4.325 billion 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 line with its strategic priorities. In February 2017, Abbott completed the sale of AMO to Johnson & Johnson and recognized a pre-tax gain of $1.163 billion including 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 $728 million 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 qualify for reporting as discontinued operations. For 2017, the AMO loss before taxes included in Abbott's consolidated earnings was $18 million.

Research and Development Programs

Abbott currently has numerous pharmaceutical, medical devices, diagnostic and nutritional products in development.

Research and Development Process

In the Established Pharmaceuticals segment, the development process focuses on the geographic expansion and continuous improvement of the segment'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 products or after the acquisition of an advanced stage licensing opportunity.

Depending upon the product, the phases of development may include:

- Drug product development.
- Phase I bioequivalence studies to compare a future Established Pharmaceutical's brand with an already marketed compound with the same active pharmaceutical ingredient (API).
- Phase II studies to test the efficacy of benefits in a small group of patients.
- Phase III studies to broaden the testing to a wider population that reflects the actual medical use.
- Phase IV and other post-marketing studies to obtain new clinical use data on existing products within approved indications.

The specific requirements (e.g., scope of clinical trials) for obtaining regulatory approval vary across different countries and geographic regions. The process may range from one year for a bioequivalence study project to 6 or more years for complex formulations, new indications, or geographic expansion in specific countries, such as China.

In the Diagnostics segment, the phases of the research and development process include:

- Discovery which focuses on identification of a product that will address a specific therapeutic area, platform, or unmet clinical need.
- Concept/Feasibility during which the materials and manufacturing processes are evaluated, testing may include product characterization and analysis is performed to confirm clinical utility.
- Development during which extensive testing is performed to demonstrate that the product meets specified design requirements and that the design specifications conform to user needs and intended uses.

The regulatory 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 III) 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 Class I or Class II. Submission of a separate regulatory filing is not required for Class I products. Class II devices typically require pre-market notification to the FDA through a regulatory filing known as a 510(k) submission. Most Class III products are subject to the FDA's Premarket Approval (PMA) requirements. Other Class III products, such as those used to screen blood, require the submission and approval of a Biological License Application (BLA).

In the European Union (EU), diagnostic products are also categorized into different categories and the regulatory process, which has been governed by the European In Vitro Diagnostic Medical Device Directive, depends upon the category, with certain product categories requiring review and approval by an independent company, known as a Notified Body, before the manufacturer can affix a CE mark to the product to declare conformity to the Directive. Other products only require a self-certification process. In the second quarter of 2017, the EU adopted the new In Vitro Diagnostic Regulation (IVDR) which replaces the existing directive in the EU for in vitro diagnostic products. The IVDR will apply after a five-year transition period and imposes additional premarket and postmarket regulatory requirements on manufacturers of such products.

In the Medical Devices segment, the research and development process begins with research on a specific technology that is evaluated for feasibility and commercial viability. 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 applicable 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 specifications.

Similar to the diagnostic products discussed above, in the U.S., medical devices are classified as Class I, II, or III. Most of Abbott's medical device products are classified as Class II devices that follow the 510(k) regulatory process or Class III devices that are subject to the PMA process.

In the EU, medical devices are also categorized into different classes and the regulatory process, which has been governed by the European Medical Device Directive and the Active Implantable Medical Device Directive, varies by class. Each product must bear a CE mark to show compliance with the Directive. In the second quarter of 2017, the EU adopted the new Medical Devices Regulation (MDR) which replaces the existing directives in the EU for medical devices. The MDR will apply after a three to five-year (depending on product classification) transition period and imposes additional premarket and postmarket regulatory requirements on manufacturers of such products.

Some products require submission of a design dossier to the 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 and 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.

After approval and commercial launch of some medical devices, post-market trials may be conducted either due to a conditional requirement of the regulatory market approval or with the objective of proving product superiority.

In the Nutritional segment, the research and development process generally focuses on identifying and developing ingredients and products that address the nutritional needs of particular populations (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 studies typically must be conducted.

In the 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 formula 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, notification 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, including infant formula and medical nutritional products.

Areas of Focus

In 2020 and beyond, Abbott's significant areas of therapeutic focus will include the following:

Established Pharmaceuticals — Abbott focuses on building country-specific portfolios made up of high-quality medicines that meet the needs of people in emerging markets. Over the next several years, Abbott plans to expand its product portfolio in key therapeutic areas with the aim of being among the 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 and acquire 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 Influvac™. Depending on the product, the activities focus on development of new data, markets, formulations, delivery systems, or indications.

Medical Devices — Abbott's research and development programs focus on:

- Cardiac Rhythm Management – Development of next-generation rhythm management technologies, including enhanced patient engagement and expanded magnetic resonance (MR)-compatibility.
- Heart Failure – Continued enhancements to Abbott's left ventricular assist systems and pulmonary artery heart failure system, including enhanced connectivity, user-interfaces and remote patient monitoring.
- Electrophysiology – Development of next-generation technologies in the areas of ablation, diagnostic, mapping and visualization and recording and monitoring.
- Vascular – Development of next-generation technologies for use in coronary and peripheral vascular procedures.
- Structural Heart – Development of minimally-invasive devices for the repair and replacement of heart valves and other structural heart conditions.
- Neuromodulation – Development of next-generation technologies with enhanced patient and physician engagement and expanded MR-compatibility to treat chronic pain, movement disorders and other indications.
- Diabetes Care – Develop enhancements and additional indications for the FreeStyle Libre platform of continuous glucose monitoring products to help patients improve their ability to manage diabetes.

Core Laboratory Diagnostics — Abbott continues to commercialize its next-generation blood screening, immunoassay, clinical chemistry and hematology systems, along with assays, including a focus on unmet medical need, in various areas including infectious disease, cardiac care, metabolics, and oncology, as well as informatics solutions to help optimize diagnostics laboratory performance and automation solutions to increase efficiency in laboratories.

Molecular Diagnostics — Several new molecular in vitro diagnostic (IVD) tests and 'Alinity m', a next generation instrument system, are in various stages of development and launch.

Rapid Diagnostics — Abbott's research and development programs focus on the development of diagnostic products for cardiometabolic disease, infectious disease and toxicology.

Nutritionals — Abbott is focusing its research and development spend on platforms that span the pediatric and adult nutrition areas: gastro intestinal/immunity health, brain 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 testing, and are expected to be launched over the coming years.

Given the 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 to 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 year 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. There were no delays in Abbott's 2019 research and development activities that are expected to have a material impact on operations.

While the 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 successfully finish 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 development of medical device, diagnostic and pharmaceutical products and technologies, it is not possible to accurately estimate the total cost to complete all projects currently in development. Abbott 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 to approximate 7.0 percent of total Abbott sales in 2020. Abbott does not regularly accumulate or make management decisions based on the total expenses incurred for a particular development phase in a given period.

Goodwill

At December 31, 2019, goodwill recorded as a result of business combinations totaled $23.2 billion. Goodwill is reviewed for impairment 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 of 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 that the fair value of each reporting unit was substantially in excess of its carrying value.

Financial Condition

Cash Flow

Net cash from operating activities amounted to $6.1 billion, $6.3 billion and $5.6 billion in 2019, 2018 and 2017, respectively. The decrease in Net cash from operating activities in 2019 was primarily due to an increased investment in working capital, timing of pension contributions relative to 2018 and higher income tax payments, partially offset by the favorable cash flow impact of improved segment operating earnings and lower interest and acquisition-related expenses. The increase in Net cash from operating activities in 2018 was primarily due to higher segment operating earnings, continued improvements in working capital management, timing of pension contributions and lower acquisition-related expenses. The income tax component of cash from operating activities in 2018 includes the non-cash impact of the $120 million adjustment to the transition tax associated with the TCJA. The income tax component of operating cash flow in 2017 includes the non-cash impact of $1.46 billion of net tax expense related to the estimated impact of the TCJA.

While a significant portion of Abbott's cash and cash equivalents at December 31, 2019, are reinvested in foreign subsidiaries, Abbott does not expect such reinvestment to affect its 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 future to repatriate these funds.

Abbott funded $382 million in 2019, $114 million in 2018 and $645 million in 2017 to defined benefit pension plans. Abbott expects pension funding of approximately $387 million in 2020 for its pension plans. Abbott expects annual cash flow from operating activities to continue to exceed Abbott's capital expenditures and cash dividends.

Debt and Capital

At December 31, 2019, Abbott's long-term debt rating was A- by Standard & Poor's Corporation and A3 by Moody's. Abbott expects to maintain an investment grade rating.

Abbott has readily available financial resources, including unused lines of credit that support commercial paper borrowing arrangements and provide Abbott with the ability to borrow up to $5 billion on an unsecured basis. The lines of credit are part of a 2018 revolving credit agreement that expires in 2023. Any borrowings under the current revolving credit agreement will bear interest, at Abbott's option, based on either a base rate or Eurodollar rate, plus an applicable margin based on Abbott's credit ratings.

In conjunction with the funding of the St. Jude Medical and Alere acquisitions and the assumption of St. Jude Medical's and Alere's existing debt, Abbott's total short-term and long-term debt increased to $27.9 billion at December 31, 2017. The increase in debt included the following transactions:

- In the first quarter of 2017, as part of the acquisition of St. Jude Medical, approximately $5.9 billion of St. Jude Medical's debt was assumed, repaid, or refinanced by Abbott. This included the exchange of certain St. Jude Medical debt obligations with an aggregate principal amount of approximately $2.9 billion for approximately $2.9 billion of debt issued by Abbott. Following this exchange, approximately $194.2 million of existing St. Jude Medical notes remained outstanding. There were no significant costs associated with the exchange of this debt. In addition, during the first quarter of 2017, Abbott assumed and subsequently repaid approximately $2.8 billion of various St. Jude Medical debt obligations.

- In 2017, Abbott borrowed $2.8 billion on an unsecured basis under a 5-year term loan agreement and borrowed $1.7 billion under its lines of credit. Proceeds from such borrowings were used to finance the acquisition of Alere, to repay certain indebtedness of Abbott and Alere, and to pay fees and expenses in connection with the acquisition. The borrowings bore interest based on a Eurodollar rate, plus an applicable margin based on Abbott's credit ratings. Abbott paid off the term loan in January 2018, ahead of its 2022 due date and paid off $550 million of the line of credit in the fourth quarter of 2017 and the remaining $1.15 billion on January 5, 2018. In the fourth quarter of 2017, in conjunction with the acquisition of Alere, Abbott assumed and subsequently repaid $3.0 billion of Alere's debt.
- In 2017, Abbott also paid off a $479 million yen-denominated short-term borrowing during the year and issued 364-day yen-denominated debt, of which $201 million and $199 million was outstanding at December 31, 2019 and 2018, respectively.

In 2018, Abbott committed to reducing its debt levels and on February 16, 2018, the board of directors authorized the early redemption of up to $5 billion of outstanding long-term notes. Redemptions under this authorization during 2018 included $0.947 billion principal amount of its 5.125% Notes due 2019 and $2.850 billion principal amount of its 2.35% Notes due 2019. Abbott incurred a net charge of $14 million related to the early repayment of this debt.

On September 17, 2018, Abbott repaid upon maturity the $500 million aggregate principal amount outstanding of the 2.00% Senior Notes due 2018.

On September 27, 2018, Abbott's wholly owned subsidiary, Abbott Ireland Financing DAC, completed a euro debt offering of €3.420 billion of long-term debt. The proceeds equated to approximately $4 billion. The notes are guaranteed by Abbott.

On October 28, 2018, Abbott redeemed $4.0 billion principal amount of its outstanding long-term debt. This amount is in addition to the $5 billion authorization discussed above. In conjunction with the redemption, Abbott unwound approximately $1.1 billion in interest rate swaps relating to the 3.40% Note due in 2023 and the 3.75% Note due in 2026. Abbott incurred a net charge of $153 million related to the early repayment of this debt and the unwinding of related interest rate swaps.

The 2018 transactions described above, including the repayment of $2.8 billion under the 5-year term loan and $1.15 billion of borrowings under the lines of credit, resulted in the net repayment of approximately $8.3 billion of debt.

On February 24, 2019, Abbott redeemed the $500 million outstanding principal amount of its 2.80% Notes due 2020.

In September 2019, the board of directors authorized the early redemption of up to $5 billion of outstanding long-term notes. This bond redemption authorization superseded the board's previous authorization under which $700 million had not yet been redeemed. On December 19, 2019, Abbott redeemed the $2.850 billion outstanding principal amount of its 2.90% Notes due 2021. After redemption of the 2.90% Notes, $2.15 billion of the $5 billion debt redemption authorization remains available.

On November 19, 2019, Abbott's wholly owned subsidiary, Ireland Financing DAC, completed a euro debt offering of €1.180 billion of long-term debt. The proceeds equated to approximately $1.3 billion. The Notes are guaranteed by Abbott.

On November 21, 2019, Abbott borrowed ¥59.8 billion under a 5-year term loan and designated the yen-denominated loan as a hedge of its net investment in certain foreign subsidiaries. The term loan bears interest at TIBOR plus a fixed spread, and the interest rate is reset quarterly. The proceeds equated to approximately $550 million.

The 2019 transactions described above resulted in the repayment of approximately of $1.6 billion of debt, net of borrowings, bringing Abbott's total debt to $18.1 billion at December 31, 2019.

In September 2014, the board of directors authorized the repurchase of up to $3.0 billion of Abbott's common shares from time to time. Under the program authorized in 2014, Abbott repurchased 36.2 million shares at a cost of $1.666 billion in 2015, 10.4 million shares at a cost of $408 million in 2016, 1.9 million shares at a cost of $130 million in 2018, and 6.3 million shares at a cost of $525 million in 2019 for a total of approximately $2.730 billion. In October 2019, the board of directors authorized the repurchase of up to $3 billion of Abbott's common shares from time to time. The new authorization is in addition to the $270 million unused portion of the share repurchase program authorized in 2014.

On April 27, 2016, the board of directors authorized the issuance and sale for general corporate purposes of up to 75 million common shares that would result in proceeds of up to $3 billion. No shares have been issued under this authorization.

Abbott declared dividends of $1.32 per share in 2019 compared to $1.16 per share in 2018, an increase of approximately 14 percent. Dividends paid were $2.270 billion in 2019 compared to $1.974 billion in 2018. The year-over-year change in dividends paid primarily reflects the impact of the increase in the dividend rate.

Working Capital

Working capital was $4.8 billion at December 31, 2019 and $5.6 billion at December 31, 2018. The decrease in working capital in 2019 reflects the presentation of $1.3 billion of Senior Notes due 2020 as current liabilities at December 31, 2019, partially offset by an overall net increase in working capital of approximately $485 million due to changes in accounts receivable, inventory and accounts payable associated with the growth of the business.

Abbott monitors 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 closely monitoring economic conditions and budgetary and other fiscal developments, Abbott regularly communicates with its customers regarding the status of receivable balances, including their 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 risk although the receivables included in such arrangements have historically not been a material amount of total outstanding receivables.

Capital Expenditures

Capital expenditures of $1.6 billion in 2019, $1.4 billion in 2018 and $1.1 billion in 2017 were principally for upgrading and expanding manufacturing and research and development facilities and equipment in various segments, investments in information technology, and laboratory instruments placed with customers.

Contractual Obligations

The table below summarizes Abbott's estimated contractual obligations as of December 31, 2019.

	Payments Due By Period				
(dollars in millions)	Total	2020	2021-2022	2023-2024	2025 and Thereafter
Long-term debt, including current maturities	$ 18,049	$ 1,278	$ 757	$ 3,527	$ 12,487
Interest on debt obligations	9,432	576	1,137	1,061	6,658
Operating lease obligations	1,138	238	352	195	353
Purchase commitments (a)	3,187	2,974	194	11	8
Other long-term liabilities (b)	4,117	—	1,885	1,178	1,054
Total (c)	$ 35,923	$ 5,066	$ 4,325	$ 5,972	$ 20,560

(a) Purchase commitments are for purchases made in the normal course of business to meet operational and capital expenditure requirements.

(b) Other long-term liabilities include estimated payments for the transition tax under the TCJA, net of applicable credits.

(c) Net unrecognized tax benefits totaling approximately $580 million are excluded from the table above as Abbott is unable to reasonably estimate the period of cash settlement with the respective taxing authorities on such items. See Note 16 — Taxes on Earnings from Continuing Operations for further details. The company has employee benefit 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 post-retirement plans, including funding matters is included in Note 15 — Post-employment Benefits.

Contingent Obligations

Abbott has periodically entered into agreements with other companies in the ordinary course of business, such as assignment of product rights, which 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, Abbott 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 agreements 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 the occurrence of certain events.

Legislative Issues

Abbott's primary markets are highly competitive and subject to substantial government regulations throughout the world. Abbott expects debate to continue 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 might be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item 1, Business, and Item 1A, Risk Factors.

Recently Issued Accounting Standards

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which among other things, eliminates certain exceptions in the current rules regarding the approach for intraperiod tax allocations and the methodology for calculating income taxes in an interim period, and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard becomes effective for Abbott in the first quarter of 2021 and early adoption is permitted. Abbott does not expect adoption of this new standard to have a material impact on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allows companies to reclassify stranded tax effects resulting from the 2017 Tax Cuts and Jobs Act, from Accumulated other comprehensive income (loss) to retained earnings (Earnings employed in the business). Abbott adopted the new standard at the beginning of the fourth quarter of 2018. As a result of the adoption of the new standard, approximately $337 million of stranded tax effects were reclassified from Accumulated other comprehensive income (loss) to Earnings employed in the business.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, which requires 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. Abbott adopted the standard on January 1, 2018, using a modified retrospective approach and recorded a cumulative catch-up adjustment to Earnings employed in the business in the Consolidated Balance Sheet that was not significant.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses,* which changes the methodology to be used to measure credit losses for certain financial instruments and financial assets, including trade receivables. The new methodology requires the recognition of an allowance that reflects the current estimate of credit losses expected to be incurred over the life of the financial asset. The new standard will be effective for Abbott at the beginning of 2020. Adoption of the new standard will not have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to measure and recognize a lease asset and liability on the balance sheet for most leases, including operating leases. Abbott adopted the new standard as of January 1, 2019 using the modified retrospective approach and applied the standard's transition provisions as of January 1, 2019. As a result, no changes were made to the December 31, 2018 Consolidated Balance Sheet. Abbott elected to apply the package of practical expedients related to transition. These practical expedients allowed Abbott to carry forward its historical assessments of whether any existing contracts are or contain leases, the lease classification for each lease existing at January 1, 2019, and whether any initial direct costs for such leases qualified for capitalization.

The new lease accounting standard did not have a material impact on the amounts reported in the Consolidated Statement of Earnings but does have a material impact on the amounts reported in the Consolidated Balance Sheet. Adoption of the new standard resulted in the recording of approximately $850 million of new right of use (ROU) assets and additional liabilities for operating leases on the Consolidated Balance Sheet as of January 1, 2019.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities*, which provides new guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. Abbott adopted the standard on January 1, 2018. Under the new standard, changes in the fair value of equity investments with readily determinable fair values are recorded in Other (income) expense, net within the Consolidated Statement of Earnings. Previously, such fair value changes were recorded in other comprehensive income. Abbott has elected the measurement alternative allowed by ASU 2016-01 for its equity investments without readily determinable fair values. These investments are measured at cost, less any impairment, plus or minus any changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. Changes in the measurement of these investments are being recorded in Other (income) expense, net within the Consolidated Statement of Earnings. As part of the adoption, the cumulative-effect adjustment to Earnings employed in the business in the Consolidated Balance Sheet for net unrealized losses on equity investments that were recorded in Accumulated other comprehensive income (loss) as of December 31, 2017 was not significant.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive model for accounting for revenue from contracts with customers and supersedes nearly all previously existing revenue recognition guidance. The core principle of the ASU is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Abbott adopted the new standard as of January 1, 2018, using the modified retrospective approach method. Under this method, entities recognize the cumulative effect of applying the new standard at the date of initial application with no restatement of comparative periods presented. The cumulative effect of applying the new standard resulted in an increase to Earnings employed in the business in the Consolidated Balance Sheet of $23 million which was recorded on January 1, 2018. The new standard has been applied only to those contracts that were not completed as of January 1, 2018. The impact of adopting ASU 2014-09 was not significant to individual financial statement line items in the Consolidated Balance Sheet and Consolidated Statement of Earnings.

Private Securities Litigation Reform Act of 1995 — A Caution Concerning Forward-Looking Statements

Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Abbott cautions investors that any forward-looking statements 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. Economic, competitive, governmental, technological and other factors that may affect Abbott's operations are discussed in Item 1A, Risk Factors.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Instruments and Risk Management

Market Price Sensitive Investments

The fair value of equity securities held by Abbott with a readily determinable fair value was approximately $11 million and $13 million as of December 31, 2019 and 2018, respectively. These equity securities are subject to potential changes in fair value. A hypothetical 20 percent decrease in the share prices of these investments would decrease their fair value at December 31, 2019 by approximately $2 million. Changes in the fair value of these securities are recorded in earnings. The fair value of investments in mutual funds that are held in a rabbi trust for the purpose of paying benefits under a deferred compensation plan was approximately $346 million and $307 million as of December 31, 2019 and 2018, respectively. Changes in the fair value of these investments, as well as an offsetting change in the benefit obligation, are recorded in earnings.

Non-Publicly Traded Equity Securities

Abbott holds equity securities that are not traded on public stock exchanges. The carrying value of these investments was $158 million and $211 million as of December 31, 2019 and 2018, respectively. No individual investment is recorded at a value in excess of $61 million. Abbott measures these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Interest Rate Sensitive Financial Instruments

At December 31, 2019 and 2018, Abbott had interest rate hedge contracts totaling $2.9 billion 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 hedged. 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 long-term debt at December 31, 2019 and 2018 amounted to $20.8 billion and $19.9 billion, respectively (average interest rates of 3.3% and 3.5% as of December 31, 2019 and 2018, respectively) with maturities through 2046. At December 31, 2019 and 2018, the fair value of current and long-term investment securities amounted to approximately $1.2 billion and $1.1 billion, 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 believed to be a reasonably possible near-term change in rates.)

Foreign Currency Sensitive Financial Instruments

Certain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates 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 cash 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 will be included in Cost of products sold at the time the products are sold, generally within the next twelve to eighteen months. At December 31, 2019 and 2018, Abbott held $6.8 billion and $5.1 billion, respectively, of such contracts. Contracts held at December 31, 2019 will mature in 2020 or 2021 depending upon the contract. Contracts held at December 31, 2018 matured in 2019 or will mature in 2020 depending upon the contract.

Abbott enters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated intercompany loans and trade payables and third-party trade payables and 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. At December 31, 2019 and 2018, Abbott held $9.1 billion and $13.6 billion, respectively, of such contracts, which mature in the next 13 months.

In November 2019, Abbott borrowed ¥59.8 billion under a 5-year term loan and designated the yen-denominated loan as a hedge of the net investment in certain foreign subsidiaries. From the date of the borrowing through December 31, 2019, the value of this long-term debt decreased approximately $4 million to $546 million due to foreign exchange rate changes. The change in the value was recorded in Accumulated other comprehensive income (loss), net of tax. In March 2017, Abbott repaid its $479 million yen-denominated short-term debt which was designated as a hedge of the net

investment in a foreign subsidiary. At December 31, 2016, the value of this short-term debt was $454 million, and changes in the fair value of the debt up through the date of repayment due to changes in exchange rates were recorded in Accumulated other comprehensive income (loss), net of tax.

The following table reflects the total foreign currency forward exchange contracts outstanding at December 31, 2019 and 2018:

	2019			2018		
(dollars in millions)	Contract Amount	Weighted Average Exchange Rate	Fair and Carrying Value Receivable/ (Payable)	Contract Amount	Weighted Average Exchange Rate	Fair and Carrying Value Receivable/ (Payable)
Primarily U.S. Dollars to be exchanged for the following currencies:						
Euro	$ 7,085	1.1189	$ 65	$ 11,630	1.1938	$ 13
Chinese Yuan	2,177	7.0216	4	1,592	6.9055	(10)
Japanese Yen	1,092	106.8530	13	1,079	108.2188	6
All other currencies	5,532	n/a	(23)	4,388	n/a	10
Total	$ 15,886		$ 59	$ 18,689		$ 19

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Abbott Laboratories and Subsidiaries

Consolidated Statement of Earnings
(in millions except per share data)

	Year Ended December 31		
	2019	**2018**	**2017**
Net Sales	$ 31,904	$ 30,578	$ 27,390
Cost of products sold, excluding amortization of intangible assets	13,231	12,706	12,409
Amortization of intangible assets	1,936	2,178	1,975
Research and development	2,440	2,300	2,260
Selling, general and administrative	9,765	9,744	9,182
Total Operating Cost and Expenses	27,372	26,928	25,826
Operating Earnings	4,532	3,650	1,564
Interest expense	670	826	904
Interest income	(94)	(105)	(124)
Net foreign exchange (gain) loss	7	28	(34)
Debt extinguishment costs	63	167	—
Other (income) expense, net	(191)	(139)	(1,413)
Earnings from Continuing Operations Before Taxes	4,077	2,873	2,231
Taxes on Earnings from Continuing Operations	390	539	1,878
Earnings from Continuing Operations	3,687	2,334	353
Net Earnings from Discontinued Operations, net of taxes	—	34	124
Net Earnings	$ 3,687	$ 2,368	$ 477
Basic Earnings Per Common Share --			
Continuing Operations	$ 2.07	$ 1.32	$ 0.20
Discontinued Operations	—	0.02	0.07
Net Earnings	$ 2.07	$ 1.34	$ 0.27
Diluted Earnings Per Common Share --			
Continuing Operations	$ 2.06	$ 1.31	$ 0.20
Discontinued Operations	—	0.02	0.07
Net Earnings	$ 2.06	$ 1.33	$ 0.27
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,768	1,758	1,740
Dilutive Common Stock Options	13	12	9
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options	1,781	1,770	1,749
Outstanding Common Stock Options Having No Dilutive Effect	61	—	—

The accompanying notes to consolidated financial statements are an integral part of this statement.

Abbott Laboratories and Subsidiaries

Consolidated Statement of Comprehensive Income
(in millions)

	Year Ended December 31		
	2019	2018	2017
Net Earnings	$ 3,687	$ 2,368	$ 477
Foreign currency translation gain (loss) adjustments	(12)	(1,460)	1,365
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 of $(238) in 2019, $47 in 2018 and $(61) in 2017	(814)	132	(243)
Unrealized gains (losses) on marketable equity securities, net of taxes of $(76) in 2017	—	—	64
Net (losses) gains on derivative instruments designated as cash flow hedges, net of taxes of $(17) in 2019, $50 in 2018 and $(43) in 2017	(53)	136	(134)
Other Comprehensive Income (Loss)	(879)	(1,192)	1,052
Comprehensive Income	$ 2,808	$ 1,176	$ 1,529
Supplemental Accumulated Other Comprehensive Income (Loss) Information, net of tax as of December 31:			
Cumulative foreign currency translation (loss) adjustments	$ (4,924)	$ (4,912)	$ (3,452)
Net actuarial (losses) and prior service (cost) and credits	(3,540)	(2,726)	(2,521)
Cumulative unrealized (losses) gains on marketable equity securities	—	—	(5)
Cumulative (losses) gains on derivative instruments designated as cash flow hedges	(1)	52	(84)
Accumulated other comprehensive income (loss)	$ (8,465)	$ (7,586)	$ (6,062)

The accompanying notes to consolidated financial statements are an integral part of this statement.

Abbott Laboratories and Subsidiaries

Consolidated Statement of Cash Flows
(in millions)

	Year Ended December 31		
	2019	**2018**	**2017**
Cash Flow From (Used in) Operating Activities:			
Net earnings	$ 3,687	$ 2,368	$ 477
Adjustments to reconcile earnings to net cash from operating activities —			
Depreciation	1,078	1,100	1,046
Amortization of intangible assets	1,936	2,178	1,975
Share-based compensation	519	477	406
Amortization of inventory step-up	—	32	907
Investing and financing losses, net	184	126	47
Loss on extinguishment of debt	63	167	—
Amortization of bridge financing fees	—	—	5
Gains on sale of businesses	—	—	(1,163)
Gain on sale of Mylan N.V. shares	—	—	(45)
Trade receivables	(275)	(190)	(207)
Inventories	(593)	(514)	249
Prepaid expenses and other assets	(138)	23	109
Trade accounts payable and other liabilities	220	747	615
Income taxes	(545)	(214)	1,149
Net Cash From Operating Activities	6,136	6,300	5,570
Cash Flow From (Used in) Investing Activities:			
Acquisitions of property and equipment	(1,638)	(1,394)	(1,135)
Acquisitions of businesses and technologies, net of cash acquired	(170)	(54)	(17,183)
Proceeds from business dispositions	48	48	6,042
Proceeds from the sale of Mylan N.V. shares	—	—	2,704
Purchases of investment securities	(103)	(131)	(210)
Proceeds from sales of investment securities	21	73	129
Other	27	102	35
Net Cash From (Used in) Investing Activities	(1,815)	(1,356)	(9,618)
Cash Flow From (Used in) Financing Activities:			
Proceeds from issuance of (repayments of) short-term debt, net and other	—	(26)	(1,034)
Proceeds from issuance of long-term debt and debt with maturities over 3 months	1,842	4,009	6,742
Repayments of long-term debt and debt with maturities over 3 months	(3,441)	(12,433)	(8,650)
Purchase of Alere preferred stock	—	—	(710)
Acquisition and contingent consideration payments related to business acquisitions	—	—	(13)
Purchases of common shares	(718)	(238)	(117)
Proceeds from stock options exercised	298	271	350
Dividends paid	(2,270)	(1,974)	(1,849)
Net Cash From (Used in) Financing Activities	(4,289)	(10,391)	(5,281)
Effect of exchange rate changes on cash and cash equivalents	(16)	(116)	116
Net Increase (Decrease) in Cash and Cash Equivalents	16	(5,563)	(9,213)
Cash and Cash Equivalents, Beginning of Year	3,844	9,407	18,620
Cash and Cash Equivalents, End of Year	$ 3,860	$ 3,844	$ 9,407
Supplemental Cash Flow Information:			
Income taxes paid	$ 930	$ 740	$ 570
Interest paid	677	845	917

The accompanying notes to consolidated financial statements are an integral part of this statement.

Abbott Laboratories and Subsidiaries

Consolidated Balance Sheet
(dollars in millions)

	December 31	
	2019	**2018**
Assets		
Current assets:		
Cash and cash equivalents	$ 3,860	$ 3,844
Investments, primarily bank time deposits and U.S. treasury bills	280	242
Trade receivables, less allowances of — 2019: $384; 2018: $314	5,425	5,182
Inventories:		
Finished products	2,784	2,407
Work in process	560	499
Materials	972	890
Total inventories	4,316	3,796
Other prepaid expenses and receivables	1,786	1,568
Total current assets	15,667	14,632
Investments	883	897
Property and equipment, at cost:		
Land	519	501
Buildings	3,702	3,555
Equipment	11,468	10,756
Construction in progress	1,110	894
	16,799	15,706
Less: accumulated depreciation and amortization	8,761	8,143
Net property and equipment	8,038	7,563
Intangible assets, net of amortization	17,025	18,942
Goodwill	23,195	23,254
Deferred income taxes and other assets	3,079	1,885
	$ 67,887	$ 67,173

Abbott Laboratories and Subsidiaries

Consolidated Balance Sheet
(dollars in millions)

	December 31	
	2019	**2018**
Liabilities and Shareholders' Investment		
Current liabilities:		
Short-term borrowings	$ 201	$ 200
Trade accounts payable	3,252	2,975
Salaries, wages and commissions	1,237	1,182
Other accrued liabilities	4,035	3,780
Dividends payable	635	563
Income taxes payable	226	305
Current portion of long-term debt	1,277	7
Total current liabilities	10,863	9,012
Long-term debt	16,661	19,359
Post-employment obligations and other long-term liabilities	9,062	8,080
Commitments and contingencies		
Shareholders' investment:		
Preferred shares, one dollar par value Authorized — 1,000,000 shares, none issued	—	—
Common shares, without par value Authorized — 2,400,000,000 shares		
Issued at stated capital amount — Shares: 2019: 1,976,855,085; 2018: 1,971,189,465	23,853	23,512
Common shares held in treasury, at cost — Shares: 2019:214,351,838; 2018: 215,570,043	(10,147)	(9,962)
Earnings employed in the business	25,847	24,560
Accumulated other comprehensive income (loss)	(8,465)	(7,586)
Total Abbott Shareholders' Investment	31,088	30,524
Noncontrolling interests in subsidiaries	213	198
Total Shareholders' Investment	31,301	30,722
	$ 67,887	$ 67,173

The accompanying notes to consolidated financial statements are an integral part of this statement.

Abbott Laboratories and Subsidiaries

Consolidated Statement of Shareholders' Investment
(in millions except shares and per share data)

	Year Ended December 31		
	2019	**2018**	**2017**
Common Shares:			
Beginning of Year			
Shares: 2019: 1,971,189,465; 2018: 1,965,908,188; 2017: 1,707,475,455	$ 23,512	$ 23,206	$ 13,027
Issued under incentive stock programs			
Shares: 2019: 5,665,620; 2018: 5,281,277; 2017: 8,834,924	209	163	242
Issued for St. Jude Medical acquisition			
Shares: 2017: 249,597,809	—	—	9,835
Share-based compensation	521	479	406
Issuance of restricted stock awards	(389)	(336)	(304)
End of Year			
Shares: 2019: 1,976,855,085; 2018: 1,971,189,465; 2017: 1,965,908,188	$ 23,853	$ 23,512	$ 23,206
Common Shares Held in Treasury:			
Beginning of Year			
Shares: 2019: 215,570,043; 2018: 222,305,719; 2017: 234,606,250	$ (9,962)	$ (10,225)	$ (10,791)
Issued under incentive stock programs			
Shares: 2019: 7,796,030; 2018: 8,870,735; 2017: 8,696,320	361	408	400
Issued for St. Jude Medical acquisition			
Shares: 2017: 3,906,848	—	—	180
Purchased			
Shares: 2019: 6,577,825; 2018: 2,135,059; 2017: 302,637	(546)	(145)	(14)
End of Year			
Shares: 2019: 214,351,838; 2018: 215,570,043; 2017: 222,305,719	$ (10,147)	$ (9,962)	$ (10,225)
Earnings Employed in the Business:			
Beginning of Year	$ 24,560	$ 23,978	$ 25,565
Impact of adoption of new accounting standards	—	351	—
Net earnings	3,687	2,368	477
Cash dividends declared on common shares (per share — 2019: $1.32; 2018: $1.16; 2017: $1.075)	(2,343)	(2,047)	(1,947)
Effect of common and treasury share transactions	(57)	(90)	(117)
End of Year	$ 25,847	$ 24,560	$ 23,978
Accumulated Other Comprehensive Income (Loss):			
Beginning of Year	$ (7,586)	$ (6,062)	$ (7,263)
Impact of adoption of new accounting standards	—	(332)	—
Business dispositions	—	—	149
Other comprehensive income (loss)	(879)	(1,192)	1,052
End of Year	$ (8,465)	$ (7,586)	$ (6,062)
Noncontrolling Interests in Subsidiaries:			
Beginning of Year	$ 198	$ 201	$ 179
Noncontrolling Interests' share of income, business combinations, net of distributions and share repurchases	15	(3)	22
End of Year	$ 213	$ 198	$ 201

The accompanying notes to consolidated financial statements are an integral part of this statement.

Note 1 — Summary of Significant Accounting Policies

NATURE OF BUSINESS — Abbott's principal business is the discovery, development, manufacture and sale of a broad line of health care products.

BASIS OF CONSOLIDATION — The consolidated financial statements include the accounts of the parent company and subsidiaries, after elimination of intercompany transactions.

USE OF ESTIMATES — The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States and necessarily 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, pension and other post-employment benefits, valuation of intangible assets, litigation, derivative financial instruments, and inventory and accounts receivable exposures.

FOREIGN CURRENCY TRANSLATION — The statements of earnings of foreign subsidiaries whose functional currencies are other than the U.S. dollar are translated into U.S. dollars 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 rates 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 adjustment 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 of the Consolidated Statement of Earnings.

REVENUE RECOGNITION — Revenue from product sales is recognized upon the transfer of control, which is generally upon shipment or delivery, depending on the delivery terms set forth in the customer contract. Provisions for discounts, rebates and sales incentives 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 available 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 shipments 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. In certain of Abbott's businesses, primarily within diagnostics, Abbott participates in selling arrangements that include multiple performance obligations (e.g., instruments, reagents, procedures, and service agreements). The total transaction price of the contract is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. Sales of product rights for marketable products are recorded as revenue upon disposition of the rights.

INCOME TAXES — 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 financial 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 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 indefinitely reinvested in foreign operations. Interest and penalties on income tax obligations are included in taxes on earnings.

EARNINGS PER SHARE — Unvested restricted stock units and awards that contain non-forfeitable rights to dividends are treated as participating securities and are included 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 Continuing Operations allocated to common shares in 2019, 2018 and 2017 were $3.666 billion, $2.320 billion and $346 million, respectively. Net earnings allocated to common shares in 2019, 2018 and 2017 were $3.666 billion, $2.353 billion and $468 million, respectively.

Note 1 — Summary of Significant Accounting Policies (Continued)

PENSION AND POST-EMPLOYMENT BENEFITS — Abbott accrues for the actuarially determined cost of pension and post-employment benefits over the service attribution periods of 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 between 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 periods of the employees under the corridor method.

FAIR VALUE MEASUREMENTS — For assets and liabilities that are measured using quoted prices in active markets, total fair value is the published market price per unit multiplied 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 assets 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 prices 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 Black-Scholes model. Purchased intangible assets are recorded at fair value. The fair value of significant purchased 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 about 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 and indefinite-lived intangible assets are tested for impairment at least annually.

SHARE-BASED COMPENSATION — The fair value of stock options and restricted stock awards and units are amortized over their requisite service period, which could be shorter than the vesting period if an employee is retirement eligible, with a charge to compensation expense.

LITIGATION — Abbott accounts for litigation losses in accordance with FASB ASC No. 450, “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 contingency amount is recorded. Legal fees are recorded as incurred.

CASH, CASH EQUIVALENTS AND INVESTMENTS — Cash equivalents consist of bank time deposits, U.S. government securities money market funds and U.S. treasury bills with original maturities of three months or less. Abbott holds certain investments with a carrying value of $321 million that are accounted for under the equity method of accounting. Investments held in a rabbi trust and investments in publicly traded equity securities are recorded at fair value and changes in fair value are recorded in earnings. Investments in equity securities that are not traded on public stock exchanges are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. 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 of any unamortized premium or discount. Income relating to these securities is reported as interest income.

TRADE RECEIVABLE VALUATIONS — Accounts receivable are stated at their net realizable value. The allowance against gross trade receivables reflects the best estimate of probable losses inherent in the receivables portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other currently available information. Accounts receivable are charged off after all reasonable means to collect the full amount (including litigation, where appropriate) have been exhausted.

INVENTORIES — Inventories are stated at the lower of cost (first-in, first-out basis) or net realizable value. Cost includes material and conversion costs.

Note 1 — Summary of Significant Accounting Policies (Continued)

PROPERTY AND EQUIPMENT — Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. The following table shows estimated useful lives of property and equipment:

Classification	Estimated Useful Lives
Buildings	10 to 50 years
Equipment	3 to 20 years

PRODUCT LIABILITY — Abbott accrues for product liability claims when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information. The liabilities are adjusted quarterly as additional information becomes available. Product liability losses are self-insured.

RESEARCH AND DEVELOPMENT COSTS — Internal research and development costs are expensed as incurred. Clinical trial costs incurred by third parties are expensed as the contracted 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 milestone results are achieved.

ACQUIRED IN-PROCESS AND COLLABORATIONS RESEARCH AND DEVELOPMENT (IPR&D) — The initial costs of rights to IPR&D projects obtained in an asset acquisition are expensed as 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 agreements that provide rights to develop, manufacture, market and/or sell pharmaceutical or medical device products. The fair value of IPR&D projects acquired in a business combination are capitalized and accounted for as indefinite-lived intangible assets until completed and are then amortized over the remaining useful life. Collaborations are not significant.

CONCENTRATION OF RISK AND GUARANTEES — Due to the nature of its operations, Abbott is not subject to significant concentration risks relating to customers, products or geographic locations. Product warranties are not significant.

Abbott has 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. Abbott 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 for 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 potential 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 or product rights in which Abbott agrees to pay contingent consideration based on attaining certain thresholds or based on the occurrence of certain events.

Note 2 – New Accounting Standards

Recently Adopted Accounting Standards

In February 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allows companies to reclassify stranded tax effects resulting from the 2017 Tax Cuts and Jobs Act, from Accumulated other comprehensive income (loss) to retained earnings (Earnings employed in the business). Abbott adopted the new standard at the beginning of the fourth quarter of 2018. As a result of the adoption of the new standard, approximately $337 million of stranded tax effects were reclassified from Accumulated other comprehensive income (loss) to Earnings employed in the business.

Note 2 – New Accounting Standards (Continued)

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, which requires 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. Abbott adopted the standard on January 1, 2018, using a modified retrospective approach and recorded a cumulative catch-up adjustment to Earnings employed in the business in the Consolidated Balance Sheet that was not significant.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to measure and recognize a lease asset and liability on the balance sheet for most leases, including operating leases. Abbott adopted the new standard as of January 1, 2019 using the modified retrospective approach and applied the standard's transition provisions as of January 1, 2019. As a result, no changes were made to the December 31, 2018 Consolidated Balance Sheet. Abbott elected to apply the package of practical expedients related to transition. These practical expedients allowed Abbott to carry forward its historical assessments of whether any existing contracts are or contain leases, the lease classification for each lease existing at January 1, 2019, and whether any initial direct costs for such leases qualified for capitalization. The new lease accounting standard did not have a material impact on the amounts reported in the Consolidated Statement of Earnings but does have a material impact on the amounts reported in the Consolidated Balance Sheet. Adoption of the new standard resulted in the recording of approximately $850 million of new right of use (ROU) assets and additional liabilities for operating leases on the Consolidated Balance Sheet as of January 1, 2019.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities*, which provides new guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. Abbott adopted the standard on January 1, 2018. Under the new standard, changes in the fair value of equity investments with readily determinable fair values are recorded in Other (income) expense, net within the Consolidated Statement of Earnings. Previously, such fair value changes were recorded in other comprehensive income. Abbott has elected the measurement alternative allowed by ASU 2016-01 for its equity investments without readily determinable fair values. These investments are measured at cost, less any impairment, plus or minus any changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. Changes in the measurement of these investments are being recorded in Other (income) expense, net within the Consolidated Statement of Earnings. As part of the adoption, the cumulative-effect adjustment to Earnings employed in the business in the Consolidated Balance Sheet for net unrealized losses on equity investments that were recorded in Accumulated other comprehensive income (loss) as of December 31, 2017 was not significant.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive model for accounting for revenue from contracts with customers and supersedes nearly all previously existing revenue recognition guidance. The core principle of the ASU is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Abbott adopted the new standard as of January 1, 2018, using the modified retrospective approach method. Under this method, entities recognize the cumulative effect of applying the new standard at the date of initial application with no restatement of comparative periods presented. The cumulative effect of applying the new standard resulted in an increase to Earnings employed in the business in the Consolidated Balance Sheet of $23 million which was recorded on January 1, 2018. The new standard has been applied only to those contracts that were not completed as of January 1, 2018. The impact of adopting ASU 2014-09 was not significant to individual financial statement line items in the Consolidated Balance Sheet and Consolidated Statement of Earnings.

Note 2 – New Accounting Standards (Continued)

Recent Accounting Standards Not Yet Adopted

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which among other things, eliminates certain exceptions in the current rules regarding the approach for intraperiod tax allocations and the methodology for calculating income taxes in an interim period, and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard becomes effective for Abbott in the first quarter of 2021 and early adoption is permitted. Abbott does not expect adoption of this new standard to have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses*, which changes the methodology to be used to measure credit losses for certain financial instruments and financial assets, including trade receivables. The new methodology requires the recognition of an allowance that reflects the current estimate of credit losses expected to be incurred over the life of the financial asset. The new standard will be effective for Abbott at the beginning of 2020. Adoption of the new standard will not have a material impact on the consolidated financial statements.

Note 3 — Revenue

Abbott's revenues are derived primarily from the sale of a broad line of health care products under short-term receivable arrangements. Patent protection 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 impact the net selling prices of products; and foreign currency translation impacts the measurement of net sales and costs. Abbott's products are generally sold directly to retailers, wholesalers, distributors, hospitals, health care facilities, laboratories, physicians' offices and government agencies throughout the world. Abbott has four reportable segments: Established Pharmaceutical Products, Diagnostic Products, Nutritional Products, and Medical Devices.

Note 3 — Revenue (Continued)

The following tables provide detail by sales category:

	2019			2018			2017		
(in millions)	**U.S.**	**Int'l**	**Total**	**U.S.**	**Int'l**	**Total**	**U.S.**	**Int'l**	**Total**
Established Pharmaceutical Products —									
Key Emerging Markets	$ —	$ 3,392	$ 3,392	$ —	$ 3,363	$ 3,363	$ —	$ 3,307	$ 3,307
Other	—	1,094	1,094	—	1,059	1,059	—	980	980
Total	—	4,486	4,486	—	4,422	4,422	—	4,287	4,287
Nutritionals —									
Pediatric Nutritionals	1,879	2,282	4,161	1,843	2,254	4,097	1,777	2,112	3,889
Adult Nutritionals	1,231	2,017	3,248	1,232	1,900	3,132	1,254	1,782	3,036
Total	3,110	4,299	7,409	3,075	4,154	7,229	3,031	3,894	6,925
Diagnostics —									
Core Laboratory	1,086	3,570	4,656	985	3,401	4,386	921	3,142	4,063
Molecular	149	293	442	152	332	484	160	303	463
Point of Care	438	123	561	432	121	553	440	110	550
Rapid Diagnostics	1,214	840	2,054	1,148	924	2,072	296	244	540
Total	2,887	4,826	7,713	2,717	4,778	7,495	1,817	3,799	5,616
Medical Devices —									
Rhythm Management (a)	1,057	1,087	2,144	1,105	1,093	2,198	1,043	1,089	2,132
Electrophysiology (a)	742	979	1,721	678	883	1,561	596	757	1,353
Heart Failure	574	195	769	467	179	646	491	152	643
Vascular	1,047	1,803	2,850	1,126	1,803	2,929	1,180	1,712	2,892
Structural Heart	616	784	1,400	488	751	1,239	432	651	1,083
Neuromodulation	660	171	831	690	174	864	636	172	808
Diabetes Care	678	1,846	2,524	457	1,476	1,933	332	1,082	1,414
Total	5,374	6,865	12,239	5,011	6,359	11,370	4,710	5,615	10,325
Other (b)	27	30	57	36	26	62	115	122	237
Total	$ 11,398	$ 20,506	$ 31,904	$ 10,839	$ 19,739	$ 30,578	$ 9,673	$ 17,717	$ 27,390

(a) Insertable Cardiac Monitor (ICM) sales, which had previously been reported in Electrophysiology, are now included in Rhythm Management. Historic periods have been adjusted to reflect this change.

(b) Diabetes Care sales, which had previously been reported in Other, are now included in the Medical Devices segment. Historic periods have been adjusted to reflect this change.

Abbott recognizes revenue from product sales upon the transfer of control, which is generally upon shipment or delivery, depending on the delivery terms set forth in the customer contract. For maintenance agreements that provide service beyond Abbott's standard warranty and other service agreements, revenue is recognized ratably over the contract term. A time-based measure of progress appropriately reflects the transfer of services to the customer. Payment terms between Abbott and its customers vary by the type of customer, country of sale, and the products or services offered. The term between invoicing and the payment due date is not significant.

Note 3 — Revenue (Continued)

Management exercises judgment in estimating variable consideration. Provisions for discounts, rebates and sales incentives 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 available and reliable, and is used for estimating the amount of the reduction in gross sales. Abbott provides rebates to government agencies, wholesalers, group purchasing organizations and other 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 identification 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 historical 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 the 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 and terms of rebate programs. Historically, adjustments to prior years' rebate accruals have not been material to net income.

Other allowances charged against gross sales include cash discounts and returns, which are not significant. Cash discounts are known within 15 to 30 days of sale, and therefore can be reliably estimated. Returns can be reliably estimated because Abbott's historical returns are low, and because sales return terms and other sales terms have remained relatively unchanged for several periods. Product warranties are also not significant.

Abbott also applies judgment in determining the timing of revenue recognition related to contracts that include multiple performance obligations. The total transaction price of the contract is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. For goods or services for which observable standalone selling prices are not available, Abbott uses an expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

Remaining Performance Obligations

As of December 31, 2019, the estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) was approximately $3.3 billion in the Diagnostic Products segment and approximately $380 million in the Medical Devices segment. Abbott expects to recognize revenue on approximately 60 percent of these remaining performance obligations over the next 24 months, approximately 16 percent over the subsequent 12 months and the remainder thereafter.

These performance obligations primarily reflect the future sale of reagents/consumables in contracts with minimum purchase obligations, extended warranty or service obligations related to previously sold equipment, and remote monitoring services related to previously implanted devices. Abbott has applied the practical expedient described in Accounting Standards Codification (ASC) 606-10-50-14 and has not included remaining performance obligations related to contracts with original expected durations of one year or less in the amounts above.

Assets Recognized for Costs to Obtain a Contract with a Customer

Abbott has applied the practical expedient in ASC 340-40-25-4 and records as an expense the incremental costs of obtaining contracts with customers in the period of occurrence when the amortization period of the asset that Abbott otherwise would have recognized is one year or less. Upfront commission fees paid to sales personnel as a result of obtaining or renewing contracts with customers are incremental to obtaining the contract. Abbott capitalizes these amounts as contract costs. Capitalized commission fees are amortized based on the contract duration to which the assets relate which ranges from two to ten years. The amounts as of December 31, 2019 and 2018 were not significant.

Note 3 — Revenue (Continued)

Additionally, the cost of transmitters provided to customers that use Abbott's remote monitoring service with respect to certain medical devices are capitalized as contract costs. Capitalized transmitter costs are amortized based on the timing of the transfer of services to which the assets relate, which typically ranges from eight to ten years. The amounts as of December 31, 2019 and 2018 were not significant.

Other Contract Assets and Liabilities

Abbott discloses Trade receivables separately in the Consolidated Balance Sheet at their net realizable value. Contract assets primarily relate to Abbott's conditional right to consideration for work completed but not billed at the reporting date. Contract assets at the beginning and end of the period, as well as the changes in the balance, were not significant.

Contract liabilities primarily relate to payments received from customers in advance of performance under the contract. Abbott's contract liabilities arise primarily in the Medical Devices reportable segment when payment is received upfront for various multi-period extended service arrangements. Changes in the contract liabilities during the period are as follows:

(in millions)	
Contract Liabilities	
Balance at January 1, 2018	$ 198
Unearned revenue from cash received during the period	304
Revenue recognized related to contract liability balance	(243)
Balance at December 31, 2018	259
Unearned revenue from cash received during the period	411
Revenue recognized related to contract liability balance	(376)
Balance at December 31, 2019	$ 294

Note 4 — Discontinued Operations and Business Dispositions

In February 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business to Mylan Inc. (Mylan) for 110 million ordinary shares (or approximately 22 percent) of a newly formed entity (Mylan N.V.) that combined Mylan's existing business and Abbott's developed markets branded generics pharmaceuticals business. In April 2015, Abbott sold 40.25 million of the 110 million ordinary shares of Mylan N.V. and recorded a pretax gain of $207 million on $2.29 billion in net proceeds from the sale of these shares. In 2017, Abbott sold 69.75 million ordinary shares of Mylan N.V. and received $2.704 billion in proceeds. Abbott recorded a $45 million gain from the sale of these 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 Mylan N.V.

The net earnings of discontinued operations include income tax benefits of $39 million in 2018 and $109 million in 2017. These tax benefits primarily relate to the resolution of various tax positions related to AbbVie's operations for years prior to the separation. Abbott completed the separation of AbbVie Inc. (AbbVie), which was formed to hold Abbott's research-based proprietary pharmaceuticals business, in January 2013. Abbott has 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 will be liable for all other taxes attributable to its business.

Note 4 — Discontinued Operations and Business Dispositions (Continued)

In 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 $4.325 billion 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 line with its strategic priorities. In February 2017, Abbott completed the sale of AMO to Johnson & Johnson and recognized a pre-tax gain of $1.163 billion including 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 $728 million 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 qualify for reporting as discontinued operations. For 2017, the AMO loss before taxes included in Abbott's consolidated earnings was $18 million.

Note 5 — Supplemental Financial Information

Other (income) expense, net, for 2019, 2018 and 2017 includes approximately $225 million, $160 million and $160 million of income, respectively, related to the non-service cost components of the net periodic benefit costs associated with the pension and post-retirement medical plans. Other (income) expense, net, for 2017 includes a pre-tax gain of $1.163 billion related to the sale of AMO to Johnson & Johnson. In 2017, Abbott recorded a $45 million pre-tax gain related to the sale of the Mylan N.V. ordinary shares. See Note 4 — Discontinued Operations and Business Dispositions for further discussion of these 2017 sales.

The detail of various balance sheet components is as follows:

(in millions)	December 31, 2019	December 31, 2018
Long-term Investments:		
Equity securities	$ 836	$ 856
Other	47	41
Total	$ 883	$ 897

Abbott's equity securities as of December 31, 2019 and December 31, 2018, include $346 million and $307 million, respectively, of investments in mutual funds that are held in a rabbi trust acquired as part of the St. Jude Medical, Inc. (St. Jude Medical) business acquisition. These investments, which are specifically designated as available for the purpose of paying benefits under a deferred compensation plan, are not available for general corporate purposes and are subject to creditor claims in the event of insolvency.

Abbott also holds certain investments as of December 31, 2019 with a carrying value of $321 million that are accounted for under the equity method of accounting and other equity investments with a carrying value of $158 million that do not have a readily determinable fair value. The $158 million carrying value includes an unrealized gain of approximately $50 million on an investment. The gain was recorded in the second quarter of 2018 and relates to an observable price change for a similar investment of the same issuer.

Note 5 — Supplemental Financial Information (Continued)

In the first quarter of 2019, in conjunction with the acquisition of Cephea Valve Technologies, Inc., Abbott acquired a research & development (R&D) asset valued at $102 million, which was immediately expensed. The $102 million of expense was recorded in the R&D line of Abbott's Consolidated Statement of Earnings.

(in millions)	December 31, 2019	December 31, 2018
Other Accrued Liabilities:		
Accrued rebates payable to government agencies	$ 212	$ 166
Accrued other rebates (a)	655	608
All other	3,168	3,006
Total	$ 4,035	$ 3,780

(a) Accrued wholesaler chargeback rebates of $175 million and $197 million at December 31, 2019 and 2018, respectively, are netted in trade receivables because Abbott's customers are invoiced at a higher catalog price but only remit to Abbott their contract price for the products.

(in millions)	December 31, 2019	December 31, 2018
Post-employment Obligations and Other Long-term Liabilities:		
Defined benefit pension plans and post-employment medical and dental plans for significant plans	$ 2,817	$ 2,040
Deferred income taxes	1,546	2,056
Operating lease liabilities	755	—
All other (b)	3,944	3,984
Total	$ 9,062	$ 8,080

(b) 2019 includes approximately $580 million of net unrecognized tax benefits, as well as approximately $68 million of acquisition consideration payable. 2018 includes approximately $465 million of net unrecognized tax benefits, as well as approximately $65 million of acquisition consideration payable.

Note 6 — Accumulated Other Comprehensive Income (Loss)

The components of the changes in accumulated other comprehensive income (loss) from continuing operations, net of income taxes, are as follows:

(in millions)	Cumulative Foreign Currency Translation Adjustments	Net Actuarial (Losses) and Prior Service (Costs) and Credits	Cumulative Unrealized Gains (Losses) on Marketable Equity Securities	Cumulative Gains (Losses) on Derivative Instruments Designated as Cash Flow Hedges	Total
Balance at December 31, 2017	$ (3,452)	$ (2,521)	$ (5)	$ (84)	$ (6,062)
Impact of adoption of new accounting standards	—	(337)	5	—	(332)
Other comprehensive income (loss) before reclassifications	(1,488)	(18)	—	58	(1,448)
(Income) loss amounts reclassified from accumulated other comprehensive income (a)	28	150	—	78	256
Net current period other comprehensive income (loss)	(1,460)	132	—	136	(1,192)
Balance at December 31, 2018	(4,912)	(2,726)	—	52	(7,586)
Other comprehensive income (loss) before reclassifications	(12)	(719)	—	2	(729)
(Income) loss amounts reclassified from accumulated other comprehensive income (a)	—	(95)	—	(55)	(150)
Net current period other comprehensive income (loss)	(12)	(814)	—	(53)	(879)
Balance at December 31, 2019	$ (4,924)	$ (3,540)	$ —	$ (1)	$ (8,465)

(a) Reclassified amounts for foreign currency translation adjustments are recorded in the Consolidated Statement of Earnings as Net Foreign exchange (gain) loss and gains/losses related to cash flow hedges are recorded as Cost of products sold. Net actuarial losses and prior service cost is included as a component of net periodic benefit cost – see Note 15 for additional information.

Note 7 — Business Acquisitions

On January 4, 2017, Abbott completed the acquisition of St. Jude Medical, a global medical device manufacturer, for approximately $23.6 billion, including approximately $13.6 billion in cash and approximately $10 billion in Abbott common shares, which represented approximately 254 million shares of Abbott common stock, based on Abbott's closing stock price on the acquisition date. As part of the acquisition, approximately $5.9 billion of St. Jude Medical's debt was assumed, repaid or 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, diagnostics, 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.

Under the 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 Abbott stock price of $39.36, which reflects the closing price on January 4, 2017, this represented a value of approximately $81 per St. Jude Medical common share and total purchase consideration of $23.6 billion. The cash portion of the acquisition was funded through a combination of medium and long-term debt issued in November 2016 and a $2.0 billion 120-day senior unsecured bridge term loan facility which was subsequently repaid.

Note 7 — Business Acquisitions (Continued)

In 2016, Abbott and St. Jude Medical agreed to sell certain businesses to Terumo Corporation (Terumo) for approximately $1.12 billion. The sale included the St. Jude Medical Angio-Seal™ and Femoseal™ vascular closure and Abbott's Vado® Steerable Sheath businesses. The sale closed on January 20, 2017 and no gain or loss was recorded in the Consolidated Statement of Earnings.

On October 3, 2017, Abbott acquired Alere, a diagnostic device and service provider, for $51.00 per common share in cash, which equated to a purchase price of approximately $4.5 billion. As part of the acquisition, Abbott tendered for Alere's preferred shares for a total value of approximately $0.7 billion. In addition, approximately $3.0 billion 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 provides access to new products, channels and geographies. Abbott utilized a combination of cash on hand and debt to fund the acquisition. See Note 11 — Debt and Lines of Credit for further details regarding the debt utilized for the acquisition.

In the 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 Natriuretic Peptide assay business run on Beckman Coulter analyzers to Quidel. The transactions with Quidel reflect a total purchase price of $400 million payable at the close of the transaction, $240 million payable in six annual installments beginning approximately six months after the close of the transaction, and contingent consideration with a maximum value of $40 million. In the third quarter of 2017, Alere entered into an agreement with Siemens Diagnostics Holding II B.V. (Siemens) to sell its subsidiary, Epocal Inc., for approximately $ 200 million 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 Commission of Abbott's agreement to acquire Alere. The sale to Quidel closed on October 6, 2017, and the sale to Siemens closed on October 31, 2017. No gain or loss on these sales was recorded in the Consolidated Statement of Earnings.

In 2017, consolidated Abbott results include $6.5 billion of sales and a pre-tax loss of approximately $1.3 billion related to the St. Jude Medical and Alere acquisitions, including approximately $1.5 billion of intangible amortization and $907 million of inventory step-up amortization. The pre-tax loss excludes acquisition, integration and restructuring-related costs.

If the acquisitions of St. Jude Medical and Alere had occurred at the beginning of 2016, unaudited pro forma consolidated net sales would have been approximately $28.9 billion and the unaudited pro forma consolidated net loss from continuing operations would have been approximately $485 million in 2016. This includes amortization of approximately $940 million of inventory step-up and $1.7 billion of intangibles related to St. Jude Medical and Alere. For 2017, unaudited pro forma consolidated net sales would have been approximately $28.9 billion and unaudited pro forma consolidated net earnings from continuing operations would have been approximately $750 million, which includes $225 million of intangible 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 Medical and Alere of approximately $907 million which was recorded in 2017 but included in the 2016 unaudited pro forma results as noted above. The unaudited pro forma information is not necessarily 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 it meant to be indicative of future results of operations that the combined entity will experience.

Note 7 — Business Acquisitions (Continued)

On July 17, 2017, Abbott commenced a tender offer to purchase for cash the1.77 million outstanding shares of Alere's Series B Convertible Perpetual Preferred Stock at 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, including Abbott's acquisition of Alere and upon there being validly tendered (and not properly withdrawn) at the expiration date of the tender offer 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 October 3, 2017. All conditions to the offer were satisfied and Abbott accepted for payment the 1.748 million shares of Preferred Stock that were validly tendered (and not properly withdrawn). 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 all of the shares of Preferred Stock was made in the fourth quarter of 2017.

Note 8 — Goodwill and Intangible Assets

The total amount of goodwill reported was $23.2 billion at December 31, 2019 and $23.3 billion at December 31, 2018. Foreign currency translation adjustments decreased goodwill by approximately $103 million in 2019 and $440 million in 2018. Purchase price accounting adjustments associated with the Alere acquisition decreased goodwill by $326 million in 2018. The amount of goodwill related to reportable segments at December 31, 2019 was $3.0 billion for the Established Pharmaceutical Products segment, $286 million for the Nutritional Products segment, $3.7 billion for the Diagnostic Products segment, and $16.1 billion for the Medical Devices segment. There was no significant reduction of goodwill relating to impairments in 2019 and 2018.

The gross amount of amortizable intangible assets, primarily product rights and technology was $27.6 billion and $25.7 billion as of December 31, 2019 and 2018, respectively, and accumulated amortization was $11.9 billion and $10.4 billion as of December 31, 2019 and 2018, respectively. Foreign currency translation adjustments decreased intangible assets by approximately $71 million in 2019 and $281 million in 2018. In 2018, purchase price allocation adjustments increased intangible assets by $280 million. The estimated annual amortization expense for intangible assets recorded at December 31, 2019 is approximately $2.1 billion in 2020, $2.0 billion in 2021, $2.0 billion in 2022, $2.0 billion in 2023 and $1.9 billion in 2024. Amortizable intangible assets are amortized over 2 to 20 years.

Indefinite-lived intangible assets, which relate to in-process research and development acquired in a business combination, were approximately $1.3 billion and $3.6 billion at December 31, 2019 and 2018, respectively. The decrease is due to an in-process research and development intangible asset related to the Medical Devices segment that became amortizable at the end of 2019. In 2017, Abbott recorded a $53 million impairment of an in-process research and development project related to the Medical Devices segment.

Note 9 — Restructuring Plans

From 2017 to 2019, Abbott management approved restructuring plans as part of the integration of the acquisitions of St. Jude Medical into the Medical Devices segment, and Alere into the Diagnostic Products segment, in order to leverage economies of scale and reduce costs. Abbott recorded employee related severance and other charges of approximately $72 million in 2019, $52 million in 2018 and $187 million in 2017. Approximately $19 million in 2019, $5 million in 2018 and $5 million in 2017 are recorded in Cost of products sold, approximately $4 million in 2019 and $10 million in 2018 are recorded in Research and development, and approximately $49 million in 2019, $37 million in 2018 and $182 million in 2017 are recorded in Selling, general and administrative expense. Abbott also assumed restructuring liabilities of approximately $23 million as part of the St Jude Medical and Alere acquisitions.

The following summarizes the activity related to these actions and the status of the related accruals:

(in millions)	
Liabilities assumed as part of business acquisitions	$ 23
Restructuring charges	187
Payments and other adjustments	(142)
Accrued balance at December 31, 2017	68
Restructuring charges	52
Payments and other adjustments	(79)
Accrued balance at December 31, 2018	41
Restructuring charges	72
Payments and other adjustments	(67)
Accrued balance at December 31, 2019	$ 46

From 2016 to 2019, Abbott management approved plans to streamline operations in order to reduce costs and improve efficiencies in various Abbott businesses including the nutritional, established pharmaceuticals and vascular businesses. Abbott recorded employee related severance and other charges of approximately $66 million in 2019, $28 million in 2018 and $120 million in 2017. Approximately $16 million in 2019, $10 million in 2018 and $7 million in 2017 are recorded in Cost of products sold, approximately $28 million in 2019, $2 million in 2018 and $77 million in 2017 are recorded in Research and development, and approximately $22 million in 2019, $16 million in 2018 and $36 million in 2017 are recorded in Selling, general and administrative expense. Additional charges of approximately $2 million in 2017 were recorded, primarily for accelerated depreciation.

The following summarizes the activity for these restructurings:

(in millions)	
Restructuring charges recorded in 2016	$ 32
Payments and other adjustments	(15)
Accrued balance at December 31, 2016	17
Restructuring charges	120
Payments and other adjustments	(18)
Accrued balance at December 31, 2017	119
Restructuring charges	28
Payments and other adjustments	(77)
Accrued balance at December 31, 2018	70
Restructuring charges	66
Payments and other adjustments	(57)
Accrued balance at December 31, 2019	$ 79

Note 10 — Incentive Stock Program

The 2017 Incentive Stock Program authorizes the granting of nonqualified stock options, restricted stock awards, restricted stock units, performance awards, foreign benefits and other share-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. In 2019, Abbott granted 4,579,283 stock options, 736,100 restricted stock awards and 6,628,009 restricted stock units under this program.

Under Abbott'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 maximum term of an option is 10 years. Options generally vest equally over three years. Restricted stock awards generally vest over 3 years, with no more than one-third of the award vesting in any one year upon Abbott reaching a minimum return on equity target. Restricted stock units vest overthree years and upon vesting, the recipient receives one share of Abbott stock for each vested restricted stock unit. The aggregate fair market value of options and restricted stock awards and units is recognized as expense over the requisite service period, which may be shorter than the vesting 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 shares. 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.

In April 2017, Abbott's shareholders authorized the 2017 Incentive Stock Program under which a maximum of 170 million shares were available for issuance. At December 31, 2019, approximately 127 million shares remained available for future issuance.

In 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 assumed 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 underlying 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 of $37.69.

The following table summarizes stock option activity for the year ended December 31, 2019 and the outstanding stock options as of December 31, 2019.

(intrinsic values in millions)	Options	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2018	33,074,613	$ 42.21	6.3	$ 996
Granted	4,579,283	76.35		
Exercised	(7,281,472)	35.51		
Lapsed	(494,509)	60.06		
Outstanding at December 31, 2019	29,877,915	$ 48.78	6.2	$ 1,138
Exercisable at December 31, 2019	20,555,321	$ 41.26	5.3	$ 937

Note 10 — Incentive Stock Program (Continued)

The following table summarizes restricted stock awards and units activity for 2019.

	Share Units	Weighted Average Grant-Date Fair Value
Outstanding at December 31, 2018	15,952,602	$ 52.11
Granted	7,364,109	76.17
Vested	(7,750,049)	48.52
Forfeited	(1,103,348)	62.28
Outstanding at December 31, 2019	14,463,314	$ 65.51

The fair market value of restricted stock awards and units vested in 2019, 2018 and 2017 was $388 million, $458 million and $348 million, respectively.

The total intrinsic value of options exercised in 2019, 2018 and 2017 was $315 million, $249 million and $233 million, respectively. The total unrecognized compensation cost related to all share-based compensation plans at December 31, 2019 amounted to approximately $419 million, which is expected to be recognized over the nextthree years.

Total non-cash stock compensation expense charged against income from continuing operations in 2019, 2018 and 2017 for share-based plans totaled approximately $519 million, $477 million and $406 million, respectively, and the tax benefit recognized was approximately $197 million, $185 million and $242 million, respectively. The decrease in the tax benefit in 2018 primarily relates to the Tax Cuts and Jobs Act (TCJA), which reduces the U.S. federal corporate tax rate from 35% to 21%. Stock compensation cost capitalized as part of inventory is not significant.

The table below summarizes the fair value of an option granted in 2019, 2018 and 2017 and the assumptions included in the Black-Scholes option-pricing model used to estimate the fair value:

	2019	2018	2017
Fair value	$ 14.50	$ 10.93	$ 6.54
Risk-free interest rate	2.5 %	2.7 %	2.1 %
Average life of options (years)	6.0	6.0	6.0
Volatility	19.8 %	19.0 %	18.0 %
Dividend yield	1.7 %	1.9 %	2.4 %

The risk-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 average 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 volatility 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.

Note 11 — Debt and Lines of Credit

The following is a summary of long-term debt at December 31:

(in millions)	2019	2018
0.00% Notes, due 2020	$ 1,272	$ 1,300
2.80% Notes, due 2020	—	500
2.90% Notes, due 2021	—	2,850
2.55% Notes, due 2022	750	750
0.875% Notes, due 2023	1,272	1,303
3.40% Notes, due 2023	1,050	1,050
5-year term loan due 2024	546	—
0.10% Notes, due 2024	658	—
3.875% Notes, due 2025	500	500
2.95% Notes, due 2025	1,000	1,000
1.50% Notes, due 2026	1,272	1,300
3.75% Notes, due 2026	1,700	1,700
0.375% Notes, due 2027	658	—
4.75% Notes, due 2036	1,650	1,650
6.15% Notes, due 2037	547	547
6.00% Notes, due 2039	515	515
5.30% Notes, due 2040	694	694
4.75% Notes, due 2043	700	700
4.90% Notes, due 2046	3,250	3,250
Unamortized debt issuance costs	(90)	(102)
Other, including fair value adjustments relating to interest rate hedge contracts designated as fair value hedges	(6)	(141)
Total carrying amount of long-term debt	17,938	19,366
Less: Current portion	1,277	7
Total long-term portion	$ 16,661	$ 19,359

On February 16, 2018, the board of directors authorized the early redemption of up to $5 billion of outstanding long-term notes. Redemptions under this authorization include the following:

- $0.947 billion principal amount of its 5.125% Notes due 2019 – redeemed on March 22, 2018
- $1.055 billion of the $2.850 billion principal amount of its 2.35% Notes due 2019 – redeemed on March 22, 2018
- $1.300 billion of the $1.795 billion outstanding principal amount of its 2.35% Notes due 2019 – redeemed on June 22, 2018
- $0.495 billion outstanding principal amount of its 2.35% Notes due 2019 – redeemed on September 28, 2018
- $0.500 billion outstanding principal amount of its 2.80% Notes due 2020 – redeemed on February 24, 2019

Abbott incurred a net charge of $14 million related to the March 22, 2018 early repayment of debt.

In September 2019, the board of directors authorized the early redemption of up to $5 billion of outstanding long-term notes. This bond redemption authorization supersedes the board's previous authorization under which $700 million had not yet been redeemed.

Note 11 — Debt and Lines of Credit (Continued)

On November 19, 2019, Abbott's wholly owned subsidiary, Ireland Financing DAC, completed an offering of €1.180 billion of long-term debt consisting of €590 million of 0.10% Notes due 2024 and €590 million of 0.375% Notes due 2027. The proceeds equated to approximately $1.3 billion. The Notes are guaranteed by Abbott.

On November 21, 2019, Abbott borrowed ¥59.8 billion under a 5-year term loan and designated the yen-denominated loan as a hedge of its net investment in certain foreign subsidiaries. The term loan bears interest at TIBOR plus a fixed spread, and the interest rate is reset quarterly. The proceeds equated to approximately $550 million.

On December 19, 2019, Abbott redeemed the $2.850 billion principal amount of its 2.9% Notes due 2021. Abbott incurred a charge of $63 million related to the early repayment of this debt.

On September 17, 2018, Abbott repaid upon maturity the $500 million aggregate principal amount outstanding of the 2.00% Senior Notes due 2018.

On September 27, 2018, Abbott's wholly owned subsidiary, Abbott Ireland Financing DAC, completed a euro debt offering of €3.420 billion of long-term debt consisting of €1.140 billion of non-interest bearing Senior Notes due 2020 at 99.727% of par value; €1.140 billion of 0.875% Senior Notes due 2023 at 99.912% of par value; and €1.140 billion of 1.50% Senior Notes due 2026 at 99.723% of par value. The proceeds equated to approximately $4 billion. The notes are guaranteed by Abbott.

On October 28, 2018, Abbott redeemed approximately $4 billion of debt, which included $750 million principal amount of its 2.00% Notes due 2020; $597 million principal amount of its 4.125% Notes due 2020; $900 million principal amount of its 3.25% Notes due 2023; $450 million principal amount of its 3.4% Notes due 2023; and $1.300 billion principal amount of its 3.75% Notes due 2026. These amounts are in addition to the $5 billion authorization in 2018 discussed above. In conjunction with the redemption, Abbott unwound approximately $1.1 billion in interest rate swaps relating to the 3.40% Note due in 2023 and the 3.75% Note due in 2026. Abbott incurred a net charge of $153 million related to the early repayment of this debt and the unwinding of related interest rate swaps.

On November 30, 2018, Abbott entered into a Five Year Credit Agreement (Revolving Credit Agreement) and terminated the 2014 revolving credit agreement. There were no outstanding borrowings under the 2014 revolving credit agreement at the time of its termination. The Revolving Credit Agreement provides Abbott with the ability to borrow up to $5 billion on an unsecured basis. Any borrowings under the Revolving Credit Agreement will mature and be payable on November 30, 2023. Any borrowings under the Revolving Credit Agreement will bear interest, at Abbott's option, based on either a base rate or Eurodollar rate, plus an applicable margin based on Abbott's credit ratings.

In the 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 St. Jude Medical. Abbott exchanged certain St. Jude Medical debt obligations with an aggregate principal amount of approximately $2.9 billion for debt issued by Abbott which consists of:

(in millions)	Principal Amount
2.00% Senior Notes due 2018	$ 473.8
2.80% Senior Notes due 2020	483.7
3.25% Senior Notes due 2023	818.4
3.875% Senior Notes due 2025	490.7
4.75% Senior Notes due 2043	639.1

Note 11 — Debt and Lines of Credit (Continued)

Following this exchange, approximately $194.2 million of existing St. Jude Medical notes remained outstanding across the five series of 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, Abbott assumed and subsequently repaid approximately $2.8 billion of various St. Jude Medical debt obligations.

In 2017, Abbott issued 364-day yen-denominated debt, of which $201 million and $199 million was outstanding at December 31, 2019 and 2018, respectively. In 2017, Abbott also paid off a $479 million yen-denominated short-term borrowing during the year.

On July 31, 2017, Abbott entered into a 5-year term loan agreement that allowed Abbott to borrow up to $2.8 billion on an unsecured basis for the acquisition of Alere. On October 3, 2017, Abbott borrowed $2.8 billion under this term loan agreement to finance the acquisition of Alere, to repay certain indebtedness of Abbott and Alere, and to pay fees and expenses 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 term loan on January 5, 2018.

On October 3, 2017 Abbott borrowed $1.7 billion under its lines of credit. Proceeds from such borrowing were used to finance the acquisition of Alere, to repay certain indebtedness of Abbott and Alere, and to pay fees and expenses in connection with the acquisition. These lines of credit were part of a 2014 revolving credit agreement that provided Abbott with the ability to borrow up to $5 billion on an unsecured basis. Advances under the revolving credit agreement, including the $1.7 billion borrowing in October 2017, were scheduled to mature and be payable on July 10, 2019. The $1.7 billion borrowing bore interest based on a Eurodollar rate, plus an applicable margin based on Abbott's credit ratings. Prior to October 3, 2017, no amounts were previously drawn under the revolving credit agreement. In the fourth quarter of 2017, Abbott paid off $550 million on the revolving loan. Abbott paid off the remaining balance on this revolving loan on January 5, 2018.

In the fourth quarter of 2017, in conjunction with the acquisition of Alere, Abbott assumed and subsequently repaid $3.0 billion of Alere's debt.

Principal payments required on long-term debt outstanding at December 31, 2019 are $1.3 billion in 2020, $5 million in 2021, $752 million in 2022, $2.3 billion in 2023, $1.2 billion in 2024 and $12.5 billion in 2025 and thereafter.

At December 31, 2019, Abbott's long-term debt rating was A- by Standard & Poor's Corporation and A3 by Moody's. Abbott has readily available financial resources, including lines of credit of $5.0 billion which expire in 2023 and support commercial paper borrowing arrangements. Abbott's weighted-average interest rate on short-term borrowings was 0.4% at December 31, 2019, 0.4% at December 31, 2018 and 0.3% at December 31, 2017.

Note 12 — Leases

Leases where Abbott is the Lessee

Abbott has entered into operating leases as the lessee for office space, manufacturing facilities, R&D laboratories, warehouses, vehicles and equipment. Finance leases are not significant. Abbott's operating leases generally have remaining lease terms of 1 to 10 years. Some leases include options to extend beyond the original lease term, generally up to 10 years and some include options to terminate early. These options have been included in the determination of the lease liability when it is reasonably certain that the option will be exercised.

For all of its asset classes, Abbott elected the practical expedient allowed under FASB ASC No. 842, "Leases" to account for each lease component (e.g., the right to use office space) and the associated non-lease components (e.g., maintenance services) as a single lease component. Abbott also elected the short-term lease accounting policy for all asset classes; therefore, Abbott is not recognizing a lease liability or ROU asset for any lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that Abbott is reasonably certain to exercise.

Note 12 — Leases (Continued)

As Abbott's leases typically do not provide an implicit rate, the interest rate used to determine the present value of the payments under each lease typically reflects Abbott's incremental borrowing rate based on information available at the lease commencement date. Abbott's incremental borrowing rates at January 1, 2019 were used for operating leases that commenced prior to January 1, 2019.

The following table provides information related to Abbott's operating leases:

(in millions)	Year Ended December 31, 2019
Operating lease cost (a)	$ 314
Cash paid for amounts included in the measurement of operating lease liabilities	$ 253
ROU assets arising from entering into new operating lease obligations	$ 310

(a) Includes short-term lease expense and variable lease costs, which were immaterial in the year ended December 31, 2019.

The weighted average remaining lease term and discount rate for operating leases as of December 31, 2019 were 8 years and 3.9%, respectively.

Future minimum lease payments under non-cancellable operating leases as of December 31, 2019 were as follows:

(in millions)	
2020	$ 238
2021	197
2022	155
2023	115
2024	80
Thereafter	353
Total future minimum lease payments – undiscounted	1,138
Less: imputed interest	(178)
Present value of lease liabilities	$ 960

The following table summarizes the amounts and location of operating lease ROU assets and lease liabilities as of December 31, 2019:

(in millions)	December 31, 2019	Balance Sheet Caption
Operating Lease - ROU Asset	$ 934	Deferred income taxes and other assets
Operating Lease Liability:		
Current	$ 205	Other accrued liabilities
Non-current	755	Post-employment obligations and other long-term liabilities
Total Liability	$ 960	

Note 12 — Leases (Continued)

Leases where Abbott is the Lessor

Certain assets, primarily diagnostics instruments, are leased to customers under contractual arrangements that typically include an operating or sales-type lease as well as performance obligations for reagents and other consumables. Sales-type leases are not significant. Contract terms vary by customer and may include options to terminate the contract or options to extend the contract. Where instruments are provided under operating lease arrangements, some portion or the entire lease revenue may be variable and subject to subsequent non-lease component (e.g., reagent) sales. The allocation of revenue between the lease and non-lease components is based on stand-alone selling prices. Operating lease revenue represented less than 3 percent of Abbott's total net sales in the year ended December 31, 2019.

Assets related to operating leases are reported within Net property and equipment on the Consolidated Balance Sheet. The original cost and the net book value of such assets were $2.8 billion and $1.2 billion, respectively, as of December 31, 2019.

Note 13 — Financial Instruments, Derivatives and Fair Value Measures

Certain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates primarily for anticipated intercompany purchases by those subsidiaries whose functional currencies are not the U.S. dollar. These contracts, with gross notional amounts totaling $6.8 billion at December 31, 2019, and $5.1 billion at December 31, 2018, 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. Accumulated gains and losses as of December 31, 2019 will be included in Cost of products sold at the time the products are sold, generally through the next twelve to eighteen months.

Abbott enters into foreign currency forward exchange contracts to manage currency exposures for foreign currency denominated third-party trade payables and receivables, and for intercompany 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 require Abbott to sell or buy foreign currencies, primarily European currencies, in exchange for primarily U.S. dollars and European currencies. For intercompany and trade payables and receivables, the currency exposures are primarily the U.S. dollar and European currencies. At December 31, 2019 and 2018, Abbott held gross notional amounts of $9.1 billion and $13.6 billion, respectively, of such foreign currency forward exchange contracts.

In November 2019, Abbott borrowed ¥59.8 billion under a 5-year term loan and designated the yen-denominated loan as a hedge of the net investment in certain foreign subsidiaries. From the date of the borrowing through December 31, 2019, the value of this long-term debt decreased approximately $4 million to $546 million due to foreign exchange rate changes. The change in the value was recorded in Accumulated other comprehensive income (loss), net of tax. In March 2017, Abbott repaid its $479 million yen-denominated short-term debt which was designated as a hedge of the net investment in a foreign subsidiary. At December 31, 2016, the value of this short-term debt was $454 million and changes in the fair value of the debt up through the date of repayment due to changes in exchange rates were recorded in Accumulated other comprehensive income (loss), net of tax.

Abbott is a party to interest rate hedge contracts totaling approximately $2.9 billion at December 31, 2019 and 2018, 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 fair 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 debt. Abbott records the contracts at fair value and adjusts the carrying amount of the fixed-rate debt by an offsetting amount.

In October 2018, Abbott unwound approximately $1.1 billion in interest rate swaps relating to the 3.40% Note due in 2023 and the 3.75% Note due in 2026. As a part of the unwinding, Abbott paid approximately $90 million in cash, which was included in the Financing Activities section of the Consolidated Statement of Cash Flows in 2018.

Note 13 — Financial Instruments, Derivatives and Fair Value Measures (Continued)

In the second quarter of 2017, Abbott unwound approximately $1.5 billion in interest rate swaps relating to the2.00% Note due in 2020 and the 2.55% Note due in 2022. The proceeds received were not significant.

The following table summarizes the amounts and location of certain derivative financial instruments as of December 31:

	Fair Value — Assets			Fair Value — Liabilities		
(in millions)	2019	2018	Balance Sheet Caption	2019	2018	Balance Sheet Caption
Interest rate swaps designated as fair value hedges	$ 48	$ —	Deferred income taxes and other assets	$ —	$ 100	Post-employment obligations and other long-term liabilities
Foreign currency forward exchange contracts:						
Hedging instruments	110	81	Other prepaid expenses and receivables	56	44	Other accrued liabilities
Others not designated as hedges	38	33	Other prepaid expenses and receivables	33	51	Other accrued liabilities
Debt designated as a hedge of net investment in a foreign subsidiary	—	—	n/a	546	—	Long-term debt
	$ 196	$ 114		$ 635	$ 195	

The following 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 subsidiary and certain other derivative financial instruments, as well as the amounts and location of income (expense) and gain (loss) reclassified into income.

	Gain (loss) Recognized in Other Comprehensive Income (loss)			Income (expense) and Gain (loss) Reclassified into Income			
(in millions)	2019	2018	2017	2019	2018	2017	Income Statement Caption
Foreign currency forward exchange contracts designated as cash flow hedges	$ 9	$ 73	$ (226)	$ 79	$ (114)	$ (48)	Cost of products sold
Debt designated as a hedge of net investment in a foreign subsidiary	4	—	(25)	n/a	n/a	n/a	n/a
Interest rate swaps designated as fair value hedges	n/a	n/a	n/a	148	(97)	(24)	Interest expense

A gain of $75 million and losses of $100 million and $64 million were recognized in 2019, 2018 and 2017, respectively, related to foreign currency forward exchange contracts not designated as hedges. These amounts are reported in the Consolidated Statement of Earnings on the Net foreign exchange (gain) loss line.

The interest 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 debt is marked to market, offsetting the effect of marking the interest rate swaps to market.

Note 13 — Financial Instruments, Derivatives and Fair Value Measures (Continued)

The carrying values and fair values of certain financial instruments as of December 31 are shown in the table below. The carrying values of all other financial instruments approximate their estimated fair values. The counterparties to financial instruments consist of select major international financial institutions. Abbott does not expect any losses from nonperformance by these counterparties.

	2019		2018	
(in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term Investment Securities:				
Equity securities	$ 836	$ 836	$ 856	$ 856
Other	47	47	41	41
Total Long-term debt	(17,938)	(20,772)	(19,366)	(19,871)
Foreign Currency Forward Exchange Contracts:				
Receivable position	148	148	114	114
(Payable) position	(89)	(89)	(95)	(95)
Interest Rate Hedge Contracts:				
Receivable position	48	48	—	—
(Payable) position	—	—	(100)	(100)

The fair value of the debt was determined based on significant other observable inputs, including current interest rates.

The following table summarizes the bases used to measure certain assets and liabilities at fair value on a recurring basis in the balance sheet:

		Basis of Fair Value Measurement		
(in millions)	Outstanding Balances	Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
December 31, 2019:				
Equity securities	$ 357	$ 357	$ —	$ —
Interest rate swap derivative financial instruments	48	—	48	—
Foreign currency forward exchange contracts	148	—	148	—
Total Assets	$ 553	$ 357	$ 196	$ —
Fair value of hedged long-term debt	$ 2,890	$ —	$ 2,890	$ —
Foreign currency forward exchange contracts	89	—	89	—
Contingent consideration related to business combinations	68	—	—	68
Total Liabilities	$ 3,047	$ —	$ 2,979	$ 68
December 31, 2018:				
Equity securities	$ 320	$ 320	$ —	$ —
Foreign currency forward exchange contracts	114	—	114	—
Total Assets	$ 434	$ 320	$ 114	$ —
Fair value of hedged long-term debt	$ 2,743	$ —	$ 2,743	$ —
Interest rate swap derivative financial instruments	100	—	100	—
Foreign currency forward exchange contracts	95	—	95	—
Contingent consideration related to business combinations	71	—	—	71
Total Liabilities	$ 3,009	$ —	$ 2,938	$ 71

Note 13 — Financial Instruments, Derivatives and Fair Value Measures (Continued)

The fair value of foreign currency forward exchange contracts is determined using a market approach, which utilizes values for comparable derivative instruments. 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 using significant other observable inputs.

Contingent consideration relates to businesses acquired by Abbott. The fair value of the contingent consideration was determined based on an independent appraisal adjusted for the time value of money and other changes in fair value. The maximum amount for certain contingent consideration is not determinable as it is based on a percent of certain sales. Excluding such contingent consideration, the maximum amount estimated to be due is approximately $470 million, which is dependent upon attaining certain sales thresholds or based on the occurrence of certain events, such as regulatory approvals.

Note 14 — Litigation and Environmental Matters

Abbott 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 remediation 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 has a probable loss exposure. No individual site cleanup exposure is expected to exceed $4 million, and the aggregate cleanup exposure is not expected to exceed $10 million.

Abbott is 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 $95 million to $130 million. The recorded accrual balance at December 31, 2019 for these proceedings and exposures was approximately $110 million. This accrual represents management'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 accrued 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 adverse effect on Abbott's financial position, cash flows, or results of operations.

Note 15 — Post-Employment Benefits

Retirement 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 dental benefit plans is as follows:

	Defined Benefit Plans		Medical and Dental Plans	
(in millions)	2019	2018	2019	2018
Projected benefit obligations, January 1	$ 9,093	$ 9,953	$ 1,292	$ 1,393
Service cost — benefits earned during the year	250	293	23	26
Interest cost on projected benefit obligations	337	308	52	48
(Gains) losses, primarily changes in discount rates, plan design changes, law changes and differences between actual and estimated health care costs	1,856	(1,044)	228	(106)
Benefits paid	(302)	(295)	(76)	(68)
Other, including foreign currency translation	4	(122)	37	(1)
Projected benefit obligations, December 31	$ 11,238	$ 9,093	$ 1,556	$ 1,292
Plan assets at fair value, January 1	$ 8,553	$ 9,298	$ 351	$ 419
Actual return (loss) on plans' assets	1,622	(450)	65	(20)
Company contributions	382	114	12	12
Benefits paid	(302)	(295)	(68)	(60)
Other, including foreign currency translation	22	(114)	—	—
Plan assets at fair value, December 31	$ 10,277	$ 8,553	$ 360	$ 351
Projected benefit obligations greater than plan assets, December 31	$ (961)	$ (540)	$ (1,196)	$ (941)
Long-term assets	$ 687	$ 583	$ —	$ —
Short-term liabilities	(26)	(23)	(1)	(1)
Long-term liabilities	(1,622)	(1,100)	(1,195)	(940)
Net liability	$ (961)	$ (540)	$ (1,196)	$ (941)
Amounts Recognized in Accumulated Other Comprehensive Income (loss):				
Actuarial losses, net	$ 4,131	$ 3,326	$ 529	$ 361
Prior service cost (credits)	(2)	(2)	(95)	(163)
Total	$ 4,129	$ 3,324	$ 434	$ 198

The projected benefit obligations for non-U.S. defined benefit plans was $3.3 billion and $2.7 billion at December 31, 2019 and 2018, respectively. The accumulated benefit obligations for all defined benefit plans were $10.2 billion and $8.3 billion at December 31, 2019 and 2018, respectively.

For plans where the accumulated benefit obligations exceeded plan assets at December 31, 2019 and 2018, the aggregate accumulated benefit obligations, the projected benefit obligations and the aggregate plan assets were as follows:

(in millions)	2019	2018
Accumulated benefit obligation	$ 1,985	$ 1,265
Projected benefit obligation	2,266	1,362
Fair value of plan assets	821	375

Note 15 — Post-Employment Benefits (Continued)

The components of the net periodic benefit cost were as follows:

	Defined Benefit Plans			Medical and Dental Plans		
(in millions)	2019	2018	2017	2019	2018	2017
Service cost — benefits earned during the year	$ 250	$ 293	$ 283	$ 23	$ 26	$ 25
Interest cost on projected benefit obligations	337	308	287	52	48	45
Expected return on plans' assets	(710)	(680)	(613)	(27)	(33)	(33)
Amortization of actuarial losses	132	205	163	22	33	23
Amortization of prior service cost (credits)	1	1	1	(32)	(45)	(45)
Total net cost	$ 10	$ 127	$ 121	$ 38	$ 29	$ 15

In 2017, Abbott recognized a $10 million curtailment gain related to the sale of AMO.

Other comprehensive income (loss) for each respective year includes the amortization of actuarial losses and prior service costs (credits) as noted in the previous table. Other comprehensive income (loss) for each respective year also includes: net actuarial losses of $944 million for defined benefit plans and a loss of $190 million for medical and dental plans in 2019; net actuarial losses of $86 million for defined benefit plans and a gain of $53 million for medical and dental plans in 2018; net actuarial losses of $247 million for defined benefit plans and $97 million for medical and dental plans in 2017. The change in net actuarial losses in 2019 primarily relates to lower discount rates at December 31, 2019 compared to December 31, 2018, partially offset by the impact of actual 2019 asset returns in excess of expected returns.

The pretax amount of actuarial losses and prior service cost (credits) included in Accumulated other comprehensive income (loss) at December 31, 2019 that is expected to be recognized in the net periodic benefit cost in 2020 is $253 million and $1 million of expense, respectively, for defined benefit pension plans and $32 million of expense and $28 million of income, respectively, for medical and dental plans.

The weighted average assumptions used to determine benefit obligations for defined benefit plans and medical and dental plans are as follows:

	2019	2018	2017
Discount rate	3.0 %	4.0 %	3.4 %
Expected aggregate average long-term change in compensation	4.3 %	4.3 %	4.4 %

The weighted average assumptions used to determine the net cost for defined benefit plans and medical and dental plans are as follows:

	2019	2018	2017
Discount rate	4.0 %	3.4 %	3.9 %
Expected return on plan assets	7.5 %	7.7 %	7.6 %
Expected aggregate average long-term change in compensation	4.3 %	4.4 %	4.3 %

The assumed health care cost trend rates for medical and dental plans at December 31 were as follows:

	2019	2018	2017
Health care cost trend rate assumed for the next year	9 %	9 %	9 %
Rate that the cost trend rate gradually declines to	5 %	5 %	5 %
Year that rate reaches the assumed ultimate rate	2025	2025	2027

Note 15 — Post-Employment Benefits (Continued)

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 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 point increase/(decrease) in the assumed health care cost trend rate would increase/(decrease) the accumulated post-employment benefit obligations as of December 31, 2019, by $221 million /$(179) 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 $12 million/$(9) million.

The following table summarizes the bases used to measure the defined benefit and medical and dental plan assets at fair value:

		Basis of Fair Value Measurement			
(in millions)	Outstanding Balances	Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs	Measured at NAV (k)
December 31, 2019:					
Equities:					
U.S. large cap (a)	$ 2,873	$ 1,647	$ —	$ —	$ 1,226
U.S. mid and small cap (b)	648	548	4	2	94
International (c)	2,202	464	—	—	1,738
Fixed income securities:					
U.S. government securities (d)	562	52	357	—	153
Corporate debt instruments (e)	1,266	362	724	—	180
Non-U.S. government securities (f)	445	3	2	—	440
Other (g)	320	69	27	—	224
Absolute return funds (h)	1,557	424	—	—	1,133
Commodities (i)	32	—	—	1	31
Cash and Cash Equivalents	182	84	—	—	98
Other (j)	550	8	—	—	542
	$ 10,637	$ 3,661	$ 1,114	$ 3	$ 5,859
December 31, 2018:					
Equities:					
U.S. large cap (a)	$ 2,168	$ 1,319	$ 5	$ —	$ 844
U.S. mid and small cap (b)	515	226	—	—	289
International (c)	1,671	370	—	—	1,301
Fixed income securities:					
U.S. government securities (d)	476	51	269	—	156
Corporate debt instruments (e)	1,150	269	701	—	180
Non-U.S. government securities (f)	405	5	—	—	400
Other (g)	199	15	55	—	129
Absolute return funds (h)	1,684	448	—	—	1,236
Commodities (i)	59	—	—	4	55
Cash and Cash Equivalents	192	123	—	—	69
Other (j)	385	11	—	—	374
	$ 8,904	$ 2,837	$ 1,030	$ 4	$ 5,033

(a) A mix of index funds and actively managed equity accounts that are benchmarked to various large cap indices.

(b) A mix of index funds and actively managed equity accounts that are benchmarked to various mid and small cap indices.

(c) A mix 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.

(d) A mix of index funds and actively managed accounts that are benchmarked to various U.S. government bond indices.

Note 15 — Post Employment Benefits (Continued)

(e) A mix of index funds and actively managed accounts that are benchmarked to various corporate bond indices.

(f) Primarily United Kingdom, Japan and Eurozone government bonds.

(g) Primarily asset backed securities and an actively managed, diversified fixed income vehicle benchmarked to the one-month Libor / Euribor.

(h) Primarily funds invested by managers that have a global mandate with the flexibility to allocate capital broadly across a wide range of asset classes and strategies including, 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 targets.

(i) Primarily investments in private energy funds.

(j) Primarily investments in private funds, such as private equity, private credit and private real estate.

(k) In accordance with ASU 2015-07, investments measured at fair value using the net asset value (NAV) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

Equities that 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 significant 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 approximately half of these funds, investments may be redeemed once per month, with a required 7 to 30 day notice period. For the remaining funds, daily redemption of an investment is allowed. Fixed 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 unfunded commitments related to fixed income funds at December 31, 2019 and 2018. Fixed income securities in a common collective trust or a registered investment company that are valued using significant other observable inputs are valued at the NAV provided by the fund administrator. For the majority of these funds, investments may be redeemed either weekly or monthly, with a required 2 to 14 day notice period. For the remaining funds, investments may be generally redeemed daily.

Absolute return 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 for known cash flows and significant events through the reporting date. Abbott did not have any unfunded commitments related to absolute return funds at December 31, 2019 and 2018. Investments in these funds may be generally redeemed monthly or quarterly with required notice periods ranging from 5 to 90 days. For approximately $235 million and $100 million of the absolute return funds, redemptions are subject to a33 percent gate and a 25 percent gate, respectively, and $45 million is subject to a lock until 2022. For commodities, investments in the 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 2020 to 2022. Abbott's unfunded commitments in these funds as of December 31, 2019 and 2018 were not significant. Investments in the private funds (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 2020 to 2029. Abbott's unfunded commitment in these funds was $571 million and $518 million as of December 31, 2019 and 2018, respectively.

Note 15 — Post-Employment Benefits (Continued)

The 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 equity 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 income 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 and 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 percentages.

The plans' 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 establishing 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.

Abbott funds its domestic pension plans according to IRS funding limitations. International pension plans are funded according to similar regulations. Abbott funded $382 million in 2019 and $114 million in 2018 to defined pension plans. Abbott expects to contribute approximately $387 million to its pension plans in 2020.

Total benefit payments expected to be paid to participants, which includes payments funded from company assets, as well as paid from the plans, are as follows:

(in millions)	Defined Benefit Plans	Medical and Dental Plans
2020	$ 315	$ 76
2021	325	78
2022	342	79
2023	360	80
2024	382	82
2025 to 2029	2,219	421

The Abbott Stock Retirement Plan is the principal defined contribution plan. Abbott's contributions to this plan were $158 million in 2019, $146 million in 2018 and $79 million in 2017. The 2018 contributions include amounts related to participants of the St. Jude Medical Retirement Plan which was terminated in January 2018.

Note 16 — Taxes on Earnings from Continuing Operations

Taxes on earnings from continuing operations reflect the annual effective rates, including charges for interest and penalties. Deferred income taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts.

The Tax Cuts and Jobs Act (TCJA) was enacted in the U.S. on December 22, 2017. The TCJA reduces the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. As of December 31, 2018, Abbott completed its accounting for all of the enactment date income tax effects of the TCJA.

Effective for fiscal years beginning after December 31, 2017, the TCJA subjects taxpayers to tax on global intangible low-taxed income (GILTI) earned by certain foreign subsidiaries. In January 2018, the FASB staff provided guidance that an entity may make an accounting policy election to either recognize deferred taxes related to items that will give rise to GILTI in future years or provide for the tax expense related to GILTI in the year that the tax is incurred. Abbott has elected to treat the GILTI tax as a period expense and provide for the tax in the year that the tax is incurred.

Note 16 — Taxes on Earnings from Continuing Operations (Continued)

In the fourth quarter of 2017, Abbott recorded an estimate of net tax expense of $1.46 billion for the impact of the TCJA, which was included in Taxes on Earnings from Continuing Operations in the Consolidated Statement of Earnings. The estimate was provisional and included a charge of approximately $2.89 billion for the transition tax, partially offset by a net benefit of approximately $1.42 billion for the remeasurement of deferred tax assets and liabilities, and a net benefit of approximately $10 million related to certain other impacts of the TCJA. In 2018, Abbott recorded $130 million of additional tax expense which increased the final tax expense related to the TCJA to $1.59 billion. The $130 million of additional tax expense reflects a $120 million increase in the transition tax from $2.89 billion to $3.01 billion and a $10 million reduction in the net benefit related to the remeasurement of deferred tax assets and liabilities. In 2019, taxes on earnings from continuing operations include an $86 million reduction to the transition tax. The $86 million reduction to the transition tax liability was the result of the issuance of final transition tax regulations by the U.S. Department of Treasury in 2019. This adjustment decreased the cumulative net tax expense related to the TCJA to $1.50 billion.

The one-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. The tax computation also requires the determination of the amount of post-1986 E&P considered held in cash and other specified assets. As of December 31, 2019, the remaining balance of Abbott's transition tax obligation is approximately $1.33 billion, which will be paid over the nextseven years as allowed by the TCJA.

In 2019, taxes on earnings from continuing operations included $68 million of tax expense resulting from tax legislation enacted in the fourth quarter of 2019 in India. In 2018, taxes on earnings from continuing operations included $98 million of net tax expense related to the settlement of Abbott's 2014-2016 federal income tax audit in the U.S., partial settlement of the former St. Jude Medical consolidated group's 2014 and 2015 federal income tax returns in the U.S. and audit settlements in various countries. In 2017, taxes on earnings from continuing operations include $435 million of tax expense related to the gain on the sale of the AMO business.

Undistributed foreign earnings remain indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to any remaining undistributed foreign earnings not subject to the transition tax and additional outside basis difference in its foreign entities is not practicable. In the U.S., Abbott's federal income tax returns through 2016 are settled except for the federal income tax returns of the former Alere consolidated group which are settled through 2015 and the former St. Jude Medical consolidated group which are settled through 2013. There are numerous other income tax jurisdictions for which tax returns are not yet settled, none of which are individually significant. Reserves for interest and penalties are not significant.

Earnings from continuing operations before taxes, and the related provisions for taxes on earnings from continuing operations, were as follows:

(in millions)	2019	2018	2017
Earnings From Continuing Operations Before Taxes:			
Domestic	$ 889	$ (430)	$ 308
Foreign	3,188	3,303	1,923
Total	$ 4,077	$ 2,873	$ 2,231

Note 16 — Taxes on Earnings from Continuing Operations (Continued)

(in millions)	2019	2018	2017
Taxes on Earnings From Continuing Operations:			
Current:			
Domestic	$ 291	$ (812)	$ 2,260
Foreign	590	606	508
Total current	881	(206)	2,768
Deferred:			
Domestic	(305)	832	(679)
Foreign	(186)	(87)	(211)
Total deferred	(491)	745	(890)
Total	$ 390	$ 539	$ 1,878

Differences between the effective income tax rate and the U.S. statutory tax rate were as follows:

	2019	2018	2017
Statutory tax rate on earnings from continuing operations	21.0 %	21.0 %	35.0 %
Impact of foreign operations	(5.0)	(5.4)	(16.3)
Impact of TCJA and other related items	(2.1)	6.3	65.5
Foreign-derived intangible income benefit	(2.0)	(1.9)	—
Domestic impairment loss	—	(2.1)	—
Excess tax benefits related to stock compensation	(2.5)	(3.1)	(5.4)
Research tax credit	(1.2)	(1.8)	(1.9)
Resolution of certain tax positions pertaining to prior years	—	3.4	—
State taxes, net of federal benefit	0.8	0.4	0.5
Federal tax cost on sale of Mylan N.V. shares	—	—	3.4
All other, net	0.6	2.0	3.4
Effective tax rate on earnings from continuing operations	9.6 %	18.8 %	84.2 %

Impact of foreign operations is primarily derived from operations in Puerto Rico, Switzerland, Ireland, the Netherlands, Costa Rica, and Singapore.

Note 16 — Taxes on Earnings from Continuing Operations (Continued)

The tax effect of the differences that give rise to deferred tax assets and liabilities were as follows:

(in millions)	2019	2018
Deferred tax assets:		
Compensation and employee benefits	$ 982	$ 829
Other, primarily reserves not currently deductible, and NOL's and credit carryforwards	2,227	2,546
Trade receivable reserves	190	196
Inventory reserves	110	97
Lease liabilities	209	—
Deferred intercompany profit	259	203
Total deferred tax assets before valuation allowance	3,977	3,871
Valuation allowance	(978)	(1,363)
Total deferred tax assets	2,999	2,508
Deferred tax liabilities:		
Depreciation	(219)	(226)
Right of Use lease assets	(209)	—
Other, primarily the excess of book basis over tax basis of intangible assets	(3,107)	(3,557)
Total deferred tax liabilities	(3,535)	(3,783)
Total net deferred tax assets (liabilities)	$ (536)	$ (1,275)

Abbott has 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 following 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 unrecognized tax benefits were settled:

(in millions)	2019	2018
January 1	$ 1,120	$ 1,440
Decrease in tax positions due to acquisitions	—	(13)
Increase due to current year tax positions	137	164
Increase due to prior year tax positions	75	235
Decrease due to prior year tax positions	(117)	(611)
Settlements	(32)	(91)
Lapse of statute	(8)	(4)
December 31	$ 1,175	$ 1,120

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is approximately $1.07 billion. Abbott believes that it is reasonably possible that the recorded amount of gross unrecognized tax benefits may decrease within a range of $220 million to $510 million, including cash adjustments, within the next twelve months as a result of concluding various domestic and international tax matters.

Note 17 — Segment and Geographic Area Information

Abbott'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, wholesalers, hospitals, health care facilities, laboratories, physicians' offices and government agencies throughout the world.

Beginning in the fourth quarter of 2019, the results of the Diabetes Care business, which had previously been included in Other, were aggregated with the results of the businesses in the Cardiovascular and Neuromodulation segment to comprise the Medical Devices reportable segment. Historic periods have been adjusted to reflect this change.

On October 3, 2017, Abbott completed the acquisition of Alere. Beginning with the fourth quarter of 2017, Abbott's Diagnostic Products reportable segment includes the results of Alere from the date of acquisition.

Abbott's reportable segments are as follows:

Established Pharmaceutical Products—International sales of a broad line of branded generic pharmaceutical products.

Nutritional Products—Worldwide sales of a broad line of adult and pediatric nutritional products.

Diagnostic Products—Worldwide sales of diagnostic systems and tests for blood banks, hospitals, commercial laboratories and alternate-care testing sites. For segment reporting purposes, the Core Laboratories Diagnostics, Rapid Diagnostics, Molecular Diagnostics and Point of Care divisions are aggregated and reported as the Diagnostic Products segment. Rapid Diagnostics is the business acquired from Alere.

Medical Devices — Worldwide sales of rhythm management, electrophysiology, heart failure, vascular, structural heart, neuromodulation and diabetes care products. For segment reporting purposes, the Cardiac Arrhythmias & Heart Failure, Vascular, Neuromodulation, Structural Heart and Diabetes Care divisions are aggregated and reported as the Medical Devices segment.

Non-reportable segments include AMO through the date of its sale in February 2017.

Abbott's underlying accounting records are maintained on a legal entity basis for government and public reporting requirements. Segment disclosures are on a performance basis consistent with 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 costs, 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 each segment's assets.

The 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 accounting principles applied to the consolidated financial statements.

	Net Sales to External Customers (a)			Operating Earnings (a)		
(in millions)	2019	2018	2017	2019	2018	2017
Established Pharmaceutical Products	$ 4,486	$ 4,422	$ 4,287	$ 904	$ 894	$ 848
Nutritional Products	7,409	7,229	6,925	1,705	1,652	1,589
Diagnostic Products	7,713	7,495	5,616	1,912	1,868	1,468
Medical Devices	12,239	11,370	10,325	3,769	3,500	3,011
Total Reportable Segments	31,847	30,516	27,153	$ 8,290	$ 7,914	$ 6,916
Other	57	62	237			
Total	$ 31,904	$ 30,578	$ 27,390			

(a) Net sales were unfavorably affected by the relatively stronger U.S. dollar in 2019 and 2018. Operating earnings were unfavorably affected by the impact of foreign exchange in 2019, 2018 and 2017.

Note 17 — Segment and Geographic Area Information (Continued)

(in millions)	2019	2018	2017
Total Reportable Segment Operating Earnings	$ 8,290	$ 7,914	$ 6,916
Corporate functions and benefit plan costs	(468)	(618)	(506)
Net interest expense	(576)	(721)	(780)
Loss on extinguishment of debt	(63)	(167)	—
Share-based compensation	(519)	(477)	(406)
Amortization of intangible assets	(1,936)	(2,178)	(1,975)
Other, net (b)	(651)	(880)	(1,018)
Earnings from Continuing Operations Before Taxes	$ 4,077	$ 2,873	$ 2,231

(b) Other, net includes integration costs associated with the acquisition of St. Jude Medical and Alere, and restructuring charges in 2019. Other, net includes inventory step-up amortization, integration costs associated with the acquisition of St. Jude Medical and Alere, and restructuring charges in 2018. In 2017, Other, net includes inventory step-up amortization, integration costs associated with the acquisition of St. Jude Medical and Alere, and restructuring charges, partially offset by the gain on the sale of the AMO business. Charges for restructuring actions and other cost reduction initiatives were approximately $215 million in 2019, $153 million in 2018 and $384 million in 2017.

	Depreciation			Additions to Property, Plant and Equipment (c)			Total Assets		
(in millions)	2019	2018	2017	2019	2018	2017	2019	2018	2017
Established Pharmaceuticals	$ 98	$ 92	$ 90	$ 109	$ 131	$ 181	$ 2,858	$ 2,664	$ 2,728
Nutritionals	139	150	164	141	86	147	3,274	3,071	3,160
Diagnostics	403	397	300	726	609	374	5,235	4,464	4,226
Medical Devices	266	294	338	532	408	276	6,640	5,886	5,799
Total Reportable Segments	906	933	892	1,508	1,234	978	$ 18,007	$ 16,085	$ 15,913
Other	172	167	154	160	160	157			
Total	$ 1,078	$ 1,100	$ 1,046	$ 1,668	$ 1,394	$ 1,135			

(c) Amounts exclude property, plant and equipment acquired through business acquisitions.

(in millions)	2019	2018	2017
Total Reportable Segment Assets	$ 18,007	$ 16,085	$ 15,913
Cash and investments	5,023	4,983	10,493
Goodwill and intangible assets	40,220	42,196	45,493
All other	4,637	3,909	4,351
Total Assets	$ 67,887	$ 67,173	$ 76,250

Note 17 — Segment and Geographic Area Information (Continued)

	Net Sales to External Customers (d)		
(in millions)	2019	2018	2017
United States	$ 11,398	$ 10,839	$ 9,673
China	2,346	2,311	2,146
Germany	1,751	1,619	1,366
Japan	1,435	1,326	1,255
India	1,397	1,333	1,237
Switzerland	1,068	1,005	841
The Netherlands	975	930	929
All Other Countries	11,534	11,215	9,943
Consolidated	$ 31,904	$ 30,578	$ 27,390

(d) Sales by country are based on the country that sold the product.

Long-lived assets on a geographic basis primarily include property, plant and equipment. It excludes goodwill, intangible assets, deferred tax assets, and financial instruments. At December 31, 2019 and 2018, long-lived assets totaled $10.2 billion and $8.7 billion, respectively, and in the United States such assets totaled $5.1 billion and $4.3 billion, respectively. Long-lived asset balances associated with other countries were not material on an individual country basis in either of the two years.

Note 18 — Quarterly Results (Unaudited)

(in millions except per share data)	2019	2018
First Quarter		
Continuing Operations:		
Net Sales	$ 7,535	$ 7,390
Gross Profit	3,889	3,739
Earnings from Continuing Operations	672	409
Basic Earnings per Common Share	0.38	0.23
Diluted Earnings per Common Share	0.38	0.23
Net Earnings	672	418
Basic Earnings Per Common Share (a)	0.38	0.24
Diluted Earnings Per Common Share (a)	0.38	0.23
Second Quarter		
Continuing Operations:		
Net Sales	$ 7,979	$ 7,767
Gross Profit	4,217	3,923
Earnings from Continuing Operations	1,006	718
Basic Earnings per Common Share	0.57	0.41
Diluted Earnings per Common Share	0.56	0.40
Net Earnings	1,006	733
Basic Earnings Per Common Share (a)	0.57	0.42
Diluted Earnings Per Common Share (a)	0.56	0.41
Third Quarter		
Continuing Operations:		
Net Sales	$ 8,076	$ 7,656
Gross Profit	4,234	3,946
Earnings from Continuing Operations	960	552
Basic Earnings per Common Share	0.54	0.31
Diluted Earnings per Common Share	0.53	0.31
Net Earnings	960	563
Basic Earnings Per Common Share (a)	0.54	0.32
Diluted Earnings Per Common Share (a)	0.53	0.32
Fourth Quarter		
Continuing Operations:		
Net Sales	$ 8,314	$ 7,765
Gross Profit	4,397	4,086
Earnings from Continuing Operations	1,049	655
Basic Earnings per Common Share	0.59	0.37
Diluted Earnings per Common Share	0.59	0.37
Net Earnings	1,049	654
Basic Earnings Per Common Share (a)	0.59	0.37
Diluted Earnings Per Common Share (a)	0.59	0.37

(a) The sum of the four quarters of earnings per share for 2019 and 2018 may not add to the full year earnings per share amount due to rounding and/or the use of quarter-to-date weighted average shares to calculate the earnings per share amount in each respective quarter.

Management Report on Internal Control Over Financial Reporting

The management of Abbott Laboratories is responsible for establishing and maintaining adequate internal control over financial reporting. Abbott'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 statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Abbott's management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2019. In making this assessment, it used the criteria set forth in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of December 31, 2019, the company's internal control over financial reporting was effective based on those criteria.

Abbott's independent registered public accounting firm has issued an audit report on their assessment of the effectiveness of the company's internal control over financial reporting. This report appears on page 90.

Miles D. White
Chairman of the Board and Chief Executive Officer

Brian B. Yoor
Executive Vice President, Finance and Chief Financial Officer

Robert E. Funck, Jr.
Senior Vice President, Finance and Controller

February 21, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Abbott Laboratories

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Abbott Laboratories and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of earnings, comprehensive income, shareholders' investment and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also 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 as of December 31, 2019, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 21, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial 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 securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted 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 financial 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 statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of acquired in-process research & development intangible assets

Description of the Matter

As described in Note 8 to the consolidated financial statements, acquired in-process research & development ("IPR&D") intangible assets were approximately $1.3 billion at December 31, 2019. IPR&D intangible assets are assessed for impairment annually, or more frequently if impairment indicators suggest the fair value of the IPR&D intangible asset may be below its carrying value. Auditing the fair value estimate of IPR&D intangible assets is complex because the estimate involves making assumptions about the timing and amount of forecasted future net cash flows of the related IPR&D projects, as well as the risk associated with the forecasted future net cash flows. These significant assumptions are forward-looking and could be affected by future economic and market conditions.

How We Addressed the Matter in our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's IPR&D intangible asset impairment assessment, as well as its process for identification of events that indicate an IPR&D intangible asset may be impaired. This included controls over management's review of the valuation model and the significant assumptions (e.g., discount rate, projected research and development ("R&D") costs, probability of technical success, projected revenues and product profitability) used to develop the prospective financial information (PFI).

To test the fair value of the Company's IPR&D intangible assets, our audit procedures included, among others, evaluating the Company's use of the income approach, testing the significant assumptions described above used to develop the prospective financial information and testing the completeness and accuracy of the underlying data. For example, we compared certain significant assumptions to current industry, market and economic trends, historical results of the Company's business and other guideline companies within the same industry and to other relevant factors. We performed a sensitivity analysis of the significant assumptions to evaluate the change in the fair value of the IPR&D assets resulting from changes in the assumptions. We also involved our valuation specialists to assist in testing certain significant assumptions in the fair value estimate. In addition, to evaluate the probability of technical success, we considered the phase of development of the IPR&D project and the Company's history of obtaining regulatory approvals.

Income taxes – Unrecognized tax benefits

Description of the Matter

As described in Note 16 to the consolidated financial statements, unrecognized tax benefits were approximately $1.2 billion at December 31, 2019. Unrecognized tax benefits are assessed by management quarterly for identification and measurement, or more frequently if there are any indicators suggesting change in unrecognized tax benefits. Assessing tax positions involves judgement including interpreting tax laws of multiple jurisdictions and assumptions relevant to the measurement of an unrecognized tax benefit, including the estimated amount of tax liability that may be incurred should the tax position not be sustained upon inspection by a tax authority. These judgements and assumptions can significantly affect unrecognized tax benefits.

How We Addressed the Matter in our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's identification and measurement of unrecognized tax benefits, as well as its process for the assessment of events that may indicate a change in unrecognized tax benefits is warranted. For example, we tested controls over management's review of the completeness of identified unrecognized tax benefits, as well as controls over management's review of significant assumptions used within the measurement of unrecognized tax benefits. With the support of our tax professionals and valuation specialists, among other audit procedures performed, we evaluated the reasonableness of management's judgement with respect to the interpretation of tax laws of multiple jurisdictions by reading and evaluating management's documentation, including relevant accounting policies, and by considering how tax law, including statutes, regulations and case law, affected management's judgments. We tested the completeness of management's assessment of the identification of unrecognized tax benefits and possible outcomes related to it including evaluation of technical merits of the unrecognized tax benefits. We also tested appropriateness and consistency of management's methods and significant assumptions associated with the measurement of unrecognized tax benefits, including assessing the estimated amount of tax liability that may be incurred should the tax position not be sustained upon inspection by a tax authority.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

Chicago, Illinois
February 21, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Abbott Laboratories

Opinion on Internal Control over Financial Reporting

We have audited Abbott Laboratories and subsidiaries' internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Abbott Laboratories and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also 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 December 31, 2019 and 2018, the related consolidated statements of earnings, comprehensive income, shareholders' investment and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 21, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness 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 the 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 accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted 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 internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over 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 performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial 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 includes those policies and procedures that (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 reasonable assurance that transactions are recorded as necessary to permit preparation 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 authorizations 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 company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods 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.

/s/ Ernst & Young LLP

Chicago, Illinois
February 21, 2020

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Evaluation of disclosure controls and procedures. The Chief Executive Officer, Miles D. White, and the Chief Financial Officer, Brian B. Yoor, evaluated 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 and procedures were effective to ensure that information Abbott is required to disclose in the reports that it files or submits with the Commission under the Securities Exchange 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 to 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 financial officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Management's annual report on internal control over financial reporting. Management's report on Abbott's internal control over financial reporting is included on page 86 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 included on page 90 hereof.

Changes in internal control over financial reporting. During the quarter ended December 31, 2019, there were no changes in Abbott's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, Abbott's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated herein by reference are "Nominees for Election as Directors," "Committees of the Board of Directors," and "Procedure for Recommendation and Nomination of Directors and Transaction of Business at Annual Meeting" to be included in the 2020 Abbott Laboratories Proxy Statement. The 2020 Proxy Statement will be filed on or about March 13, 2020. Also incorporated herein by reference is the text found under the caption, "Information About Our Executive Officers" on pages 15 through 18 hereof.

Abbott has 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 Abbott's code of business conduct which is available free of charge through Abbott's investor relations website (*www.abbottinvestor.com*). Abbott intends to 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 accounting officer and controller that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION

The material to be included in the 2020 Proxy Statement under the headings "2019 Director Compensation" and "Executive Compensation" is incorporated herein by reference. The 2020 Proxy Statement will be filed on or about March 13, 2020.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

(a) *Equity Compensation Plan Information.*

The following table presents information as of December 31, 2019 about our compensation plans under which Abbott common shares have been authorized for issuance.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	28,604,689	$ 49.59	139,875,984
Equity compensation plans not approved by security holders	0	—	0
Total (1)(2)	28,604,689	$ 49.59	139,875,984

(1) (i) *Abbott Laboratories 2009 Incentive Stock Program.* Benefits under the Abbott Laboratories 2009 Incentive Stock Program (the "2009 Program") include non-qualified stock options, restricted stock, restricted stock units, performance awards, other share-based 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 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).

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, 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 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 so reacquired, may not again be used for new stock options, rights, or awards of any type authorized under the 2009 Program.

In April 2017, the 2009 Program was replaced by the 2017 Program. No further awards will be granted under the 2009 Program.

(ii) *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 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 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).

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, 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 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, rights, or awards of any type authorized under the 2017 Program.

(iii) *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 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.

Purchase cycles are generally six months long and usually begin on August 1 and February 1. On the last day of each purchase cycle, Abbott uses participant contributions to acquire Abbott common shares. The shares may be either authorized 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 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 December 31, 2019, an aggregate of 12,650,941 common shares were available for future issuance under the Employee Stock Purchase Plan, including shares subject to purchase during the current purchase cycle.

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.

(2) Not included in the table: *St. Jude Medical, Inc. Plans*. In 2017, in connection with the acquisition of St. Jude Medical, Inc., options outstanding under the St. Jude Medical, Inc. 2007 Stock Incentive Plan, as Amended and Restated (2014) were assumed by Abbott and converted into Abbott options of substantially equivalent value. As of December 31, 2019, 1,273,226 options remained outstanding under these plans. These options have a weighted average purchase price of $30.42. No further awards will be granted under these plans.

For additional information concerning the Abbott Laboratories 2009 Incentive Stock Program, the Abbott Laboratories 2017 Incentive Stock Program, and the Abbott Laboratories 2017 Employee Stock Purchase Plan for Non-U.S. Employees, see the discussion in Note 10 entitled "Incentive Stock Program" of the Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data."

(b) *Information Concerning Security Ownership.* Incorporated herein by reference is the material under the heading "Security Ownership of Executive Officers and Directors" and "Information Concerning Security Ownership" in the 2020 Proxy Statement. The 2020 Proxy Statement will be filed on or about March 13, 2020.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The material to be included in the 2020 Proxy Statement under the headings "The Board of Directors," "Committees of the Board of Directors," and "Approval Process for Related Person Transactions" is incorporated herein by reference. The 2020 Proxy Statement will be filed on or about March 13, 2020.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The material to be included in the 2020 Proxy Statement under the headings "Audit Fees and Non-Audit Fees" and "Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Auditor" is incorporated herein by reference. The 2020 Proxy Statement will be filed on or about March 13, 2020.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this Form 10-K.

(1) *Financial Statements:* See Item 8, "Financial Statements and Supplementary Data," on page 43 hereof, for a list of financial statements.

(2) *Financial Statement Schedules:* The required financial statement schedules are found on the pages indicated below. These schedules should be read in conjunction with the Consolidated Financial Statements of Abbott Laboratories:

(3) *Exhibits Required by Item 601 of Regulation S-K:* The information called for by this paragraph is set forth in Item 15(b) below.

(b) Exhibits filed.

10-K Exhibit Table Item No.		
2.1	*	Agreement and Plan of Merger dated as of January 30, 2016, among Alere Inc. and Abbott Laboratories, filed as Exhibit 2.1 to the Abbott Laboratories Current Report on Form 8-K dated January 30, 2016.
2.2	*	Amendment to Agreement and Plan of Merger, dated as of April 13, 2017, among Alere Inc., Abbott Laboratories and Angel Sub, Inc., filed as Exhibit 2.1 to the Abbott Laboratories Current Report on Form 8-K dated April 14, 2017.
2.3	*	Agreement and Plan of Merger, dated as of April 27, 2016, by and among Abbott Laboratories, St. Jude Medical, Inc., Vault Merger Sub, Inc. and Vault Merger Sub, LLC, filed as Exhibit 2.1 to the Abbott Laboratories Current Report on Form 8-K dated April 27, 2016.
2.4	*	Stock Purchase Agreement, dated as of September 14, 2016, by and between Abbott Laboratories and Chace LLC and, solely for certain purposes, Johnson & Johnson, filed as Exhibit 2.1 to the Abbott Laboratories Current Report on Form 8-K dated September 14, 2016.
		Certain schedules and exhibits have been omitted from these filings pursuant to Item 601(b)(2) of Regulation S-K. Abbott will furnish supplemental copies of any such schedules or exhibits to the U.S. Securities and Exchange Commission upon request.
3.1	*	Articles of Incorporation, Abbott Laboratories, filed as Exhibit 3.1 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.
3.2	*	By-Laws of Abbott Laboratories, as amended and restated effective November 12, 2019, filed as Exhibit 3.1 to the Abbott Laboratories Current Report on Form 8-K dated November 13, 2019.

10-K Exhibit Table Item No.		
4.1	*	Indenture dated as of February 9, 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 form of Security), filed as Exhibit 4.1 to the Abbott Laboratories Registration Statement on Form S-3 dated February 12, 2001.
4.2	*	Supplemental Indenture dated as of February 27, 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 Exhibit 4.2 to the Abbott Laboratories Registration Statement on Form S-3 dated February 28, 2006.
4.3	*	Form of $1,000,000,000 6.150% Note due 2037, filed as Exhibit 99.6 to the Abbott Laboratories Current Report on Form 8-K dated November 6, 2007.
4.4	*	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 Exhibit 99.3 to the Abbott Laboratories Current Report on Form 8-K dated November 6, 2007.
4.5	*	Form of $1,000,000,000 6.000% Note due 2039, filed as Exhibit 99.5 to the Abbott Laboratories Current Report on Form 8-K dated February 26, 2009.
4.6	*	Actions of the Authorized Officers with respect to Abbott's 5.125% Note due 2019 and 6.000% Note due 2039, filed as Exhibit 99.3 to the Abbott Laboratories Current Report on Form 8-K dated February 26, 2009.
4.7	*	Form of 2040 Note, filed as Exhibit 99.6 to the Abbott Laboratories Current Report on Form 8-K dated May 27, 2010.
4.8	*	Actions of the Authorized Officers with respect to Abbott's 2.70% Notes, 4.125% Notes and 5.30% Notes, filed as Exhibit 99.3 to the Abbott Laboratories Current Report on Form 8-K dated May 27, 2010.
4.9	*	Indenture, dated as of March 10, 2015, between Abbott Laboratories and U.S. Bank National Association (including form of Security), filed as Exhibit 4.1 to the Abbott Laboratories Current Report on Form 8-K dated March 5, 2015.
4.10	*	Form of 2.550% Note due 2022, filed as Exhibit 99.5 to the Abbott Laboratories Current Report on Form 8-K dated March 5, 2015.
4.11	*	Form of 2.950% Note due 2025, filed as Exhibit 99.6 to the Abbott Laboratories Current Report on Form 8-K dated March 5, 2015.
4.12	*	Actions of the Authorized Officers with respect to Abbott's 2.000% Notes, 2.550% Notes and 2.950% Notes, filed as Exhibit 99.3 to the Abbott Laboratories Current Report on Form 8-K dated March 5, 2015.
4.13	*	Form of 3.400% Notes due 2023, filed as Exhibit 4.4 to the Abbott Laboratories Current Report on Form 8-K dated November 22, 2016.
4.14	*	Form of 3.750% Notes due 2026, filed as Exhibit 4.5 to the Abbott Laboratories Current Report on Form 8-K dated November 22, 2016.
4.15	*	Form of 4.750% Notes due 2036, filed as Exhibit 4.6 to the Abbott Laboratories Current Report on Form 8-K dated November 22, 2016.

10-K Exhibit Table Item No.		
4.16	*	Form of 4.900% Notes due 2046, filed as Exhibit 4.7 to the Abbott Laboratories Current Report on Form 8-K dated November 22, 2016.
4.17	*	Officers' Certificate Pursuant to Sections 3.1 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 of notes), filed as Exhibit 4.22 to the Abbott Laboratories 2016 Annual Report on Form 10-K.
4.18	*	Form of 3.875% Notes due 2025, filed as Exhibit 4.5 to the Abbott Laboratories Current Report on Form 8-K dated March 22, 2017.
4.19	*	Form of 4.75% Notes due 2043, filed as Exhibit 4.6 to the Abbott Laboratories Current Report on Form 8-K dated March 22, 2017.
4.20	*	Officers' Certificate Pursuant to Sections 3.1 and 3.3 of the Indenture with respect to 2.000% Notes due 2018, 2.800% Notes due 2020, 3.25% Notes due 2023, 3.875% Notes due 2025, and 4.75% Notes due 2043 (including form of notes), filed as Exhibit 4.7 to the Abbott Laboratories Quarterly Report on Form 10-Q for the period ended March 31, 2017.
4.21	†	Indenture, dated as of July 28, 2009, between St. Jude Medical, LLC (successor to St. Jude Medical, Inc.) and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the St. Jude Medical, Inc. Current Report on Form 8-K dated July 28, 2009.
4.22	†	Fourth Supplemental Indenture, dated as of April 2, 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, LLC's 3.25% Senior Notes due 2023 and 4.75% Senior Notes due 2043 (including forms of notes), filed as Exhibit 4.1 to the St. Jude Medical, Inc. Current Report on Form 8-K dated April 2, 2013.
4.23	†	Fifth Supplemental Indenture, dated as of September 23, 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, LLC's 2.000% Senior Notes due 2018, 2.800% Senior Notes due 2020 and 3.875% Senior Notes due 2025, filed as Exhibit 4.1 to the St. Jude Medical, Inc. Current Report on Form 8-K dated September 23, 2015.
4.24	†	Sixth Supplemental Indenture, dated as of January 4, 2017, among St. Jude Medical, Inc., St. Jude Medical, LLC and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the St. Jude Medical, LLC Current Report on Form 8-K dated January 4, 2017.
4.25	*	Form of Seventh Supplemental Indenture between St. Jude Medical, LLC and U.S. Bank National Association, as trustee, filed as Exhibit 4.3 to the Abbott Laboratories Registration Statement on Form S-4 dated February 21, 2017.
4.26	*	Indenture dated September 27, 2018, among Abbott Ireland Financing DAC, as issuer, Abbott Laboratories, as guarantor and U.S. Bank National Association, as trustee, filed as Exhibit 4.1 to the Abbott Laboratories Current Report on Form 8-K dated September 27, 2018.
4.27	*	First Supplemental Indenture dated September 27, 2018, among Abbott Ireland Financing DAC, as issuer, Abbott Laboratories, as guarantor, U.S. Bank National Association, as trustee, Elavon Financial Services DAC, U.K. Branch, as paying agent and transfer agent, and Elavon Financial Services DAC, as registrar, filed as Exhibit 4.2 to the Abbott Laboratories Current Report on Form 8-K dated September 27, 2018.

10-K Exhibit Table Item No.		
4.28	*	Second Supplemental Indenture dated November 19, 2019, among Abbott Ireland Financing DAC, as issuer, Abbott Laboratories, as guarantor, U.S. Bank National Association, as trustee, and Elavon Financial Services DAC, as paying agent, transfer agent and registrar, filed as Exhibit 4.2 to the Abbott Laboratories Current Report on Form 8-K dated November 19, 2019.
4.29	*	Form of 0.000% Note due 2020 (included in Exhibit 4.2 to the Abbott Laboratories Current Report on Form 8-K dated September 27, 2018).
4.30	*	Form of 0.875% Note due 2023 (included in Exhibit 4.2 to the Abbott Laboratories Current Report on Form 8-K dated September 27, 2018).
4.31	*	Form of 1.500% Note due 2026 (included in Exhibit 4.2 to the Abbott Laboratories Current Report on Form 8-K dated September 27, 2018).
4.32	*	Form of 0.100% Note due 2024 (included in Exhibit 4.2 to the Abbott Laboratories Current Report on Form 8-K dated November 19, 2019).
4.33	*	Form of 0.375% Note due 2027 (included in Exhibit 4.2 to the Abbott Laboratories Current Report on Form 8-K dated November 19, 2019).
		Other debt instruments are omitted in accordance with Item 601(b)(4)(iii)(A) of Regulation S-K. Copies of such agreements will be furnished to the Securities and Exchange Commission upon request.
4.34		Description of Registrant's Securities.
10.1	*	Supplemental Plan Abbott Laboratories Extended Disability Plan, filed as an exhibit (pages 50-51) to the 1992 Abbott Laboratories Annual Report on Form 10-K.**
10.2	*	Abbott Laboratories Deferred Compensation Plan, as amended, filed as Exhibit 10.2 to the 2017 Abbott Laboratories Annual Report on Form 10-K.**
10.3	*	Abbott Laboratories 401(k) Supplemental Plan, as amended and restated, filed as Exhibit 10.3 to the 2012 Abbott Laboratories Annual Report on Form 10-K.**
10.4	*	Abbott Laboratories Supplemental Pension Plan, as amended and restated, filed as Exhibit 10.4 to the 2014 Abbott Laboratories Annual Report on Form 10-K.**
10.5	*	1986 Abbott Laboratories Management Incentive Plan, as amended and restated, filed as Exhibit 10.5 to the 2014 Abbott Laboratories Annual Report on Form 10-K.**
10.6	*	1998 Abbott Laboratories Performance Incentive Plan, as amended, filed as Exhibit 10.6 to the 2014 Abbott Laboratories Annual Report on Form 10-K.**
10.7	*	Rules for the 1998 Abbott Laboratories Performance Incentive Plan, as amended and restated, filed as Exhibit 10.7 to the 2012 Abbott Laboratories Annual Report on Form 10-K.**
10.8	*	Abbott Laboratories 2009 Incentive Stock Program, as amended and restated, filed as Exhibit 10.9 to the 2014 Abbott Laboratories Annual Report on Form 10-K.**

10-K Exhibit Table Item No.		
10.9	*	Abbott Laboratories 2017 Incentive Stock Program (incorporated by reference to Exhibit B of Abbott's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 17, 2017).**
10.10	*	Abbott Laboratories Non-Employee Directors' Fee Plan, as amended and restated, filed as Exhibit 10.10 to the 2016 Abbott Laboratories Annual Report on Form 10-K.**
10.11	*	Form of Non-Employee Director Restricted Stock Unit Agreement under Abbott Laboratories 1996 Incentive Stock Program, filed as Exhibit 10.2 to the Abbott Laboratories Current Report on Form 8-K dated December 10, 2004.**
10.12	*	Form of Non-Employee Director Non-Qualified Stock Option Agreement, filed as Exhibit 10.2 to the Abbott Laboratories Current Report on Form 8-K dated April 24, 2009.**
10.13	*	Form of Non-Employee Director Restricted Stock Unit Agreement, filed as Exhibit 10.3 to the Abbott Laboratories Current Report on Form 8-K dated April 24, 2009.**
10.14	*	Form of Non-Qualified Stock Option Agreement (ratably vested), filed as Exhibit 10.5 to the Abbott Laboratories Current Report on Form 8-K dated April 24, 2009.**
10.15	*	Form of Restricted Stock Unit Agreement (ratably vested), filed as Exhibit 10.37 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.16	*	Form of Restricted Stock Unit Agreement for foreign employees (ratably vested), filed as Exhibit 10.38 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.17	*	Form of Performance Restricted Stock Unit Agreement for foreign employees (annual performance based), filed as Exhibit 10.39 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.18	*	Form of Performance Restricted Stock Unit Agreement for foreign executive officers (annual performance based), filed as Exhibit 10.40 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.19	*	Form of Performance Restricted Stock Unit Agreement for foreign employees (interim performance based), filed as Exhibit 10.41 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.20	*	Form of Performance Restricted Stock Unit Agreement for foreign executive officers (interim performance based), filed as Exhibit 10.42 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.21	*	Form of Restricted Stock Unit Agreement (cliff vested), filed as Exhibit 10.43 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.22	*	Form of Restricted Stock Unit Agreement for executive officers (cliff vested), filed as Exhibit 10.44 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.23	*	Form of Restricted Stock Unit Agreement for foreign employees (cliff vested), filed as Exhibit 10.45 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.24	*	Form of Restricted Stock Unit Agreement for foreign executive officers (cliff vested), filed as Exhibit 10.46 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**

10-K Exhibit Table Item No.		
10.25	*	Form of Non-Employee Director Restricted Stock Unit Agreement, filed as Exhibit 10.47 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.26	*	Form of Non-Employee Director Restricted Stock Unit Agreement for foreign non-employee directors, filed as Exhibit 10.48 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.27	*	Form of Restricted Stock Unit Agreement for Participants in France, filed as Exhibit 10.49 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.28	*	Form of Restricted Stock Agreement (ratably vested), filed as Exhibit 10.50 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.29	*	Form of Restricted Stock Agreement for executive officers (ratably vested), filed as Exhibit 10.51 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.30	*	Form of Performance Restricted Stock Agreement (annual performance based), filed as Exhibit 10.52 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.31	*	Form of Performance Restricted Stock Agreement for executive officers (annual performance based), filed as Exhibit 10.53 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.32	*	Form of Performance Restricted Stock Agreement (interim performance based), filed as Exhibit 10.54 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.33	*	Form of Performance Restricted Stock Agreement for executive officers (interim performance based), filed as Exhibit 10.55 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.34	*	Form of Restricted Stock Agreement (cliff vested), filed as Exhibit 10.56 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.35	*	Form of Restricted Stock Agreement for executive officers (cliff vested), filed as Exhibit 10.57 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.36	*	Form of Non-Qualified Stock Option Agreement, filed as Exhibit 10.58 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.37	*	Form of Non-Qualified Stock Option Agreement for executive officers, filed as Exhibit 10.59 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.38	*	Form of Non-Qualified Stock Option Agreement for foreign employees, filed as Exhibit 10.60 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.39	*	Form of Non-Qualified Stock Option Agreement for foreign executive officers, filed as Exhibit 10.61 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.40	*	Form of Non-Employee Director Non-Qualified Stock Option Agreement, filed as Exhibit 10.64 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**
10.41	*	Form of Non-Employee Director Non-Qualified Stock Option Agreement for foreign non-employee directors, filed as Exhibit 10.65 to the 2013 Abbott Laboratories Annual Report on Form 10-K.**

10-K Exhibit Table Item No.		
10.42	*	Form of Restricted Stock Unit Agreement (ratably vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.2 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.43	*	Form of Restricted Stock Unit Agreement for foreign employees (ratably vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.3 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.44	*	Form of Restricted Stock Unit Agreement (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.4 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.45	*	Form of Restricted Stock Unit Agreement for foreign employees (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.5 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.46	*	Form of Performance Restricted Stock Unit Agreement for foreign employees (annual performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.6 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.47	*	Form of Performance Restricted Stock Unit Agreement for foreign employees (interim performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.7 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.48	*	Form of Restricted Stock Agreement (ratably vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.8 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.49	*	Form of Restricted Stock Agreement (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.9 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.50	*	Form of Performance Restricted Stock Agreement (annual performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.10 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.51	*	Form of Performance Restricted Stock Agreement (interim performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.11 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.52	*	Form of Non-Qualified Stock Option Agreement under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.12 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.53	*	Form of Non-Qualified Stock Option Agreement for foreign employees under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.13 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**

10-K Exhibit Table Item No.		
10.54	*	Form of Restricted Stock Unit Agreement for executive officers (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.14 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.55	*	Form of Restricted Stock Unit Agreement for foreign executive officers (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.15 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.56	*	Form of Performance Restricted Stock Unit Agreement for foreign executive officers (annual performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.16 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.57	*	Form of Performance Restricted Stock Unit Agreement for foreign executive officers (interim performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.17 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.58	*	Form of Restricted Stock Agreement for executive officers (ratably vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.18 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.59	*	Form of Restricted Stock Agreement for executive officers (cliff vested) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.19 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.60	*	Form of Performance Restricted Stock Agreement for executive officers (annual performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.20 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.61	*	Form of Performance Restricted Stock Agreement for executive officers (interim performance based) under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.21 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.62	*	Form of Non-Qualified Stock Option Agreement for executive officers under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.22 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.63	*	Form of Non-Qualified Stock Option Agreement for foreign executive officers under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.23 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.64	*	Form of Non-Employee Director Restricted Stock Unit Agreement under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.24 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.65	*	Form of Non-Employee Director Restricted Stock Unit Agreement for foreign non-employee directors under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.25 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**

10-K Exhibit Table Item No.		
10.66	*	Form of Non-Employee Director Non-Qualified Stock Option Agreement under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.26 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.67	*	Form of Non-Employee Director Non-Qualified Stock Option Agreement for foreign non-employee directors under the Abbott Laboratories 2017 Incentive Stock Program, filed as Exhibit 10.27 to the Abbott Laboratories Current Report on Form 8-K dated April 28, 2017.**
10.68	*	Form of Agreement Regarding Change in Control by and between Abbott Laboratories and its named executive officers (other than Mr. White), filed as Exhibit 10.1 to the Abbott Laboratories Current Report on Form 8-K dated November 30, 2012.**
10.69	*	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 December 31, 2020, filed as Exhibit 10.74 to the 2018 Abbott Laboratories Annual Report on Form 10-K.**
10.70	*	Form of Time Sharing Agreement between Abbott Laboratories, Inc. and M.D. White, filed as Exhibit 10.6 to the Abbott Laboratories Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.**
10.71	†	St. Jude Medical, Inc. 2007 Stock Incentive Plan, as amended and restated (2014), filed as Exhibit 10.22 to St. Jude Medical, Inc. Annual Report on Form 10-K for the year ended January 3, 2015 dated February 26, 2015.**
10.72	†	Form of Non-Qualified Stock Option Agreement (Global) and related Notice of Non-Qualified Stock Option Grant for stock options granted on or after December 10, 2012 under the St. Jude Medical, Inc. 2007 Stock Incentive Plan, filed as Exhibit 10.24 to the St. Jude Medical, Inc. Annual Report on Form 10-K for the year ended December 29, 2012 dated February 26, 2013.**
10.73	†	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 December 10, 2012 under the St. Jude Medical, Inc. 2007 Stock Incentive Plan, filed as Exhibit 10.25 to the St. Jude Medical, Inc. Annual Report on Form 10-K for the year ended December 29, 2012, dated February 26, 2013.**
10.74	†	Form of Restricted Stock Units Award Agreement (Global) and related Restricted Stock Units Award Certificate for restricted stock units granted on or after December 10, 2012 under the St. Jude Medical, Inc. 2007 Stock Incentive Plan, filed as Exhibit 10.27 to the St. Jude Medical, Inc. Annual Report on Form 10-K for the year ended December 29, 2012, dated February 26, 2013.**
10.75		Management Savings Plan, as amended and restated.**
10.76	*	Five Year Credit Agreement, dated as of November 30, 2018, among Abbott Laboratories, various financial institutions, as lenders, and JPMorgan Chase Bank, N.A., as administrative agent, filed as Exhibit 10.82 to the 2018 Abbott Laboratories Annual Report on Form 10-K.
21		Subsidiaries of Abbott Laboratories.
23.1		Consent of Independent Registered Public Accounting Firm.
31.1		Certification of Chief Executive Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).

10-K Exhibit Table Item No.	
31.2	Certification of Chief Financial Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).

Exhibits 32.1 and 32.2 are furnished herewith and should not be deemed to be "filed" under the Securities Exchange Act of 1934.

32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements and notes from the Abbott Laboratories Annual Report on Form 10-K for the year ended December 31, 2019 filed on February 21, 2020, formatted in Inline XBRL: (i) Consolidated Statement of Earnings; (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 financial statements.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document and included in Exhibit 101).

* Incorporated herein by reference.

** Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

† Incorporated herein by reference.

Abbott will 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 60064-6400.

(c) Financial Statement Schedule filed (page 107*).*

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Abbott Laboratories has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ABBOTT LABORATORIES

By /s/ MILES D. WHITE
Miles D. White
Chairman of the Board and
Chief Executive Officer

Date: February 21, 2020

Pursuant to 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 February 21, 2020 in the capacities indicated below.

/s/ MILES D. WHITE
Miles D. White
Chairman of the Board and Chief Executive Officer,
and Director of Abbott Laboratories
(principal executive officer)

/s/ BRIAN B. YOOR
Brian B. Yoor
Executive Vice President, Finance
and Chief Financial Officer
(principal financial officer)

/s/ ROBERT E. FUNCK, JR.
Robert E. Funck, Jr.
Senior Vice President, Finance and Controller
(principal accounting officer)

/s/ ROBERT J. ALPERN, M.D.
Robert J. Alpern, M.D.
Director of Abbott Laboratories

/s/ ROXANNE S. AUSTIN
Roxanne S. Austin
Director of Abbott Laboratories

/s/ SALLY E. BLOUNT
Sally E. Blount, Ph.D.
Director of Abbott Laboratories

/s/ ROBERT B. FORD
Robert B. Ford
President and Chief Operating Officer, and
Director of Abbott Laboratories

/s/ MICHELLE A. KUMBIER
Michelle A. Kumbier
Director of Abbott Laboratories

/s/ EDWARD M. LIDDY
Edward M. Liddy
Director of Abbott Laboratories

/s/ DARREN W. MCDEW
Darren W. McDew
Director of Abbott Laboratories

/s/ NANCY MCKINSTRY
Nancy McKinstry
Director of Abbott Laboratories

/s/ PHEBE N. NOVAKOVIC
Phebe N. Novakovic
Director of Abbott Laboratories

/s/ WILLIAM A. OSBORN
William A. Osborn
Director of Abbott Laboratories

/s/ SAMUEL C. SCOTT III
Samuel C. Scott III
Director of Abbott Laboratories

/s/ DANIEL J. STARKS
Daniel J. Starks
Director of Abbott Laboratories

/s/ JOHN G. STRATTON
John G. Stratton
Director of Abbott Laboratories

/s/ GLENN F. TILTON
Glenn F. Tilton
Director of Abbott Laboratories

ABBOTT LABORATORIES AND SUBSIDIARIES
SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(in millions of dollars)

Allowances for Doubtful Accounts and Product Returns	Balance at Beginning of Year	Provisions/ Charges to Income	Amounts Charged Off and Other Deductions	Balance at End of Year
2019	$ 314	$ 137	$ (68)	$ 384
2018	294	110	(90)	314
2017	250	105	(61)	294

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Abbott Laboratories

Opinion on the Financial Statement Schedule

We have audited the consolidated financial statements of Abbott Laboratories and subsidiaries (the Company) as of December 31, 2019 and 2018, for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated February 21, 2020 (included elsewhere in this Annual Report on Form 10-K). Our audits of the consolidated financial statements included the financial statement schedule listed in Item 15(a)(2) of this Annual Report on Form 10-K (the "schedule"). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's schedule, based on our audits.

In our opinion, the schedule presents fairly, in all material respects, the information set forth therein when considered in conjunction with the consolidated financial statements.

/s/ Ernst & Young LLP

Chicago, Illinois
February 21, 2020

Exhibit 4.34

**DESCRIPTION OF THE REGISTRANT'S COMMON SHARES
REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

General

The following is a description of the principal terms of Abbott Laboratories' common shares. The following description is not meant to be complete and is qualified by reference to Abbott's Restated Articles of Incorporation and By-Laws, each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K, and the Illinois Business Corporation Act. You are urged to read Abbott's Restated Articles of Incorporation and By-Laws in their entirety.

Authorized

Abbott has 2,400,000,000 authorized common shares, without par value, and 1,000,000 authorized preferred shares, $1.00 par value per share. The board of directors determines the terms and the manner in which the preferred shares may be issued. No preferred shares are currently outstanding.

Listing

The principal market for Abbott's common shares is the New York Stock Exchange under the symbol "ABT." Shares are also listed on the Chicago Stock Exchange and traded on various regional and electronic exchanges. Outside of the United States, Abbott's shares are listed on the SIX Swiss Exchange.

Dividends

The board of directors may authorize, and Abbott may make, distributions to its common shareholders, subject to any restriction in Abbott's Restated Articles of Incorporation, including the rights of holders of outstanding preferred shares, if any, and to those limitations prescribed by law.

Fully Paid

All of Abbott's outstanding common shares are fully paid and non-assessable.

Voting Rights

Each of Abbott's outstanding common shares is entitled to one vote in each matter submitted to a vote at a meeting of shareholders. In addition, in all elections for directors, every shareholder has the right to vote the number of shares owned by it for as many persons as there are directors to be elected, or to cumulate its votes and give one candidate as many votes as shall equal the number of directors multiplied by the number of shares or to distribute its cumulative votes in any proportion among any number of candidates. A majority of the outstanding shares entitled to vote on a matter, represented in person or by proxy, constitutes a quorum for consideration of that matter at the meeting. The affirmative vote of a majority of the shares represented at the meeting and entitled to vote on a matter shall be the act of the shareholders with respect to that matter, unless the vote of a greater number is required by the Illinois Business Corporation Act. Abbott's shareholders may vote either in person or by proxy.

Shareholder Action by Written Consent; Meetings

Under Illinois corporate law, any action required to be taken by Abbott's shareholders may be taken without a meeting and without a vote if a consent in writing is signed by holders of shares having at least the number of votes necessary at a shareholder meeting.

Abbott's By-Laws provide that special meetings of the shareholders of the corporation may be called only by:

- the board of directors;

- the chairman of the board;
- the chief executive officer;
- any president;
- the holders of not less than one-fifth of all outstanding shares entitled to vote on the matter for which the meeting is called.

Transfer Agent and Registrar

Computershare Trust Co. NA is Abbott's transfer agent and registrar. Computershare Trust Co. NA is located in Providence, Rhode Island.

Exhibit 10.75

MANAGEMENT SAVINGS PLAN

ARTICLE I

Establishment and Purpose

St. Jude Medical, LLC (the "Company") hereby amends and restates the Management Savings Plan (the "Plan"), effective January 1, 2020, in order to incorporate changes made to the Plan since its last restatement and to streamline Plan provisions. The purpose of the Plan is to attract and retain key employees by providing opportunities to defer receipt of salary, bonus, and other specified compensation. The Plan is not intended to meet the qualification requirements of Code Section 401(a), but is intended to meet the requirements of Code Section 409A, and shall be operated and interpreted consistent with that intent.

The Plan constitutes an unsecured promise by a Participating Employer to pay benefits in the future. Participants in the Plan shall have the status of general unsecured creditors of the Company or the Adopting Employer, as applicable. Each Participating Employer shall be solely responsible for payment of the benefits of its employees and their beneficiaries. The Plan is unfunded for Federal tax purposes and is intended to be an unfunded arrangement for eligible employees who are part of a select group of management or highly compensated employees of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. Any amounts set aside to defray the liabilities assumed by the Company or an Adopting Employer will remain the general assets of the Company or the Adopting Employer and shall remain subject to the claims of the Company's or the Adopting Employer's creditors until such amounts are distributed to the Participants.

ARTICLE II

Definitions

Section 2.1 Account. Account means a bookkeeping account maintained by the Plan Administration Committee to record the payment obligation of a Participating Employer to a Participant as determined under the terms of the Plan. The Plan Administration Committee may maintain an Account to record the total obligation to a Participant and component Accounts to reflect amounts payable at different times and in different forms. Reference to an Account means any such Account established by the Plan Administration Committee, as the context requires. Accounts are intended to constitute unfunded obligations within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

Section 2.2 Account Balance. Account Balance means, with respect to any Account, the total payment obligation owed to a Participant from such Account as of the most recent Valuation Date.

Section 2.3 Adopting Employer. Adopting Employer means an Affiliate who, with the consent of the Company, has adopted the Plan for the benefit of its eligible employees and who files a declaration with the Company agreeing to be bound by the terms of the Plan and agreeing to bear its allocable share of the costs and expenses incurred in the operation and administration of the Plan.

Section 2.4 Affiliate. Affiliate means a corporation, trade or business that, together with the Company, is treated as a single employer under Code Section 414(b) or (c).

Section 2.5 Beneficiary. Beneficiary means a natural person, estate, or trust designated by a Participant to receive payments to which a Beneficiary is entitled in accordance with provisions of the Plan.

Section 2.6 Bonus. Bonus means any compensation in addition to Eligible Base Compensation, Commissions, and payments made pursuant to the MICP/Other Annual Bonus, paid to a Participant as an employee on a regular, recurring basis under any of the bonus or incentive plans maintained by the Company for one or more specified performance periods. The Plan Administration Committee's classification of a remuneration item as included in or excluded from Bonus shall be conclusive for the purpose of the foregoing rules.

Section 2.7 Business Day. Business Day means each day on which the New York Stock Exchange is open for business.

Section 2.8 Change in Control. Change in Control means the first to occur of the following events:

(a) Any individual, entity or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") becomes the "beneficial owner" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this paragraph (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, or approved by the Incumbent Directors, following which such Person owns not more than 50% of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, (ii) any acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities, (iii) any acquisition by the Company, (iv) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (v) any acquisition pursuant to a transaction which complies with clauses (i), (ii), and (iii) of paragraph (c) below; or

(b) Individuals who, as of January 1, 2016, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to January 1, 2016, whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the Incumbent Directors then comprising the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation (or similar corporate transaction) involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets or stock of another entity (a "Business Combination"), in each case, unless, immediately following such Business Combination, (i) 50% or more of, respectively, the then outstanding shares of common stock and the total voting power of (A) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (B) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 80% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Outstanding Company Common Stock and Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Outstanding Company Common Stock or Outstanding Company Voting Securities, as the case may be, were converted pursuant to such Business Combination), and such beneficial ownership of common stock or voting power among the holders thereof is in substantially the same proportion as the beneficial ownership of Outstanding Company Common Stock and the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (ii) no person (other than any employee benefit plan or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes the beneficial owner, directly or indirectly, of 30% or more of the outstanding shares of common stock and the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), unless such acquisition is pursuant to a Business Combination that is an acquisition by the Company or a subsidiary of the Company of the assets or stock of another entity that is approved by the Incumbent Directors, following which such person owns not more than 50% of such outstanding shares and of voting power, and (iii) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination.

Notwithstanding the foregoing, a Change in Control of the Company shall not be deemed to occur solely because any person acquires beneficial ownership of more than 30% of the Outstanding Company Common Stock or Outstanding Company Voting Securities as a result of the acquisition of Outstanding Company Common Stock or Outstanding Company Voting Securities by the Company which reduces the number of shares of Outstanding Company Common Stock or Outstanding Company Voting Securities; provided, that if after such acquisition by the Company such person becomes the beneficial owner of additional shares of Outstanding Company Common Stock or Outstanding Company Voting Securities that increases the percentage of Outstanding Company Common Stock

or Outstanding Company Voting Securities beneficially owned by such person, a Change in Control of the Company shall then occur.

Section 2.9 Claimant. Claimant means a Participant or Beneficiary filing a claim under Article XI of this Plan.

Section 2.10 Code. Code means the Internal Revenue Code of 1986, as amended from time to time.

Section 2.11 Code Section 409A. Code Section 409A means section 409A of the Code, and regulations and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

Section 2.12 Commissions. Commissions means any compensation in addition to Eligible Base Compensation, Bonus, and payments made pursuant to the MICP/Other Annual Bonus, paid to a Participant as an employee under any employment or compensation agreement or incentive arrangement in connection with the sales of the products of the Company provided (i) a substantial portion of Participant's services to the Company consists of the direct sale of a product or a service to a customer that is not related or treated as related to the Company or to the Participant (under Treas. Reg. Sections 1.409A-1(f)(2)(ii) and (iv)); (ii) the amount the Company pays to the Participant that consists either of a portion of the purchase price for the product or service or of an amount substantially all of which is calculated by reference to volume of sales; and (iii) payment is either contingent upon the Company receiving payment from an unrelated customer (as described in clause (i) above) for the product or services or, if consistently applied as to all similarly situated service providers, is contingent upon the closing of a sales transaction and such other requirements as the Company may specify before the closing of the sales transaction. The Plan Administration Committee's classification of a remuneration item as included in or excluded from Commissions shall be conclusive for the purpose of the foregoing rules.

Section 2.13 Committee. Committee means the Abbott Laboratories Employee Benefit Board of Review appointed and acting under the Abbott Laboratories Annuity Retirement Plan and having the powers and duties described in this Plan.

Section 2.14 Company. Company means St. Jude Medical, LLC, and any successor thereto.

Section 2.15 Compensation Deferral Agreement. Compensation Deferral Agreement means an agreement between a Participant and a Participating Employer that specifies: (i) the amount of each component of compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV, and (ii) the Payment Schedule applicable to one or more Accounts.

Section 2.16 Deferral. Deferral means a credit to a Participant's Account(s) that records that portion of the Participant's compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV. Unless the context of the Plan clearly indicates otherwise, a reference to Deferrals includes Earnings attributable to such Deferrals.

Section 2.17 Deferred Compensation Account. Deferred Compensation Account means the Account established for a Participant to record his or her Deferrals made to the Plan with respect to services performed prior to January 1, 2015. Such Account also includes any deferrals transferred from the St. Jude Medical S.C., Inc., U.S. Division Representative Principals and Sales Associates Deferred Compensation Plan.

Section 2.18 Discretionary Amount Account. Discretionary Amount Account means the Account established for a Participant to record discretionary Company contributions credited on his or her behalf to the Plan with respect to periods commencing prior to January 1, 2015. Such Account also includes any discretionary amounts transferred from the St. Jude Medical S.C., Inc., U.S. Division Representative Principals and Sales Associates Deferred Compensation Plan.

Section 2.19 Earnings. Earnings means an adjustment to the value of an Account in accordance with Article VII.

Section 2.20 Effective Date. Effective Date of this amendment and restatement means January 1, 2016.

Section 2.21 Eligible Base Compensation. Eligible Base Compensation means, for a Participant for any period, except as provided in the succeeding paragraphs of this subsection, the sum of all remuneration paid to the Participant during such period for service as an employee of a Participating Employer as base salary and wages, and short-term disability benefits, and shall be determined without regard to Code Section 401(a)(17) and without regard to amounts deferred pursuant to Code Sections 401(k), 125, and 132(f)(4). Notwithstanding the foregoing, a Participant's Eligible Base Compensation will not include:

(a) amounts deferred or paid under an agreement between the Participating Employer and the Participant that is not a plan qualified under Code Section 401(a), other than this plan;

(b) contributions made or benefits (other than short-term disability benefits) paid by the Participating Employer under any other employee benefit plan;

(c) any remuneration not paid in cash (or remuneration otherwise imputed as income, *e.g.*, value of taxable life insurance coverage);

(d) severance pay;

(e) reimbursements, allowances, moving expense payments, relocation cost-of-living payments, tax gross-ups and other similar equalization payments;

(f) paid time off payments; and

(g) all bonus, incentive, retention or commission-based remuneration of any kind (including, but not limited to, awards and spot bonus payments).

The Plan Administration Committee's classification of a remuneration item as included in or excluded from Eligible Base Compensation shall be conclusive for the purpose of the foregoing rules.

Section 2.22 Eligible Employee. Eligible Employee means an Employee who (i) for the Plan Year or the preceding Plan Year had annual compensation from the Company or another Participating Employer in excess of $150,000 taking into account Eligible Base Compensation, Bonus, Commissions, and amounts paid pursuant to and in accordance with the MICP/Other Annual Bonus or (ii) is designated by the Committee as eligible, provided in either case the employee is a member of a 'select group of management or highly compensated employees of a Participating Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.' Notwithstanding the foregoing, effective for calendars years beginning on and after January 1, 2018:

(a) no Employee will be eligible to participate in the Plan unless such Employee (x) is a Participant with an Account Balance in the Plan as of December 31, 2017, or (y) had a Compensation Deferral Agreement in effect during calendar year 2017; and

(b) if a Participant is shown as having a grade level less than or equal to grade 19 (or equivalent level if on a different pay grade system) on the applicable Employer's Human Resource System, and does not elect to defer compensation for a year by timely submitting a Compensation Deferral Agreement in accordance with Sections 4.1 and 4.2, then such Participant shall not be permitted to elect to defer compensation for any future years.

Notwithstanding the foregoing, no Employee who has a grade level equal to or greater than 20 (or equivalent level if on a different pay grade system) on the applicable Employer's Human Resource System ("Grade 20+ Employee") may become an Eligible Employee after that date. No Participant who is a Grade 20+ Employee shall be permitted to elect to defer compensation for any calendar year beginning on or after January 1, 2020.

Section 2.23 Employee. Employee means a common-law employee of an Employer.

Section 2.24 Employer. Employer means the Company and each Affiliate.

Section 2.25 ERISA. ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time.

Section 2.26 Matching Amount Account. Matching Amount Account means the Account established for a Participant to record Company matching contributions credited on his or her behalf to the Plan with respect to periods commencing prior to January 1, 2015. Such Account also includes any matching amounts transferred from the St. Jude Medical S.C., Inc., U.S. Division Representative Principals and Sales Associates Deferred Compensation Plan.

Section 2.27 MICP/Other Annual Bonus. MICP means the Management Incentive Compensation Plan of the Company, as may be hereafter amended, or any successor thereto. Other Annual Bonus means a payment made to a Participant as an employee on an annual basis under any of the bonus or incentive plans maintained by the Company.

Section 2.28 Participant. Participant means an Eligible Employee who has an Account Balance greater than zero.

Section 2.29 Participating Employer. Participating Employer means the Company and each Adopting Employer.

Section 2.30 Payment Schedule. Payment Schedule means the date as of which payment of an Account under the Plan will commence and the form in which payment of such Account will be made.

Section 2.31 Plan. Generally, the term Plan means the "Management Savings Plan" as documented herein and as may be amended from time to time hereafter. However, to the extent permitted or required under Code Section 409A, the term Plan may in the appropriate context also mean a portion of the Plan that is treated as a single plan under Treas. Reg. Section 1.409A-1(c), or the Plan or portion of the Plan and any other nonqualified deferred compensation plan or portion thereof that is treated as a single plan under such section.

Section 2.32 Plan Administration Committee. The Plan Administration Committee means the Committee or its delegate.

Section 2.33 [RESERVED]

Section 2.34 Plan Year. Plan Year means January 1 through December 31.

Section 2.35 Pre-2015 Account. Pre-2015 Account means an Account consisting of all of a Participant's Deferred Compensation Accounts, Discretionary Amount Accounts, and Matching Amount Accounts.

Section 2.36 Retirement Savings Plan. Retirement Savings Plan means the St. Jude Medical, Inc. Retirement Savings Plan, as in effect prior to its freeze and merger with and into the Abbott Laboratories Stock Retirement Plan.

Section 2.37 Retirement/Termination Account. Retirement/Termination Account means an Account established by the Plan Administration Committee to record amounts payable to a Participant upon Separation from Service. Retirement/Termination Accounts consist solely of Deferrals made for services performed on or after January 1, 2015, and any Company contributions made for periods commencing on or after January 1, 2015. A Participant may have no more than two Retirement/Termination Accounts, a Primary Retirement/Termination Account which shall be automatically established for a Participant upon his or her initial participation in the Plan (or on January 1, 2015, if later), and a Secondary Retirement/Termination Account which may be established by the Participant on any Compensation Deferral Agreement filed in accordance with Article IV.

Section 2.38 Separation from Service. Separation from Service means an Employee's termination of employment with the Employer. Whether a Separation from Service has occurred shall be determined by the Plan Administration Committee in accordance with Code Section 409A.

Except in the case of an Employee on a bona fide leave of absence as provided below, an Employee is deemed to have incurred a Separation from Service if the Employer and the Employee reasonably anticipated that the level of services to be performed by the Employee after a date certain would be reduced to 20% or less of the average services rendered by the Employee during the immediately preceding 36-month period (or the total period

of employment, if less than 36 months), disregarding periods during which the Employee was on a bona fide leave of absence.

An Employee who is absent from work due to military leave, sick leave, or other bona fide leave of absence shall incur a Separation from Service on the first date immediately following the later of: (i) the six month anniversary of the commencement of the leave, or (ii) the expiration of the Employee's right, if any, to reemployment under statute or contract. Notwithstanding the preceding, however, an Employee who is absent from work due to a physical or mental impairment that is expected to result in death or last for a continuous period of at least six months and that prevents the Employee from performing the duties of his position of employment or a similar position shall incur a Separation from Service on the first date immediately following the 29-month anniversary of the commencement of the leave, unless the Company or the Participant terminates the leave before that date.

For purposes of determining whether a Separation from Service has occurred, the Employer means the Employer as defined in Section 2.24 of the Plan, except that in applying Code sections 1563(a)(1), (2) and (3) for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(b), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(c), "at least 50 percent" shall be used instead of "at least 80 percent" each place it appears in those sections.

The Plan Administration Committee specifically reserves the right to determine whether a sale or other disposition of substantial assets to an unrelated party constitutes a Separation from Service with respect to a Participant providing services to the seller immediately prior to the transaction and providing services to the buyer after the transaction.

Section 2.39 Specified Date Account. Specified Date Account means an Account established by the Plan Administration Committee to record the amounts payable at a future date as specified in the Participant's Compensation Deferral Agreement. A Specified Date Account may be identified in enrollment materials as an "In-Service Account" or such other name as established by the Plan Administration Committee without affecting the meaning thereof. Specified Date Accounts consist solely of Deferrals made for services performed on or after January 1, 2015. A Participant may have no more than five Specified Date Accounts at any one time.

Section 2.40 Specified Employee. Specified Employee means an Employee who, as of the date of his or her Separation from Service, is a "key employee" of the Company or any Affiliate, any stock of which is actively traded on an established securities market or otherwise.

An Employee is a key employee if he or she meets the requirements of Code Section 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with applicable regulations thereunder and without regard to Code Section 416(i)(5)) at any time during the 12-month period ending on the Specified Employee Identification Date. Such Employee shall be treated as a key employee for the entire 12-month period beginning on the Specified Employee Effective Date.

For purposes of determining whether an Employee is a Specified Employee, the compensation of the Employee shall be determined in accordance with the definition of compensation provided under Treas. Reg. Section 1.415(c)-2(d)(3) (wages within the meaning of Code section 3401(a) for purposes of income tax withholding at the source, plus amounts excludible from gross income under section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b), without regard to rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed); provided, however, that, with respect to a nonresident alien who is not a Participant in the Plan, compensation shall not include compensation that is not includible in the gross income of the Employee under Code Sections 872, 893, 894, 911, 931 and 933, provided such compensation is not effectively connected with the conduct of a trade or business within the United States.

Notwithstanding anything in this paragraph to the contrary: (i) if a different definition of compensation has been designated by the Company with respect to another nonqualified deferred compensation plan in which a key employee participates, the definition of compensation shall be the definition provided in Treas. Reg. Section 1.409A-1(i)(2), and (ii) the Company may through action that is legally binding with respect to all nonqualified deferred compensation plans maintained by the Company, elect to use a different definition of compensation.

In the event of corporate transactions described in Treas. Reg. Section 1.409A-1(i)6), the identification of Specified Employees shall be determined in accordance with the default rules described therein, unless the Employer elects to utilize the available alternative methodology through designations made within the timeframes specified therein.

Section 2.41 Specified Employee Identification Date. Specified Employee Identification Date means December 31, unless the Employer has elected a different date through action that is legally binding with respect to all nonqualified deferred compensation plans maintained by the Employer.

Section 2.42 Specified Employee Effective Date. Specified Employee Effective Date means the first day of the fourth month following the Specified Employee Identification Date, or such earlier date as is selected by the Plan Administration Committee.

Section 2.43 SRP. SRP means the Abbott Laboratories Stock Retirement Plan, as amended from time to time.

Section 2.44 Substantial Risk of Forfeiture. Substantial Risk of Forfeiture has the meaning specified in Treas. Reg. Section 1.409A-1(d).

Section 2.45 Unforeseeable Emergency. Unforeseeable Emergency means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in Code section 152, without regard to section 152(b)(l), (b)(2), and (d)(l)(B)), or a Beneficiary; loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The types of events which may qualify as an Unforeseeable Emergency may be limited by the Plan Administrative Committee or by the Divisional Vice President, Compensation and Benefits, of Abbott Laboratories (or, in the event that no individual holds such title, then the individual performing the duties of such title) ("DVP, Compensation and Benefits").

Section 2.46 Valuation Date. Valuation Date means each Business Day.

Section 2.47 Year of Vesting Service. Year of Vesting Service means a year of vesting service as defined in the Retirement Savings Plan; for calendar years beginning on and after January 1, 2018, Year of Vesting Service means a year of vesting service as defined in the SRP.

ARTICLE III

Eligibility and Participation

Section 3.1 Eligibility and Participation. For calendar years beginning prior to January 1, 2018, an Employee shall be eligible to participate in the Plan on the first day of the calendar quarter that is administratively feasible following the date he or she becomes an Eligible Employee.

Section 3.2 Duration. A Participant shall be eligible to defer compensation and receive allocations of Company Contributions, subject to the terms of the Plan, for as long as such Participant remains an Eligible Employee. In the event a Participant has, for the current Plan Year, or is expected in good faith to have for the next Plan Year, compensation from the Company or another Participating Employer equal to or less than $100,000, or the Compensation Committee, in its sole and absolute discretion, determines that a Participant is no longer an Eligible Employee, and the Participant has not Separated from Service, the Participant will not be allowed to submit future Compensation Deferral Agreements but may otherwise exercise all of the rights of a Participant under the Plan with respect to his or her Account(s). On and after a Separation from Service, a Participant shall remain a Participant as long as his or her Account Balance is greater than zero (0), and during such time may continue to make allocation elections as provided in Section 7.4. An individual shall cease being a Participant in the Plan when all benefits under the Plan to which he or she is entitled have been paid.

Section 3.3 Rehires. An Eligible Employee who Separates from Service and who subsequently resumes performing services for the Employer in the same calendar year will have his or her Compensation Deferral Agreement for such year, if any, reinstated, but his or her eligibility to participate in the Plan in years subsequent to the year of rehire shall be governed by the provisions of Section 3.1. An Eligible Employee who Separates from Service and who subsequently resumes performing services for the Employer in a calendar year other than the calendar year in which he or she Separated from Service will be eligible to participate in the Plan upon rehire solely in accordance with the provisions of Section 3.1.

ARTICLE IV

Deferrals

Section 4.1 Deferral Elections, Generally.

(a) A Participant may elect to defer compensation by submitting a Compensation Deferral Agreement during the enrollment periods established by the Plan Administration Committee and in the manner specified by the Plan Administration Committee, but in any event, in accordance with Section 4.2. A Compensation Deferral Agreement that is not timely filed with respect to a service period or component of compensation, or that is submitted by a Participant who Separates from Service prior to the latest date such agreement would become irrevocable under Section 409A, shall be considered null and void and shall not take effect. The Plan Administration Committee may modify any Compensation Deferral Agreement prior to the date the election becomes irrevocable under the rules of Section 4.2.

(b) The Plan Administration Committee may permit different deferral amounts for each component of compensation and may establish a minimum or maximum deferral amount for each such component. Unless otherwise specified by the Plan Administration Committee in the Compensation Deferral Agreement, Participants may defer up to 80% of their Eligible Base Compensation and up to 100% of Bonus, Commissions, or payments under the MICP/Other Annual Bonus. A Compensation Deferral Agreement may also specify the investment allocation described in Section 7.4.

(c) Deferrals of cash compensation shall be calculated with respect to the gross cash compensation payable to the Participant prior to any deductions or withholdings, but shall be reduced by the Plan Administration Committee as necessary so that it does not exceed 100% of the cash compensation of the Participant remaining after deduction of all required income and employment taxes, 401(k) and other employee benefit deductions, and other deductions required by law. Changes to payroll withholdings that affect the amount of compensation being deferred to the Plan shall be allowed only to the extent permissible under Code Section 409A.

(d) The Participant shall specify on his or her Compensation Deferral Agreement the amount of Deferrals and whether to allocate Deferrals to one or more Retirement/Termination Accounts or to one or more Specified Date Accounts. If no designation is made, Deferrals shall be allocated to the Primary Retirement/Termination Account. A Participant may also specify in his or her Compensation Deferral Agreement the form in which amounts allocated to his or her Plan Accounts shall be distributed. If the form of payment is not specified for one or more Accounts, amounts allocated to such Account shall be distributed in a single lump sum.

Section 4.2 Timing Requirements for Compensation Deferral Agreements

(a) *First Year of Eligibility.* In the case of the first year in which an Eligible Employee becomes eligible to participate in the Plan, the Plan Administration Committee may permit him or her to submit a Compensation Deferral Agreement during the enrollment period established by the Plan Administration Committee, which enrollment period shall not extend beyond the date which is 30 days after the date he or she is first eligible to participate. Any Compensation Deferral Agreement described in this paragraph becomes irrevocable 30 days after the effective date of the individual's eligibility to participate in the Plan.

A Compensation Deferral Agreement filed under this paragraph applies to compensation earned for pay periods beginning in the first calendar quarter commencing after the end of the enrollment period specified by the Plan Administration Committee or such later date as the Plan Administration Committee may designate. Notwithstanding anything to the contrary herein, a Compensation Deferral Agreement filed under this paragraph that

takes effect on a date other than the first day of a Plan Year shall not apply to MICP/Other Annual Bonus payments earned such year.

An Eligible Employee who Separates from Service and who subsequently resumes performing services for the Employer in the same calendar year will not be allowed to submit a new Compensation Deferral Agreement under this paragraph if he or she had a Compensation Deferral Agreement in effect for such year, but shall instead have his or her prior Compensation Deferral Agreement reinstated for such year.

(b) *Prior Year Election.* Except as otherwise provided in this Section 4.2, the Plan Administration Committee may permit an Eligible Employee to defer Compensation for a year by filing a Compensation Deferral Agreement no later than December 31 of the year prior to the year in which the Compensation to be deferred is earned. A Compensation Deferral Agreement filed under this paragraph shall become irrevocable on December 31 immediately preceding the year for which it is to be effective.

(c) *Certain Forfeitable Rights.* With respect to a legally binding right to a payment in a subsequent year that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least 12 months from the date the Participant obtains the legally binding right, the Plan Administration Committee may permit an Eligible Employee to defer such compensation by filing a Compensation Deferral Agreement on or before the 30th day after the legally binding right to the compensation accrues, provided that the Compensation Deferral Agreement is submitted at least 12 months in advance of the earliest date on which the forfeiture condition could lapse. The Compensation Deferral Agreement described in this paragraph becomes irrevocable after such 30th day. If the forfeiture condition applicable to the payment lapses before the end of such 12-month period as a result of the Participant's death or disability (as defined in Treas. Reg. Section 1.409A-3(i)(4)) or upon a change in control event (as described in Treas. Reg. Section 1.409A-3(i)(5)), the Compensation Deferral Agreement will be void unless it would be considered timely under another rule described in this Section.

(d) *"Evergreen" Deferral Elections.* The Plan Administration Committee, in its discretion, may provide that Compensation Deferral Agreements will continue in effect for subsequent years or performance periods by communicating that intention to Participants. Such "evergreen" Compensation Deferral Agreements will become effective with respect to an item of compensation on the date such election becomes irrevocable under this Section 4.2. An evergreen Compensation Deferral Agreement may be terminated or modified prospectively with respect to Compensation for which such election remains revocable under this Section 4.2. A Participant whose Compensation Deferral Agreement is cancelled in accordance with Section 4.6 will be required to file a new Compensation Deferral Agreement under this Article IV in order to recommence Deferrals under the Plan.

Section 4.3 Allocation of Deferrals. A Compensation Deferral Agreement may allocate Deferrals to one or more Specified Date Accounts and/or to one or both Retirement/Termination Accounts. The Plan Administration Committee may, in its discretion, establish a minimum deferral period for the establishment of a Specified Date Account (for example, the second Plan Year following the year compensation is first allocated to such accounts.). In the event a Participant's Compensation Deferral Agreement allocates compensation to a Specified Date Account that does not satisfy the minimum deferral period established by the Plan Administration Committee (if any), the compensation shall be allocated to the Retirement/Termination Account of the Participant with the shortest payment duration.

Section 4.4 Deductions from Pay. The Plan Administration Committee has the authority to determine the payroll practices under which any component of compensation subject to a Compensation Deferral Agreement will be deducted from a Participant's compensation. To the extent the Plan Administration Committee allows Deferrals from compensation equal to corrective distributions received from a qualified 401(k) plan of the Employer, Deferrals equal to the amount of the corrective distribution shall be deducted from the first payment of compensation made on or after the date such corrective distribution is issued to the Participant, and shall be deducted from subsequent compensation payments only to the extent the first compensation payment is insufficient to fully fund the Deferral.

Section 4.5 Vesting. Participant Deferrals shall be 100% vested at all times.

Section 4.6 Cancellation of Deferrals. The Plan Administration Committee may cancel a Participant's Deferrals: (i) for the balance of the Plan Year in which an Unforeseeable Emergency occurs, and (ii) if the Participant receives a hardship distribution under the Employer's qualified 401(k) plan, through the end of the

Plan Year in which the six month anniversary of the hardship distribution falls. To the extent Deferrals are cancelled under (i) or (ii), no subsequent Compensation Deferral Agreement may take effect prior to the first day of the Plan Year that begins on or after the 12-month anniversary of the emergency payment or hardship distribution.

ARTICLE V

Company Contributions

Section 5.1 Matching Contributions. For each Plan Year, the Participating Employer may, from time to time in its sole and absolute discretion, credit Matching Contributions to the Account of a Participant who has completed a Year of Vesting Service and is employed on the last day of such Plan Year. Such contributions shall be based on whether a matching contribution is made by the Company under the Retirement Savings Plan with respect to that Plan Year and, if a contribution is made, the amount of such contribution. If a Matching Contribution is credited to a Participant's Account pursuant to this Section 5.1, it shall be an amount equal to the product of:

(a) The rate of matching contributions made by the Company, if any, with respect to elective deferrals under the Retirement Savings Plan, multiplied by

(b) The amount the Participant elected to defer for the Plan Year in accordance with the Participant's election under Section 4.2 up to 3% of the first one hundred thousand dollars ($100,000) of the Participant's compensation for the Plan Year that exceeds the compensation limit under Code Section 401(a)(17) for such year;

provided, however, that the total of Matching Contributions under this Plan and matching contributions the Company made or would have made under the Qualified Plan if the Participant made the maximum elective deferrals permitted for highly compensated employees under that plan shall not exceed 100% of the matching contribution that would have been provided under the Retirement Savings Plan absent any plan-based restrictions that reflect limits on qualified plan contributions under the Code and based upon compensation as defined under the Retirement Savings Plan. Matching Contributions credited on or after January 1, 2015, shall be credited to a Participant's Primary Retirement/Termination Account. Notwithstanding the foregoing, for calendar years beginning on and after January 1, 2018, "SRP" shall be substituted for "Retirement Savings Plan" where such references appear throughout this Section 5.1.

Section 5.2 Discretionary Company Contributions. The Participating Employer may, from time to time in its sole and absolute discretion, make Discretionary Contributions for a Plan Year to the account of one or more Participants, provided the Participant is an employee of the Company or another Participating Employer as of the last day of the Plan Year and determined in accordance with the provisions of this Section 5.2. Authorization for any Discretionary Contributions pursuant to this Section 5.2 shall be by written resolution duly authorized by the Compensation Committee, which resolution shall specify the amount of the contribution (whether in terms of dollars, percentage of net profits, or percentage of Participant compensation), the period to which the Discretionary Contribution is to be allocated, and any other terms applicable to such contribution. Unless otherwise specified, such resolution shall apply only to the contribution so authorized, and shall not authorize any such Discretionary Contribution for any future period. In the event no resolution is adopted by the Compensation Committee or its delegate, no Discretionary Contribution shall be authorized or presumed. All Discretionary Contributions will be credited to a Participant's Primary Retirement/Termination Account.

Section 5.3 Vesting. Except as may be otherwise provided by the Participating Employer, Company Contributions described in Sections 5.1 and 5.2, above, and the Earnings thereon, shall become vested based on the Participant's Years of Vesting Service, as follows:

Years of Vesting Service	Vested Percentage
Less than one	0%
At least one but less than two	20%
At least two but less than three	40%
At least three but less than four	60%
At least four but less than five	80%
Five or more	100%

All Company Contributions shall become 100% vested upon the occurrence of a Change in Control. The Participating Employer may, at any time, in its sole discretion, increase a Participant's vested interest in a Company Contribution. The portion of a Participant's Accounts that remains unvested upon his or her Separation from Service after the application of the terms of this Section 5.3 shall be forfeited. The provisions of this Section 5.3 shall apply to any amounts credited to a Participant's Matching Amounts Account or Discretionary Amounts Account, including discretionary amounts and matching amounts transferred from the St. Jude Medical S.C., Inc., U.S. Division Representative Principals and Sales Associates Deferred Compensation Plan that were not vested as of the date the transfer occurred; transferred amounts that were vested as of the date of transfer shall continue to be fully vested.

Notwithstanding anything to the contrary herein:

(a) Except as otherwise provided by written agreement between a Participant and the Company, notwithstanding any provision in this Article V to the contrary, the Participant's vested interest in any amounts credited under the Plan shall not be accelerated to the extent that the Company determines that such acceleration would cause the deduction limitations of Code §280G to become effective. The provisions of this paragraph (a) shall take precedence over the provisions of any other agreement between the Participant and the Company to which the deduction limitation of Code §280G applies, and shall result in any reduction under the deduction limitations of Code §280G being applied first to the Participant's Accounts under this Plan before any other reduction as a result of the limitations of Code §280G.

(b) In the event that vesting of any amounts credited under the Plan is not accelerated pursuant to such a determination, the Participant may request independent verification of the calculations of the Company with respect to the application of Code §280G. In such case, the Company must provide to the Participant within 30 business days of such a request an opinion from a national accounting firm selected by the Participant, to the effect that, in the opinion of that accounting firm that any limitation in the vested percentage hereunder is necessary to avoid the limits of Code §280G, and containing supporting calculations, or, in the absence of such an opinion, shall cause such amounts to become fully vested. The cost of such opinion shall be paid for by the Company.

(c) Any amounts credited under the Plan that are not accelerated due to such a determination shall continue to be subject to the Vesting Schedule of this Section 5.3 without regard to the acceleration provisions thereof.

ARTICLE VI

Payments from Accounts

A Participant's Accounts shall be distributed in accordance with the provisions of this Article VI.

Section 6.1 Retirement/Termination Accounts shall be distributed commencing the first calendar quarter that begins after Separation from Service, based on the value of the Account(s) as determined under Article VII. Payment shall be made in a single lump sum, unless the Participant elects on the Compensation Deferral Agreement with which the Account was established to have such Account paid in quarterly installments over a period of two to fifteen years. Notwithstanding anything to the contrary in this Section 6.1, if at the time a Participant Separates from Service he or she has fewer than five Years of Vesting Service or the total of all of his Accounts is $25,000 or less, all of his Accounts will be distributed in a single lump sum.

Notwithstanding anything to the contrary in this Section 6.1, payment to a Participant who is a Specified Employee as of the date such Participant incurs a Separation from Service will be made or begin in the first calendar quarter following the six-month anniversary of the Participant's Separation from Service (or within 90 days of the Participant's date of death, if earlier).

Section 6.2 Specified Date Accounts shall be distributed in January of the year selected by the Participant, based on the value of the Account(s) as determined under Article VII. Payment shall be made in a single lump sum, unless the Participant elects on the Compensation Deferral Agreement with which the Account was established to have such Account paid in annual installments over a period of up to five years.

In the event a Participant Separates from Service before his or her Specified Date Account(s) has been fully distributed, any remaining balances shall be distributed in a single lump sum, unless the Participant elects, on the Compensation Deferral Agreement with which the Account was established, to have such remaining balances distributed in accordance with his or her Primary Retirement/Termination Account payment elections. Payment shall be made at the time specified in Section 6.1.

Section 6.3 Pre-2015 Accounts (other than a Deferred Compensation Account(s)s payable at a scheduled date) shall be distributed commencing the first calendar quarter that begins after Separation from Service, based on the value of the Account(s) as determined under Article VII. Payment shall be made in a single lump sum, unless the Participant elects on the Compensation Deferral Agreement with which the Account was established to have such Account paid in quarterly installments over a period of five, ten or fifteen years. Notwithstanding anything to the contrary in this Section 6.3, if at the time a Participant Separates from Service he or she has fewer than five Years of Vesting Service or the total of all of his Accounts is $25,000 or less, all of his Accounts will be distributed in a single lump sum.

Notwithstanding anything to the contrary in this Section 6.3, payment to a Participant who is a Specified Employee as of the date such Participant incurs a Separation from Service will be made or begin in the first calendar quarter following the six-month anniversary of the Participant's Separation from Service (or within 90 days of the Participant's date of death, if earlier).

The portion of a Participant's Pre-2015 Account consisting of Deferred Compensation Accounts that are payable upon a scheduled date shall be paid in a single lump sum in January of the year specified, based on the value of the Account(s) as determined under Article VII. In the event a Participant Separates from Service before such Account(s) are distributed, such Account(s) shall be distributed in accordance with the form and timing of payments applicable to his or her Discretionary and Match Amount Accounts for the year the deferrals were made.

Section 6.4 Death. Notwithstanding anything to the contrary in this Article VI, upon the death of the Participant, all Retirement/Termination Accounts, Specified Date Accounts, and Pre-2015 Accounts shall be paid to his or her Beneficiary in a single lump sum within 90 days of the date of the Participant's death.

(a) *Designation of Beneficiary in General*. The Participant shall designate one or more primary and/or contingent Beneficiaries on the forms provided by the Plan Administration Committee or on such terms and conditions as the Plan Administration Committee may prescribe. No such designation shall become effective unless filed with and accepted by the Plan Administration Committee during the Participant's lifetime. Any designation shall remain in effect until a new designation is filed with the Plan Administration Committee; provided, however, that in the event a Participant designates his or her spouse as a Beneficiary, such designation shall be automatically revoked upon the dissolution of the marriage unless, following such dissolution, the Participant submits a new designation naming the former spouse as a Beneficiary. A Participant may from time to time change his or her designated Beneficiary without the consent of a previously-designated Beneficiary by filing a new designation with the Plan Administration Committee.

(b) *No Beneficiary*. If a designated Beneficiary does not survive the Participant, or if there is no valid Beneficiary designation, amounts payable under the Plan upon the death of the Participant shall be paid to the first of the following classes of individuals with a member surviving the Participant and (except in the case of surviving issue) in equal shares if there is more than one member in such class:

(i) Participant's surviving spouse

(ii) Participant's surviving issue per stirpes and not per capita

(iii) Participant's surviving parents

(iv) Participant's surviving brothers and sisters

(v) Participant's estate.

(c) *Disclaimers by Beneficiaries*. A Beneficiary entitled to a distribution of all or a portion of the benefits which may be payable with respect to the Participant under the Plan may disclaim an interest therein subject to the following requirements. To be eligible to disclaim, a Beneficiary must be a natural person, must not have received a distribution of all or any portion of the benefits which may be payable with respect to the Participant under the Plan at the time such disclaimer is executed and delivered, and must have attained at least age 21 years as of the date of the Participant's death. Any disclaimer must be in writing and must be executed personally by the Beneficiary before a notary public. A disclaimer shall state that the Beneficiary's entire interest in the undistributed benefits payable with respect to the Participant under the Plan is disclaimed or shall specify what portion thereof is disclaimed. To be effective, duplicate original executed copies of the disclaimer must be both executed and actually delivered to the Company after the date of the Participant's death but not later than 60 days after the date of the Participant's death. A disclaimer shall be irrevocable when delivered to the Company. A disclaimer shall be considered to be delivered to the Company only when actually received and acknowledged by the Company. The Company shall be the sole judge of the content, interpretation and validity of a purported disclaimer. Upon the filing of a valid disclaimer, the Beneficiary shall be considered not to have survived the Participant as to the interest disclaimed. A disclaimer by a Beneficiary shall not be considered to be a transfer of an interest in violation of the provisions of the Plan and shall not be considered to be an assignment or alienation of benefits in violation of federal law prohibiting the assignment or alienation of benefits under this Plan. No other form of attempted disclaimer shall be recognized by the Company.

(d) *Definitions*. When used herein and, unless the Participant has otherwise specified in the Participant's Beneficiary designation, when used in a Beneficiary designation, "issue" means all persons who are lineal descendants of the person whose issue are referred to, including legally adopted descendants and their descendants but not including illegitimate descendants and their descendants; "child" means an issue of the first generation; "per stirpes" means in equal shares among living children of the person whose issue are referred to and the issue (taken collectively) of each deceased child of such person, with such issue taking by right of representation of such deceased child; and "survive" and "surviving" mean living after the death of the Participant.

(e) *Special Rules*. Unless the Participant has otherwise specified in the Participant's Beneficiary designation, the following rules shall apply:

(i) If there is not sufficient evidence that a Beneficiary was living at the time of the death of the Participant, it shall be deemed that the Beneficiary was not living at the time of the death of the Participant.

(ii) The automatic Beneficiaries specified in subsection (b) of this Section 6.4 and the Beneficiaries designated by the Participant shall become fixed at the time of the Participant's death so that, if a Beneficiary survives the Participant but dies before the receipt of all payments due such Beneficiary hereunder, such remaining payments shall be payable to the representative of such Beneficiary's estate.

(iii) If the Participant designates as a Beneficiary the person who is the Participant's spouse on the date of the designation, either by name or by relationship, or both, the dissolution, annulment or other legal termination of the marriage between the Participant and such person shall automatically revoke such designation. (The foregoing shall not prevent the Participant from designating a former spouse as a Beneficiary on a form executed by the Participant and received by the Company after the date of the legal termination of the marriage between the Participant and such former spouse, and during the Participant's lifetime.)

(iv) Any designation of a nonspouse Beneficiary by name that is accompanied by a description of relationship to the Participant shall be given effect without regard to whether the relationship to the Participant exists either then or at the Participant's death.

(v) Any designation of a Beneficiary only by statement of relationship to the Participant shall be effective only to designate the person or persons standing in such relationship to the Participant at the Participant's death.

(f) *Validity of Designation*. A Beneficiary designation is permanently void if it either is executed or is filed by a Participant who, at the time of such execution or filing, is then a minor under the law of the state of the Participant's legal residence. The Company shall be the sole judge of the content, interpretation and validity of a purported Beneficiary designation.

(g) *No Spousal Rights.* Prior to the death of the Participant, no spouse or surviving spouse of a Participant and no person designated to be a Beneficiary shall have any rights or interest in the benefits credited under this Plan including, but not limited to, the right to be the sole Beneficiary or to consent to the designation of Beneficiaries (or the changing of designated Beneficiaries) by the Participant.

Section 6.5 Unforeseeable Emergency. A Participant who experiences an Unforeseeable Emergency may submit a written request to the Divisional Vice President, Compensation and Benefits to receive payment of all or any portion of his or her vested Accounts. If an emergency payment is approved by the Divisional Vice President, Compensation and Benefits, (i) the amount of the payment shall not exceed the amount reasonably necessary to satisfy the need, taking into account the additional compensation that is available to the Participant as the result of cancellation of deferrals to the Plan, including amounts necessary to pay any taxes or penalties that the Participant reasonably anticipates will result from the payment, and (ii) deferrals shall be cancelled for the time specified in Section 4.6. Emergency payments shall be paid in a single lump sum within the 90-day period following the date the payment is approved by the Divisional Vice President, Compensation and Benefits, and shall be subtracted from the Participant's Accounts in the following order: (i) from any Specified Date Accounts, beginning with the Specified Date Account with the latest payment commencement date, (ii) then from Deferred Compensation Accounts scheduled to be paid at a specified date, beginning with the Account with the latest payment commencement date, (iii) then from any Retirement/Termination Accounts, beginning with the Account with the longest payment period, and (iv) finally from any Pre-2015 Accounts scheduled to be paid at Separation from Service, beginning with the Account with the longest payment period.

Section 6.6 Small Balances. Notwithstanding anything to the contrary in this Article VI, the Plan Administration Committee may direct in writing an immediate lump sum payment of the Participant's Accounts if the balance of such Accounts, combined with any other amounts required to be treated as deferred under a single plan pursuant to Code Section 409A, does not exceed the applicable dollar amount under Code Section 402(g)(1)(B), provided any other such aggregated amounts are also distributed in a lump sum at the same time. Such lump sum payment shall automatically be made if the balance of such Accounts does not exceed the applicable dollar amount under Code Section 402(g)(1)(B) at the time the Participant Separates from Service.

Section 6.7 Administrative Discretion with Regard to Timing of Payments. Notwithstanding anything to the contrary in this Article VI, the Plan Administration Committee may make a payment at the time specified in the preceding paragraphs or at a later date that falls in the same calendar year as the specified time or, if later, by the 15th day of the third calendar month following the time specified, provided the Participant is not permitted, directly or indirectly, to designate the taxable year in which payment will be made. Further, the Plan Administration Committee may make a payment up to 30 days preceding the time specified in the preceding paragraphs, provided the Participant is not permitted, directly or indirectly, to designate the taxable year in which the payment will be made. To the extent the Plan Administration Committee exercises its discretion hereunder, payment of the Account shall be based on the value of the Account as of the date specified by the Plan Administration Committee, which shall be no earlier than the end of the month preceding payment and shall be no later than the Business Date preceding the date of payment.

Section 6.8 Acceleration of or Delay in Payments. Notwithstanding anything to the contrary in this Article VI, the Plan Administration Committee, in its sole and absolute discretion, may elect to accelerate the time or form of payment of an Account, provided such acceleration is permitted under Treas. Reg. Section 1.409A-3(j)(4). The Plan Administration Committee may also, in its sole and absolute discretion, delay the time for payment of an Account, to the extent permitted under Treas. Reg. Section 1.409A-2(b)(7).

Section 6.9 Rules Applicable to Installment Payments. If a Payment Schedule specifies installment payments, annual payments will be made beginning as of the payment commencement date for such installments and shall continue on each anniversary thereof until the number of installment payments specified in the Payment Schedule has been paid. The amount of each installment payment shall be determined by dividing (a) by (b), where (a) equals the Account Balance as of the Valuation Date and (b) equals the remaining number of installment

payments. For purposes of Section 6.10, installment payments will be treated as a single form of payment. If an Account is payable in installments, the Account will continue to be credited with Earnings in accordance with Article VII hereof until the Account is completely distributed.

Section 6.10 Modifications to Payment Schedules. A Participant may not modify the Payment Schedule elected by him or her with respect to a Retirement/Termination Account, nor with respect to that portion of the Pre-2015 Account scheduled to be paid upon Separation from Service. A Participant may make one modification to the Payment Schedule of each Specified Date Account, and to that portion of any Deferred Compensation Accounts that are distributable upon a scheduled date, consistent with the permissible Payment Schedules available under the Plan, provided such modification complies with the requirements of this Section 6.10.

(a) *Time of Election.* The date on which a modification election is submitted to the Plan Administration Committee must be at least 12 months prior to the date on which payment is scheduled to commence under the Payment Schedule in effect prior to the modification.

(b) *Date of Payment under Modified Payment Schedule* The date payments are to commence under the modified Payment Schedule must be no earlier than five years after the date payment would have commenced under the original Payment Schedule, unless the modification relates to amounts payable upon death or Disability. Under no circumstances may a modification election result in an acceleration of payments in violation of Code Section 409A.

(c) *Effective Date.* A modification election submitted in accordance with this Section 6.10 is irrevocable 12 months after the date it is received by the Plan Administration Committee.

(d) *Effect on Accounts.* An election to modify a Payment Schedule is specific to the Account or payment event to which it applies, and shall not be construed to affect the Payment Schedules of any other Accounts.

ARTICLE VII

Valuation of Account Balances; Investments

Section 7.1 Valuation. Deferrals shall be credited to appropriate Accounts on the date such compensation would have been paid to the Participant absent the Compensation Deferral Agreement. Company Contributions shall be credited to the Retirement/Termination Account at the times related contributions are credited to the SRP or, if there are no related contributions, at the times determined by the Compensation Committee. Valuation of Accounts shall be performed under procedures approved by the Plan Administration Committee.

Section 7.2 Earnings Credit. Each Account will be credited with Earnings on each Business Day, based upon the Participant's investment allocation among a menu of investment options selected in advance by the Plan Administration Committee, in accordance with the provisions of this Article VII ("investment allocation"). Earnings on amounts deferred or credited to the Plan shall accrue as soon as administratively feasible following the date of deferral or crediting. Earnings shall no longer accrue as of a date no later than seven business days prior to the date an amount is distributed from a Participant's Account.

Section 7.3 Investment Options. Investment options will be determined by the Plan Administration Committee. The Plan Administration Committee, in its sole discretion, shall be permitted to add or remove investment options from the Plan menu from time to time, provided that any such additions or removals of investment options shall not be effective with respect to any period prior to the effective date of such change.

Section 7.4 Investment Allocations. A Participant's investment allocation constitutes a deemed, not actual, investment among the investment options comprising the investment menu. At no time shall a Participant have any real or beneficial ownership in any investment option included in the investment menu, nor shall the Participating Employer or any trustee acting on its behalf have any obligation to purchase actual securities as a result of a Participant's investment allocation. A Participant's investment allocation shall be used solely for purposes of adjusting the value of a Participant's Account Balances.

A Participant shall specify an investment allocation for each of his Accounts in accordance with procedures established by the Plan Administration Committee. Allocation among the investment options must be designated in increments of 1%. The Participant's investment allocation will become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Plan Administration Committee, the next Business Day.

A Participant may change an investment allocation on any Business Day, both with respect to future credits to the Plan and with respect to existing Account Balances, in accordance with procedures adopted by the Plan Administration Committee. Changes shall become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Plan Administration Committee, the next Business Day, and shall be applied prospectively.

Section 7.5 Unallocated Deferrals and Accounts. If the Participant fails to make an investment allocation with respect to an Account, such Account may be deemed allocated to a default investment option, if any, established by the Plan Administration Committee.

ARTICLE VIII

Administration

Section 8.1 Role of the Company. The Company is the sponsor of the plan.

Section 8.2 Role of the Committee. The Committee, or any committee or position of the Company designated by the Committee, shall have the following duties and responsibilities:

(a) to amend or terminate the Plan, pursuant to Article IX;

(b) to annually determine the amount of any Company contributions, pursuant to Article V; and

(c) to approve the merger or spin-off of the Plan or any portion of the Plan.

Section 8.3 Role of the Plan Administration Committee. The Plan Administration Committee, or any committee or position of the Company designated by the Plan Administration Committee, shall serve as the plan administrator. It shall be a principal duty of the plan administrator to see that the Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in the Plan without discrimination among them. Benefits under the Plan shall be paid only if the plan administrator decides, in his or her discretion, that the applicant is entitled to them. For this purpose, the plan administrator's powers will include but will not be limited to, the following authority, in addition to all other powers provided by this Plan:

(a) to make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan, including the establishment of any claims procedures that may be required by applicable provisions of law;

(b) to exercise discretion in interpreting the Plan, any interpretation to be reviewed under the arbitrary and capricious standard;

(c) to exercise discretion in deciding all questions concerning the Plan and the eligibility of any person to participate in the Plan; such decision to be reviewed under the arbitrary and capricious standard;

(d) to appoint such agents, counsel, accountants, consultants and other persons as may be required to assist in administering the Plan;

(e) to allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan, any such allocations, delegation or designation to be in writing;

(f) to determine the amount and type of benefits to which any Participant or Beneficiary shall be entitled hereunder, including the method and date for all valuations under the Plan;

(g) to receive from the Employers and from Participants such information as shall be necessary for the proper administration of the Plan or any of its programs;

(h) to maintain or cause to be maintained all the necessary records for the administration of the Plan;

(i) to receive, review and keep on file (as it deems convenient and proper) reports of benefit payments made by the Plan;

(j) to determine and allocate among the Employers the liability to the Company associated with Plan benefits in accordance with the Plan and to determine the time at which and manner in which that liability shall be paid to the Company;

(k) to make, or cause to be made, equitable adjustments for any mistakes or errors made in the administration of the Plan; and

(l) to do all other acts which the plan administrator deems necessary or proper to accomplish and implement its responsibilities under the Plan.

Section 8.4 Role of the Benefit Administrator. The Benefit Administrator is the contractual service provider to the Plan appointed by the Plan Administration Committee to assist the Plan Administration Committee in the administration of the Plan as provided in this Article VIII and the Plan Administration Committee in the designation of the investment options as provided in Article VII. The Benefit Administrator's duties shall be stated in contractual agreements with the Plan Administration Committee, including, for example, serving as: record keeper for participant accounts in the Plan; manager of the call center and websites that support the Plan; and provider of administrative forms, notices and communications to participants. The Benefit Administrator shall perform such services in accordance with the terms of its contractual agreement(s) with the Plan Administration Committee and/or the Plan Administration Committee.

Section 8.5 [RESERVED]

Section 8.6 Compensation. No member of the Plan Administration or Plan Administration Committees shall receive any compensation from the Trust for services provided.

Section 8.7 Indemnity. The Company shall, to the greatest extent permitted by applicable law, indemnify each member of the Plan Administration and Plan Administration Committees, and any other employee of the Company, including any officer, who in the performance of his or her duties as an employee exercises any discretion or control over the administration of the Plan or its assets against any and all claims, loss, damages, expenses (including counsel fees approved by the respective committee), and liability (including any amounts paid in settlement with the respective committee's approval) arising from any loss or damage or depreciation which may result in connection with the execution of the respective committee's duties or the exercise of the respective committee's discretion or from any other action or failure to act hereunder.

ARTICLE IX

Amendment and Termination

Section 9.1 Amendment and Termination. The Company may at any time and from time to time amend the Plan or may terminate the Plan as provided in this Article IX. Each Participating Employer may also terminate its participation in the Plan.

Section 9.2 Amendments. The Company may amend the Plan, in whole or in part, at any time, provided, however, that no amendment shall have a materially adverse impact on a Participant's reasonably expected economic benefit attributable to compensation deferred by the Participant prior to January 4, 2017. Any amendment which increases the total cost of the Plan to an Employer in excess of $250,000 in each of the three full calendar years next following the date of the amendment shall be approved by the Plan Administration Committee. The Executive Vice President, Human Resources of Abbott Laboratories (or, in the event that no individual holds such title, then the individual performing the duties of such title) shall approve all other amendments to the Plan.

Section 9.3 Termination. The Committee may at any time terminate the Plan with respect to future Deferrals. The Committee may also terminate and liquidate the Plan in its entirety; provided that such termination and liquidation are consistent with the provisions of Code Section 409A. Upon any such termination, the Company shall pay to the Participant the benefits the Participant is entitled to receive under the Plan, determined as of the termination date, in compliance with Code Section 409A.

Section 9.4 Accounts Taxable Under Code Section 409A. The Plan is intended to constitute a plan of deferred compensation that meets the requirements for deferral of income taxation under Code Section 409A. The Plan Administration Committee, pursuant to its authority to interpret the Plan, may sever from the Plan or any Compensation Deferral Agreement any provision or exercise of a right that otherwise would result in a violation of Code Section 409A.

ARTICLE X

Informal Funding

Section 10.1 General Assets. Obligations established under the terms of the Plan may be satisfied from the general funds of the Participating Employers, or a trust described in this Article X. No Participant, spouse or Beneficiary shall have any right, title or interest whatever in assets of the Participating Employers. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Participating Employers and any Employee, spouse, or Beneficiary. To the extent that any person acquires a right to receive payments hereunder, such rights are no greater than the right of an unsecured general creditor of the Participating Employer.

Section 10.2 Rabbi Trust. A Participating Employer may, in its sole discretion, establish a grantor trust, commonly known as a rabbi trust, as a vehicle for accumulating assets to pay benefits under the Plan. Payments under the Plan may be paid from the general assets of the Participating Employer or from the assets of any such rabbi trust. Payment from any such source shall reduce the obligation owed to the Participant or Beneficiary under the Plan.

If a rabbi trust is in existence upon the occurrence of a Change in Control, each Participating Employer shall contribute in cash or liquid securities such amounts as are necessary so that the value of assets after making the contributions equals the total value of all Account Balances.

ARTICLE XI

Claims

Section 11.1 Filing a Claim. Any controversy or claim arising out of or relating to the Plan shall be filed in writing with the Plan Administration Committee which shall make all determinations concerning such claim. Any claim filed with the Plan Administration Committee and any decision by the Plan Administration Committee denying such claim shall be in writing and shall be delivered to the Participant or Beneficiary filing the claim (the “Claimant”).

(a) *In General.* Notice of a denial of benefits will be provided within 90 days of the Plan Administration Committee’s receipt of the Claimant's claim for benefits. If the Plan Administration Committee determines that it needs additional time to review the claim, the Plan Administration Committee will provide the Claimant with a notice of the extension before the end of the initial 90-day period. The extension will not be more than 90 days from the end of the initial 90-day period and the notice of extension will explain the special circumstances that require the extension and the date by which the Plan Administration Committee expects to make a decision.

(b) *Contents of Notice.* If a claim for benefits is completely or partially denied, notice of such denial shall be in writing and shall set forth the reasons for denial in plain language. The notice shall: (i) cite the pertinent provisions of the Plan document, and (ii) explain, where appropriate, how the Claimant can perfect the claim, including a description of any additional material or information necessary to complete the claim and why such material or information is necessary. The claim denial also shall include an explanation of the claims review

procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision on review.

Section 11.2 Appeal of Denied Claims. A Claimant whose claim has been completely or partially denied shall be entitled to appeal the claim denial by filing a written appeal with the Plan Administration Committee. A Claimant who timely requests a review of the denied claim (or his or her authorized representative) may review, upon request and free of charge, copies of all documents, records and other information relevant to the denial and may submit written comments, documents, records and other information relevant to the claim to the Plan Administration Committee. All written comments, documents, records, and other information shall be considered "relevant" if the information: (i) was relied upon in making a benefits determination, (ii) was submitted, considered or generated in the course of making a benefits decision regardless of whether it was relied upon to make the decision, or (iii) demonstrates compliance with administrative processes and safeguards established for making benefit decisions. The Plan Administration Committee may, in its sole discretion and if it deems appropriate or necessary, decide to hold a hearing with respect to the claim appeal.

(a) *In General.* Appeal of a denied benefits claim must be filed in writing with the Plan Administration Committee no later than 60 days after receipt of the written notification of such claim denial. The Plan Administration Committee shall make its decision regarding the merits of the denied claim within 60 days following receipt of the appeal (or within 120 days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Plan Administration Committee expects to render the determination on review. The review will take into account comments, documents, records and other information submitted by the Claimant relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination.

(b) *Contents of Notice.* If a benefits claim is completely or partially denied on review, notice of such denial shall be in writing and shall set forth the reasons for denial in plain language.

The decision on review shall set forth: (i) the specific reason or reasons for the denial, (ii) specific references to the pertinent Plan provisions on which the denial is based, (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, or other information relevant (as defined above) to the Claimant's claim, and (iv) a statement describing any voluntary appeal procedures offered by the plan and a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

Section 11.3 Claims Appeals Upon Change in Control. Upon a Change in Control, the Plan Administration Committee, as constituted immediately prior to such Change in Control, shall continue to act as the entity designated to hear appeals under this Article XI. Upon such Change in Control, the Company may not remove any member of the Plan Administration Committee, but may replace resigning members if 2/3rds of the members of the Board of Directors of the Company and a majority of Participants and Beneficiaries with Account Balances consent to the replacement.

The Plan Administration Committee shall have the exclusive authority at the appeals stage to interpret the terms of the Plan and resolve appeals under the Claims Procedure.

Each Participating Employer shall, with respect to the Plan Administration Committee identified under this Section: (i) pay its proportionate share of all reasonable expenses and fees of the Plan Administration Committee, (ii) indemnify the Plan Administration Committee (including individual committee members) against any costs, expenses and liabilities including, without limitation, attorneys' fees and expenses arising in connection with the performance of the Plan Administration Committee hereunder, except with respect to matters resulting from the Plan Administration Committee's gross negligence or willful misconduct, and (iii) supply full and timely information to the Plan Administration Committee on all matters related to the Plan, any rabbi trust, Participants, Beneficiaries and Accounts as the Plan Administration Committee may reasonably require.

Section 11.4 Legal Action. A Claimant may not bring any legal action, including commencement of any arbitration, relating to a claim for benefits under the Plan unless and until the Claimant has followed the claims procedures under the Plan and exhausted his or her administrative remedies under such claims procedures.

If a Participant or Beneficiary prevails in a legal proceeding brought under the Plan to enforce the rights of such Participant or any other similarly situated Participant or Beneficiary, in whole or in part, the Participating Employer shall reimburse such Participant or Beneficiary for all legal costs, expenses, attorneys' fees and such other liabilities incurred as a result of such proceedings. If the legal proceeding is brought in connection with a Change in Control, or a "change in control" as defined in a rabbi trust described in Section 10.2, the Participant or Beneficiary may file a claim directly with the trustee for reimbursement of such costs, expenses and fees. For purposes of the preceding sentence, the amount of the claim shall be treated as if it were an addition to the Participant's or Beneficiary's Account Balance and will be included in determining the Participating Employer's trust funding obligation under Section 10.2.

Section 11.5 Committee Discretion. All interpretations, determinations and decisions of the Plan Administration Committee with respect to any claim shall be made in its sole discretion, and shall be final and conclusive. Notwithstanding anything to the contrary herein, the Compensation Committee may, at any time and from time to time, without any further action of the Plan Administration Committee, exercise the powers and duties of the Plan Administration Committee under the Plan.

Section 11.6 Arbitration.

(a) *Prior to Change in Control.* If, prior to a Change in Control, any claim or controversy between a Participating Employer and a Participant or Beneficiary is not resolved through the claims procedure set forth in Article XI, such claim shall be submitted to and resolved exclusively by expedited binding arbitration by a single arbitrator. Arbitration shall be conducted in accordance with the following procedures:

The complaining party shall promptly send written notice to the other party identifying the matter in dispute and the proposed remedy. Following the giving of such notice, the parties shall meet and attempt in good faith to resolve the matter. In the event the parties are unable to resolve the matter within 21 days, the parties shall meet and attempt in good faith to select a single arbitrator acceptable to both parties. If a single arbitrator is not selected by mutual consent within ten Business Days following the giving of the written notice of dispute, an arbitrator shall be selected from a list of nine persons each of whom shall be an attorney who is either engaged in the active practice of law or recognized arbitrator and who, in either event, is experienced in serving as an arbitrator in disputes between employers and employees, which list shall be provided by the main office of either JAMS, the American Arbitration Association ("AAA") or the Federal Mediation and Conciliation Service. If, within three Business Days of the parties' receipt of such list, the parties are unable to agree on an arbitrator from the list, then the parties shall each strike names alternatively from the list, with the first to strike being determined by the flip of a coin. After each party has had four strikes, the remaining name on the list shall be the arbitrator. If such person is unable to serve for any reason, the parties shall repeat this process until an arbitrator is selected.

Unless the parties agree otherwise, within 60 days of the selection of the arbitrator, a hearing shall be conducted before such arbitrator at a time and a place agreed upon by the parties. In the event the parties are unable to agree upon the time or place of the arbitration, the time and place shall be designated by the arbitrator after consultation with the parties. Within 30 days of the conclusion of the arbitration hearing, the arbitrator shall issue an award, accompanied by a written decision explaining the basis for the arbitrator's award.

In any arbitration hereunder, the Participating Employer shall pay all administrative fees of the arbitration and all fees of the arbitrator, except that the Participant or Beneficiary may, if he/she/it wishes, pay up to one-half of those amounts. Each party shall pay its own attorneys' fees, costs, and expenses, unless the arbitrator orders otherwise. The prevailing party in such arbitration, as determined by the arbitrator, and in any enforcement or other court proceedings, shall be entitled, to the extent permitted by law, to reimbursement from the other party for all of the prevailing party's costs (including but not limited to the arbitrator's compensation), expenses, and attorneys' fees. The arbitrator shall have no authority to add to or to modify this Plan, shall apply all applicable law, and shall have no lesser and no greater remedial authority than would a court of law resolving the same claim or controversy. The arbitrator shall have no authority to add to or to modify this Plan, shall apply all applicable law, and shall have no lesser and no greater remedial authority than would a court of law resolving the same claim or controversy. The arbitrator shall, upon an appropriate motion, dismiss any claim without an evidentiary hearing if the party bringing

the motion establishes that it would be entitled to summary judgment if the matter had been pursued in court litigation.

The parties shall be entitled to discovery as follows: Each party may take no more than three depositions. The Participating Employer may depose the Participant or Beneficiary plus two other witnesses, and the Participant or Beneficiary may depose the Participating Employer, pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure, plus two other witnesses. Each party may make such reasonable document discovery requests as are allowed in the discretion of the arbitrator.

The decision of the arbitrator shall be final, binding, and non-appealable, and may be enforced as a final judgment in any court of competent jurisdiction.

This arbitration provision of the Plan shall extend to claims against any parent, subsidiary, or affiliate of each party, and, when acting within such capacity, any officer, director, shareholder, Participant, Beneficiary, or agent of any party, or of any of the above, and shall apply as well to claims arising out of state and federal statutes and local ordinances as well as to claims arising under the common law or under this Plan.

Notwithstanding the foregoing, and unless otherwise agreed between the parties, either party may apply to a court for provisional relief, including a temporary restraining order or preliminary injunction, on the ground that the arbitration award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

Any arbitration hereunder shall be conducted in accordance with the Federal Arbitration Act: provided, however, that, in the event of any inconsistency between the rules and procedures of the Act and the terms of this Plan, the terms of this Plan shall prevail.

If any of the provisions of this Section 11.6(a) are determined to be unlawful or otherwise unenforceable, in the whole part, such determination shall not affect the validity of the remainder of this section and this section shall be reformed to the extent necessary to carry out its provisions to the greatest extent possible and to insure that the resolution of all conflicts between the parties, including those arising out of statutory claims, shall be resolved by neutral, binding arbitration. If a court should find that the provisions of this Section 11.6(a) are not absolutely binding, then the parties intend any arbitration decision and award to be fully admissible in evidence in any subsequent action, given great weight by any finder of fact and treated as determinative to the maximum extent permitted by law.

The parties do not agree to arbitrate any putative class action or any other representative action. The parties agree to arbitrate only the claims(s) of a single Participant or Beneficiary.

(b) *Upon Change in Control*. If, upon the occurrence of a Change in Control, any dispute, controversy or claim arises between a Participant or Beneficiary and the Participating Employer out of or relating to or concerning the provisions of the Plan, such dispute, controversy or claim shall be finally settled by a court of competent jurisdiction which, notwithstanding any other provision of the Plan, shall apply a de novo standard of review to any determination made by the Company or its Board of Directors, a Participating Employer, the Plan Administration Committee, the Plan Administration Committee, or the Compensation Committee.

ARTICLE XII

General Provisions

Section 12.1 Assignment. No interest of any Participant, or Beneficiary under this Plan and no benefit payable hereunder shall be assigned as security for a loan, and any such purported assignment shall be null, void and of no effect, nor shall any such interest or any such benefit be subject in any manner, either voluntarily or involuntarily, through court order or otherwise, to anticipation, sale, transfer, assignment or encumbrance by or through any Participant or Beneficiary.

The Company may assign any or all of its liabilities under this Plan in connection with any restructuring, recapitalization, sale of assets or other similar transactions affecting a Participating Employer without the consent of the Participant.

Section 12.2 No Legal or Equitable Rights or Interest. No Participant or other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the service of the Participating Employer. The right and power of a Participating Employer to dismiss or discharge an Employee is expressly reserved. The Participating Employers make no representations or warranties as to the tax consequences to a Participant or a Participant's beneficiaries resulting from a deferral of income pursuant to the Plan.

Section 12.3 No Employment Contract. Nothing contained herein shall be construed to constitute a contract of employment between an Employee and a Participating Employer.

Section 12.4 Notice. Any notice or filing required or permitted to be given to the Plan Administration Committee or the Company under the Plan shall be sufficient if in writing and hand-delivered, or sent by first class mail to the principal office of Abbott Laboratories, directed to the attention of the Plan Administration Committee. Such notice shall be deemed given as of the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark.

Section 12.5 Headings. The headings of Sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.

Section 12.6 Invalid or Unenforceable Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof and the Plan Administration Committee may elect in its sole discretion to construe such invalid or unenforceable provisions in a manner that conforms to applicable law or as if such provisions, to the extent invalid or unenforceable, had not been included.

Section 12.7 Lost Participants or Beneficiaries. Any Participant or Beneficiary who is entitled to a benefit from the Plan has the duty to keep the Plan Administration Committee advised of his or her current mailing address. If benefit payments are returned to the Plan or are not presented for payment after a reasonable amount of time, the Plan Administration Committee shall presume that the payee is missing. The Plan Administration Committee, after making such efforts as in its discretion it deems reasonable and appropriate to locate the payee, shall stop payment on any uncashed checks and may discontinue making future payments until contact with the payee is restored.

Section 12.8 Facility of Payment to a Minor. If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Plan Administration Committee may, in its discretion, make such distribution: (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence, or (ii) to the conservator or guardian or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Plan Administration Committee, the Compensation Committee, the Company, and the Plan from further liability on account thereof.

Section 12.9 Governing Law and Venue. To the extent not preempted by ERISA, the laws of the State of Minnesota shall govern the construction and administration of the Plan. All litigation in any way related to the Plan (including but not limited to any and all claims for benefits) must be filed in the United States District Court for the District of Minnesota.

Exhibit 21

SUBSIDIARIES OF ABBOTT LABORATORIES

The following is a list of subsidiaries of Abbott Laboratories as of January 31, 2020. Abbott Laboratories is not a subsidiary of any other corporation. Where ownership of a subsidiary is less than 100% by Abbott Laboratories or an Abbott Laboratories' subsidiary, such has been noted by an asterisk (*).

Domestic Subsidiaries	**Incorporation**
Abbott Biologicals, LLC	Delaware
Abbott Cardiovascular Inc.	Delaware
Abbott Cardiovascular Systems Inc.	California
Abbott Delaware LLC	Delaware
Abbott Diabetes Care Inc.	Delaware
Abbott Diabetes Care Sales Corporation	Delaware
Abbott Diagnostics Scarborough, Inc.	Delaware
Abbott Equity Investments LLC	Delaware
Abbott Global LLC	Delaware
Abbott Health Products, LLC	Delaware
Abbott Holdings LLC	Delaware
Abbott Informatics Corporation	Florida
Abbott International LLC	Delaware
Abbott Laboratories Inc.	Delaware
Abbott Laboratories International LLC	Illinois
Abbott Laboratories Pacific Ltd.	Illinois
Abbott Laboratories Residential Development Fund, Inc.	Illinois
Abbott Laboratories Services LLC	Illinois
Abbott Management LLC	Delaware
Abbott Molecular Inc.	Delaware
Abbott Nutrition Manufacturing Inc.	Delaware
Abbott Point of Care Inc.	Delaware
Abbott Procurement LLC	Delaware
Abbott Products Operations, LLC	Delaware
Abbott Rapid Diagnostics Informatics, Inc.	Virginia

Abbott Rapid Dx North America, LLC	Delaware
Abbott Resources Inc.	Delaware
Abbott Resources International Inc.	Delaware
Abbott Universal LLC	Delaware
Abbott Vascular Inc.	Delaware
Abbott Vascular Solutions Inc.	Indiana
Abbott Ventures Inc.	Delaware
Advanced Neuromodulation Systems, Inc.	Texas
AGA Medical Corporation	Minnesota
AGA Medical Holdings, Inc.	Delaware
Alere Connect, LLC	Delaware
Alere Holdco, Inc.	Delaware
Alere Home Monitoring, Inc.	Delaware
Alere Inc.	Delaware
Alere International Holding Corp.	Delaware
Alere Phoenix ACQ, Inc.	Delaware
Alere San Diego, Inc.	Delaware
Alere Toxicology Services, Inc.	Louisiana
Alere Toxicology, Inc.	Florida
Alere US Holdings, LLC	Delaware
Amedica Biotech, Inc.	California
Ameditech Inc.	California
American Medical Supplies, Inc.	Florida
AML Medical, LLC	Delaware
APK Advanced Medical Technologies LLC	Georgia
Arriva Medical, LLC	Florida
ATS Laboratories, Inc.	Delaware
Avee Laboratories Inc.	Florida
Bioabsorbable Vascular Solutions, Inc.	Delaware
Biohealth LLC	Delaware
Biosite Incorporated	Delaware
Branan Medical Corporation	Nevada
California Property Holdings III LLC	California
CardioMEMS LLC	Delaware
Cephea Valve Technologies, Inc.	Delaware
Continuum Services LLC	Delaware
Epocal (US), Inc.	Delaware
eScreen, Inc.	Delaware
Evalve International, Inc.	Delaware
Evalve, Inc.	Delaware
First Check Diagnostics, LLC	Delaware
Fournier Pharma Corp.	Delaware
Global Analytical Development LLC	Florida
Hi-Tronics Designs, Inc.	New Jersey

Ibis Biosciences LLC	Delaware
IDEV Technologies, Inc.	Delaware
IMTC Technologies, Inc.	Delaware
Innovacon, Inc.	Delaware
Instant Tech Subsidiary Acquisition Inc.	Delaware
Instant Technologies, Inc.	Virginia
Integrated Vascular Systems, Inc.	Delaware
Inverness Medical Innovations SK, LLC	Delaware
Inverness Medical Investments, LLC	Delaware
Inverness Medical, LLC	Delaware
Ionian Technologies, LLC	Delaware
Irvine Biomedical, Inc.	California
Laboratory Specialists of America, Inc.	Oklahoma
Lake Forest Investments LLC	Delaware
Lightlab Imaging, Inc.	Delaware
MediGuide, LLC	Delaware
Midwest Properties LLC	Delaware
Murex Diagnostics, Inc.	Delaware
Natural Supplement Association, LLC	Colorado
NeuroTherm LLC	Delaware
North Shore Properties, Inc.	Delaware
Pacesetter, Inc.	Delaware
PBM-Selfcare, LLC	Delaware *
PDD II, LLC	Delaware
PDD, LLC	Delaware
Pembrooke Occupational Health, Inc.	Virginia
Quality Assured Services, Inc.	Florida
Redwood Toxicology Laboratory, Inc.	California
RF Medical Holdings LLC	Delaware
RTL Holdings, Inc.	Delaware
Sealing Solutions, Inc.	Georgia
Selfcare Technology, Inc.	Delaware
SJM International, Inc.	Delaware
SJM Thunder Holding Company	Delaware
SPDH, Inc.	Delaware
Spinal Modulation LLC	Delaware
St. Jude Medical ATG, Inc.	Minnesota
St. Jude Medical Business Services, Inc.	Delaware
St. Jude Medical Europe, Inc.	Delaware
St. Jude Medical S.C., Inc.	Minnesota
St. Jude Medical, Atrial Fibrillation Division, Inc.	Minnesota
St. Jude Medical, Cardiology Division, Inc.	Delaware
St. Jude Medical, LLC	Delaware
Standing Stone, LLC	Delaware
Swan-Myers, Incorporated	Indiana
TC1 LLC	Delaware
Tendyne Holdings, Inc.	Delaware
Tendyne Medical, Inc.	Delaware
Thoratec Delaware LLC	Delaware
Thoratec LLC	California
Tobal Products Incorporated	Illinois
Topera, Inc.	Delaware
US CD LLC	Delaware *
X Technologies Inc.	Delaware
ZonePerfect Nutrition Company	Delaware
Foreign Subsidiaries	**Incorporation**
Abbott Products Algerie EURL	Algeria
Abbott Laboratories Argentina Sociedad Anónima	Argentina
Alere S.A.	Argentina
Atlas Farmacéutica S.A.	Argentina
Laboratorio Internacional Argentino S.A.	Argentina
Polygon Labs S.A.	Argentina
St. Jude Medical Argentina S.A.	Argentina
Murex Argentina S.A.	Argentina *
Novamedi S.A.	Argentina *
Abbott Australasia Pty Ltd	Australia
Abbott Medical Australia Pty. Ltd.	Australia
Abbott Rapid Diagnostics PTY LTD.	Australia
Alere Holdings Pty Limited	Australia
Abbott Gesellschaft m.b.H.	Austria
Abbott Medical Austria Ges.m.b.H.	Austria
Abbott Rapid Diagnostics Austria GmbH	Austria
Normann Pharma-Handels GmbH	Austria
St. Jude Medical Export Ges.m.b.H.	Austria

W&R Pharma Handels GmbH	Austria
Abbott Bahamas Overseas Businesses Corporation	Bahamas
Abbott Holdings Limited	Bahamas
Abbott Laboratories (Bangladesh) Limited	Bangladesh *
Alere Bangladesh Limited	Bangladesh *
Abbott Financial Holdings SRL	Barbados
Murex Diagnostics International Inc.	Barbados
Abbott	Belgium
Abbott Medical Belgium	Belgium
Abbott Rapid Diagnostics	Belgium
Abbott Rapid Diagnostics Medical	Belgium
Abbott Vascular International	Belgium
AGA Medical Belgium	Belgium
Endocardial Solutions	Belgium
St. Jude Medical Coordination Center	Belgium
Abbott Australia Enterprises Limited	Bermuda
Abbott Australia Subsidiary Enterprises Limited	Bermuda
Abbott Bermuda Holding Ltd.	Bermuda
Abbott Diagnostics International, Ltd.	Bermuda
Abbott Global Enterprises Limited	Bermuda
Abbott Global Finance Limited	Bermuda
Abbott Global Holding Finance Limited	Bermuda
Abbott Global Holdings Limited	Bermuda
Abbott Healthcare (Puerto Rico) Ltd.	Bermuda
Abbott International Enterprises, Ltd.	Bermuda
Abbott International Holdings Limited	Bermuda
Abbott Ireland	Bermuda
Abbott Strategic Opportunities Limited	Bermuda
Alere Holdings Bermuda Limited	Bermuda
ATS Bermuda Holdings Limited	Bermuda
Pharmatech Boliviana, S.A.	Bolivia
Abbott Laboratórios do Brasil Ltda.	Brazil
Farmacologia Em Aquicultura Veterinária Ltda.	Brazil
St. Jude Medical Brasil Ltda.	Brazil
Alere S/A	Brazil *
American Pharmacist Inc.	British Virgin Islands
Rich Horizons International Limited	British Virgin Islands
Abbott Informatics Canada, Inc	Canada
Abbott International Corporation	Canada
Abbott Laboratories Co.	Canada
Abbott Medical Canada Co./ Medicale Abbott Canada Cie	Canada
Abbott Point of Care Canada Limited	Canada
Abbott Rapid Diagnostics ULC	Canada
eScreen Canada ULC	Canada
Inverness Canadian Acquisition Corporation	Canada
Abbott Laboratories (Chile) Holdco (Dos) SpA	Chile
Abbott Laboratories (Chile) Holdco SpA	Chile
Abbott Laboratories de Chile Limitada	Chile
Aquagestion Capacitación S.A.	Chile
Aquagestion S.A.	Chile
Banco de Vida S.A.	Chile
CFR Chile S.A.	Chile
Esprit de Vie S.A.	Chile
Farmacología en Aquacultura Veterinaria FAV S.A.	Chile
Igloo Zone Chile S.A.	Chile
Instituto de Criopreservación de Chile S.A.	Chile
Inversiones K2 SpA	Chile
Laboratorios Lafi Limitada	Chile
Laboratorios Recalcine S.A.	Chile
Novasalud.com S.A.	Chile
Recben Xenerics Farmaceutica Limitada	Chile
Vida Cell S.A.	Chile
Antares S.A.	Chile *
Bioalgae S.A.	Chile *
Consorcio Tecnológico en Biomedicina Clinico-Molecular S.A.	Chile *
Dextech S.A.	Chile *
Vida Cell Inversiones S.A.	Chile *
Abbott (Jiaxing) Nutrition Co., Ltd.	China
Abbott Laboratories Trading (Shanghai) Co., Ltd.	China
Abbott Medical (Shanghai) Co., Ltd.	China
Abbott Medical Devices Trading (Shanghai) Co., Ltd.	China
ABON Biopharm (Hangzhou) Co., Ltd.	China
Alere (Shanghai) Healthcare Management Co., Ltd.	China
Alere (Shanghai) Medical Sales Co., Ltd.	China
Alere (Shanghai) Technology Co., Ltd.	China

Alere China Co., Ltd.	China
Inverness Medical (Beijing) Co., Ltd.	China
Shandong Abbott Dairy Product Co., Ltd.	China
Shanghai Abbott Medical Devices Science and Technology Co., Ltd.	China
Shanghai Abbott Pharmaceutical Co., Ltd.	China
Shanghai Si Fa Pharmaceutical Company Limited	China
Alere (Shanghai) Diagnostics Co., Ltd.	China *
Abbott Laboratories de Colombia SAS	Colombia
Alere Colombia S.A.	Colombia
American Generics S.A.S.	Colombia
Distribuciones Uquifa S.A.S.	Colombia
Focus Pharmaceutical S.A.S.	Colombia
Laboratorio Franco Colombiano Lafrancol S.A.S.	Colombia
Laboratorio Synthesis S.A.S.	Colombia
Laboratorios Naturmedik S.A.S.	Colombia
Laboratorios Pauly Pharmaceutical S.A.S.	Colombia
Lafrancol Internacional S.A.S.	Colombia
St. Jude Medical Colombia, Ltda.	Colombia
Abbott Healthcare Costa Rica, S.A.	Costa Rica
Abbott Medical Costa Rica, Limitada	Costa Rica
Gynopharm Sociedad Anonima	Costa Rica
Abbott Laboratories d.o.o.	Croatia
Abbott Medical Overseas Cyprus Limited	Cyprus
Abbott Overseas Cyprus Limited	Cyprus
Arvis Investments Limited	Cyprus
Abbott Laboratories, s.r.o.	Czech Republic
Abbott Rapid Diagnostics s.r.o.	Czech Republic
Abbott Laboratories A/S	Denmark
Abbott Medical Danmark A/S	Denmark
Abbott Rapid Diagnostics A/S	Denmark
Inversiones Komodo, S.R.L.	Dominican Republic
Lafrancol Dominicana, S.A.S.	Dominican Republic
Abbott Laboratorios del Ecuador Cia. Ltda.	Ecuador
Fadapharma del Ecuador S.A.	Ecuador
Farmacologia en Aquacultura Veterinaria FAV Ecuador S.A.	Ecuador
Laboratorio Franco Colombiano del Ecuador S.A.	Ecuador
Laboratorios Transpharm S.A.	Ecuador
Nutravida S.A.	Ecuador
Western Pharmaceuticals S.A.	Ecuador
Abbott Healthcare LLC	Egypt
Abbott Limited Egypt LLC	Egypt
Abbott Products Egypt LLC	Egypt
Abbott Products Limited	Egypt
Abbott Sociedad Anonima de Capital Variable	El Salvador
CFR Interamericas EL Salvador, Sociedad Anónima de Capital Variable	El Salvador
Abbott Medical Estonia OÜ	Estonia
Abbott Medical Finland Oy	Finland
Abbott Oy	Finland
Abbott Rapid Diagnostics Oy Ab	Finland
Abbott France S.A.S.	France
Abbott Informatics France	France
Abbott Medical France SAS	France
Abbott Products Distribution SAS	France
Abbott Rapid Diagnostics S.A.S	France
Laboratoires Fournier S.A.S.	France
Orgenics France SAS	France
Vivalsol	France
Abbott Automation Solutions GmbH	Germany
Abbott Diagnostics GmbH	Germany
Abbott GmbH	Germany
Abbott Holding GmbH	Germany
Abbott Informatics Germany GmbH	Germany
Abbott Laboratories Deutschland GmbH	Germany
Abbott Laboratories Deutschland Subsidiary GmbH	Germany
Abbott Laboratories GmbH	Germany
Abbott Management GmbH	Germany
Abbott Medical GmbH	Germany
Abbott Rapid Diagnostics Germany GmbH	Germany
Abbott Rapid Diagnostics Jena GmbH	Germany
Abbott Vascular Instruments Deutschland GmbH	Germany
Alere Diagnostics GmbH	Germany
Alere DoA Holding GmbH	Germany
Alere Holding GmbH	Germany
Diagnostik Nord GmbH	Germany
Fournier Pharma GmbH	Germany

Gabmed GmbH	Germany
Abbott Established Products Holdings (Gibraltar) Limited	Gibraltar
Abbott Holding (Gibraltar) Limited	Gibraltar
Abbott Holding Subsidiary (Gibraltar) Limited	Gibraltar
Abbott Laboratories(Hellas) Societe Anonyme	Greece
Abbott Medical Hellas Limited Liability Trading Company	Greece
Abbott Laboratorios, S.A.	Guatemala
Lafrancol Guatemala S.A. Sociedad Anónima	Guatemala
Negocios Denia, Sociedad Anónima	Guatemala
Comercializadora y Distribuidora CFR Interamericas Honduras S.A.	Honduras
Abbott Hong Kong Holdings Limited	Hong Kong
Abbott Informatics Asia Pacific Limited	Hong Kong
Abbott Laboratories Limited	Hong Kong
Abbott Medical (Hong Kong) Limited	Hong Kong
Alere HK Holdings Limited	Hong Kong
Inverness Medical Innovations Hong Kong Limited	Hong Kong
Abbott Hungary Korlátolt Felelősségű Társaság	Hungary
Abbott Medical Korlátolt Felelősségű Társaság	Hungary
Abbott Healthcare Private Limited	India
Alere Medical Private Limited	India
Inverness Medical Shimla Private Limited	India
St. Jude Medical India Private Limited	India
Abbott India Limited	India *
PT Alere Health	Indonesia
PT. Abbott Products Indonesia	Indonesia
PT. Abbott Indonesia	Indonesia *
Abbott Ireland Financing Designated Activity Company	Ireland
Abbott Ireland Limited	Ireland
Abbott Laboratories Vascular Enterprises	Ireland
Abbott Laboratories, Ireland, Limited	Ireland
Abbott Mature Products International Unlimited Company	Ireland
Abbott Mature Products Management Limited	Ireland
Abbott Medical Ireland Limited	Ireland
Abbott Nutrition Limited	Ireland
Abbott Products Unlimited Company	Ireland
Abbott Rapid Diagnostics International Holdco Unlimited Company	Ireland
Abbott Rapid Diagnostics International Subsidiary Unlimited Company	Ireland
Abbott Rapid Diagnostics International Unlimited Company	Ireland
Abbott Rapid DX International Limited	Ireland
Alere Technologies Holdings Limited	Ireland
Apica Cardiovascular Limited	Ireland
Salviac Limited	Ireland
Abbott Informatics Technologies Ltd	Israel
Abbott Medical Laboratories LTD	Israel
Alere Connected Health LTD	Israel
MediGuide Ltd.	Israel
Orgenics Limited	Israel *
Abbott Medical Italia S.R.L.	Italy
Abbott Rapid Diagnostics S.r.l.	Italy
Abbott S.r.l.	Italy
Alere Toxicology S.r.l. in Liquidazione	Italy
Abbott West Indies Limited	Jamaica *
Abbott Diagnostics Medical Co., Ltd.	Japan
Abbott Japan LLC	Japan
Abbott Medical Japan LLC	Japan
Abbott Vascular Japan Co., Ltd	Japan
St. Jude Medical Asia Pacific Holdings GK	Japan
Abbott Kazakhstan Limited Liability Partnership	Kazakhstan
Veropharm Limited Liability Partnership	Kazakhstan
Abbott Kenya Limited	Kenya
Abbott Diagnostics Korea, Inc.	Korea, Republic of
Abbott Korea Limited	Korea, Republic of
Abbott Medical Korea Limited	Korea, Republic of
Abbott Rapid Diagnostics Inc.	Korea, Republic of
ALR Holdings	Korea, Republic of
Abbott Laboratories Baltics	Latvia
UAB "Abbott Laboratories"	Lithuania
UAB "Abbott Medical Lithuania"	Lithuania
Abbott Bulgaria Luxembourg S.à r.l.	Luxembourg
Abbott Healthcare Luxembourg S.à r.l.	Luxembourg
Abbott Holding Subsidiary (Gibraltar) Limited Luxembourg S.C.S.	Luxembourg
Abbott International Luxembourg S.àr.l.	Luxembourg
Abbott Investments Luxembourg S.à r.l.	Luxembourg
Abbott Nederland Luxembourg S.à r.l.	Luxembourg
Abbott Overseas Luxembourg S.à r.l.	Luxembourg

Abbott Poland Luxembourg S.à r.l.	Luxembourg
Abbott Products Luxembourg S.à r.l.	Luxembourg
Abbott South Africa Luxembourg S.à r.l.	Luxembourg
Abbott Volga Luxembourg S.à r.l.	Luxembourg
St. Jude Medical International Holding	Luxembourg
St. Jude Medical Luxembourg	Luxembourg
St. Jude Medical Luxembourg Holdings II	Luxembourg
St. Jude Medical Luxembourg Holdings NT	Luxembourg
St. Jude Medical Luxembourg Holdings SMI S.à r.l.	Luxembourg
St. Jude Medical Luxembourg Holdings TC S.à r.l.	Luxembourg
Abbott Laboratories (Malaysia) Sdn. Bhd.	Malaysia
Abbott Medical (Malaysia) Sdn. Bhd.	Malaysia
Alere Health Sdn Bhd	Malaysia
St. Jude Medical Operations (Malaysia) Sdn. Bhd.	Malaysia
Yissum Holding Limited	Malta
Abbott Laboratories de México, S.A. de C.V.	Mexico
SJ Medical Mexico, S de R.L. de C.V.	Mexico
Abbott Morocco SARL	Morocco
Abbott Affiliate Holdings B.V.	Netherlands
Abbott B.V.	Netherlands
Abbott Biologicals B.V.	Netherlands
Abbott Healthcare B.V.	Netherlands
Abbott Healthcare Products B.V.	Netherlands
Abbott Holdings B.V.	Netherlands
Abbott Informatics Netherlands B.V.	Netherlands
Abbott Laboratories B.V.	Netherlands
Abbott Laboratories European Holdings B.V.	Netherlands
Abbott Laboratories Finance B.V.	Netherlands
Abbott Logistics B.V.	Netherlands
Abbott Medical Nederland B.V.	Netherlands
Abbott Nederland C.V.	Netherlands
Abbott Netherlands Investments B.V.	Netherlands
Abbott Products B.V.	Netherlands
Abbott Rapid Diagnostics B.V.	Netherlands
Abbott Vascular Netherlands B.V.	Netherlands
Brandex Europe C.V.	Netherlands
Duphar International Research B.V.	Netherlands
Framed B.V.	Netherlands
IMTC Finance B.V.	Netherlands
IMTC Holdings B.V.	Netherlands
Nether Pharma N.P. C.V.	Netherlands
Orgenics International Holdings B.V.	Netherlands
St. Jude Medical Holdings B.V.	Netherlands
Alere Health Services B.V.	Netherlands *
Abbott Laboratories NZ Limited	New Zealand
Abbott Medical New Zealand Limited	New Zealand
Abbott Rapid Diagnostics Limited	New Zealand
CFR Interamericas Nicaragua, Sociedad Anónima	Nicaragua
Alere Healthcare Nigeria Limited	Nigeria
Abbott Diagnostics Technologies AS	Norway
Abbott Medical Norway AS	Norway
Abbott Norge AS	Norway
Abbott Rapid Diagnostics AS	Norway
Axis-Shield AD III AS	Norway
Axis-Shield AD IV AS	Norway
Axis-Shield AS	Norway
Scanax AS	Norway
Alere Medical Pakistan (Private) Limited	Pakistan
Abbott Laboratories (Pakistan) Limited	Pakistan *
Abbott Laboratories, C.A.	Panama
Abbott Overseas, S.A.	Panama
Caripharm Inc.	Panama
CFR Interamericas Panamá S.A.	Panama
Forestcreek Overseas S.A.	Panama
Golnorth Investments S.A.	Panama
Gynopharm de Centroamérica S.A.	Panama
Ramses Business Corp.	Panama
Saboya Enterprises Corporation	Panama
Fada Pharma Paraguay Sociedad Anonima	Paraguay
Pharma International Sociedad Anonima	Paraguay
Abbott Laboratorios S.A.	Peru
Farmindustria S.A.	Peru
Inmobiliaria Naknek S.A.C.	Peru
Lafrancol Perú S.R.L	Peru
Neosalud S.A.C.	Peru

Abbott Laboratories (Philippines)	Philippines
Abbott Products (Philippines), Inc.	Philippines
Alere Philippines, Inc.	Philippines
Arriva Medical Philippines, Inc.	Philippines
Union-Madison Realty Company, Inc.	Philippines *
Abbott Holdings Poland Spółka z ograniczoną odpowiedzialnością	Poland
Abbott Laboratories Poland Spółka z ograniczoną odpowiedzialnością	Poland
Abbott Medical spółka z ograniczoną odpowiedzialnością	Poland
Abbott Laboratórios, Lda	Portugal
Abbott Medical (Portugal) Distribuicao de Produtos Medicos Lda	Portugal
Abbott Rapid Diagnostics LDA	Portugal
Abbott Laboratories (Puerto Rico) Incorporated	Puerto Rico
Abbott Medical Puerto Rico LLC	Puerto Rico
St. Jude Medical Puerto Rico LLC	Puerto Rico
Abbott Products Romania S.R.L.	Romania
Abbott Products Limited Liability Company	Russian Federation
Garden Hills LLC	Russian Federation
Limited Liability Company “VEROPHARM”	Russian Federation
Limited Liability Company Abbott Laboratories	Russian Federation
OJSC "Voronezhkhimpharm"	Russian Federation
SC "VEROPHARM"	Russian Federation
Abbott Saudi Arabia for Trading	Saudi Arabia *
Alere Technologies Limited	Scotland
Abbott Medical Balkan d.o.o. Beograd (Novi Beograd)	Serbia
Abbott Informatics Singapore Pte. Limited	Singapore
Abbott Laboratories (Singapore) Private Limited	Singapore
ABBOTT LABORATORIES SUBSIDIARY SINGAPORE PRIVATE LTD.	Singapore
Abbott Manufacturing Singapore Private Limited	Singapore
Abbott Medical (Singapore) Pte. Ltd.	Singapore
Abbott Operations Singapore Pte. Ltd.	Singapore
Abbott Rapid Diagnostics PTE. LTD.	Singapore
Abbott Laboratories Slovakia s.r.o.	Slovakia
Abbott Laboratories družba za farmacijo in diagnostiko d.o.o.	Slovenia
Abbott Laboratories South Africa (Pty) Ltd.	South Africa
Abbott Rapid Diagnostics (PTY) LTD.	South Africa
Murex Biotech South Africa	South Africa
Pantech (RF) (PTY) LTD	South Africa *
Abbott Doral Investments, S.L.	Spain
Abbott Informatics Spain, S.A.	Spain
Abbott Laboratories, S.A.	Spain
Abbott Medical España, S.A.	Spain
Abbott Products (Spain), S.L.	Spain
Abbott Rapid Diagnostics Healthcare, S.L.	Spain
Alere Spain, S.L.	Spain
Farmaceutica Mont Blanc, S.L.	Spain
Igloo Zone, S.L.	Spain
Omnilab Iberia, Sociedad Limitada	Spain
Abbott Medical Sweden AB	Sweden
Abbott Rapid Diagnostics AB	Sweden
Abbott Scandinavia Aktiebolag	Sweden
Alere Toxicology AB	Sweden
Colibri Medical Aktiebolag	Sweden
European Drug Testing Service EDTS AB	Sweden
St. Jude Medical AB	Sweden
St. Jude Medical Systems AB	Sweden
Abbott AG	Switzerland
Abbott Finance Company SA	Switzerland
Abbott Laboratories GmbH	Switzerland
Abbott Medical (Schweiz) AG	Switzerland
Abbott Products Operations AG	Switzerland
Abbott Rapid Diagnostics Schweiz GmbH	Switzerland
Alere Switzerland GmbH	Switzerland
St. Jude Medical GVA Sàrl	Switzerland
Thoratec Switzerland GmbH	Switzerland
SPD Swiss Precision Diagnostics GmbH	Switzerland *
Abbott Medical Taiwan Co.	Taiwan Province of China
Abbott Rapid Diagnostics Health Corp.	Taiwan Province of China
Abbott Fund Tanzania Limited	Tanzania
Abbott Laboratories Limited	Thailand
Abbott Medical (Thailand) Co., Ltd.	Thailand
Abbott Products Tunisie S.A.R.L.	Tunisia
Abbott Laboratuarlari Ithalat Ihracat ve Ticaret Ltd.Sti	Turkey
St. Jude Medical Turkey Medikal Ürünler Ticaret Limited Sirketi	Turkey
Abbott Trading Company, Inc.	U.S. Virgin Islands
Limited Liability Company "Abbott Ukraine"	Ukraine

Товариство з обмеженою відповідальністю «Верофарм» (ТОВ «Верофарм»)	Ukraine
St. Jude Medical Middle East DMCC	United Arab Emirates
Abbott (UK) Finance Limited	United Kingdom
Abbott (UK) Holdings Limited	United Kingdom
Abbott Asia Holdings Limited	United Kingdom
Abbott Asia Investments Limited	United Kingdom
Abbott Australasia Holdings Limited	United Kingdom
Abbott Capital India Limited	United Kingdom
Abbott Diabetes Care Limited	United Kingdom
Abbott Equity Holdings Unlimited	United Kingdom
Abbott Healthcare Products Ltd	United Kingdom
Abbott Informatics Europe Limited	United Kingdom
Abbott Laboratories Limited	United Kingdom
Abbott Laboratories Trustee Company Limited	United Kingdom
Abbott Medical U.K. Limited	United Kingdom
Abbott Rapid Diagnostics Limited	United Kingdom
Abbott Vascular Devices (2) Limited	United Kingdom
Abbott Vascular Devices Limited	United Kingdom
Alere AS Holdings Limited	United Kingdom
Alere BBI Holdings Limited	United Kingdom
Alere Connected Health Limited	United Kingdom
Alere Healthcare Connections Limited	United Kingdom
Alere Toxicology plc	United Kingdom
Alere UK Holdings Limited	United Kingdom
Alere UK Subco Limited	United Kingdom
Alisoc Investment & Co	United Kingdom
Axis-Shield Diagnostics Limited	United Kingdom
Axis-Shield Limited	United Kingdom
BBI Animal Health Limited	United Kingdom
BBI Diagnostics Group 2 Public Limited Company	United Kingdom
British Colloids Limited	United Kingdom
Concateno South Limited	United Kingdom
Concateno UK Limited	United Kingdom
Cozart Limited	United Kingdom
European Chemicals & Co	United Kingdom
Forensics Limited	United Kingdom
Fournier Pharmaceuticals Limited	United Kingdom
Globapharm & CO LP	United Kingdom
Gynocare Limited	United Kingdom
IG Innovations Limited	United Kingdom
Knoll UK Investments Unlimited	United Kingdom
Mansbridge Pharmaceuticals Limited	United Kingdom
Medscreen Holdings Limited	United Kingdom
Murex Biotech Limited	United Kingdom
Sinensix & Co.	United Kingdom
Thoratec Europe Limited	United Kingdom
TwistDX Limited	United Kingdom
Unipath Limited	United Kingdom
Unipath Management Limited	United Kingdom
Unipath Pension Trustee Limited	United Kingdom
Abbott Laboratories Uruguay S.A.	Uruguay
Abbott Operations Uruguay S.R.L.	Uruguay
Bosque Bonito S.A.	Uruguay
European Services S.A.	Uruguay
Fernwood Investment S.A.	Uruguay
Kangshenyunga S.A.	Uruguay
Penagos S.A.	Uruguay
Pharmaceutical Technologies (Pharmatech) S.A.	Uruguay
Tremora S.A.	Uruguay
Tuenir S.A.	Uruguay
Abbott Laboratories, C.A.	Venezuela
Gynopharm de Venezuela, C.A.	Venezuela
3A Nutrition (Vietnam) Company Limited	Viet Nam
Glomed Pharmaceutical Company Limited	Viet Nam
Domesco Medical Import-Export Joint-Stock Corporation	Viet Nam *
Abbott Trading Company, Inc.	Virgin Islands, U.S.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement No. 333-158782 on Form S-8 for the Abbott Laboratories 2009 Incentive Stock Program;

2) Registration Statement Nos. 333-74220, 333-102179, 333-124851, 333-153200, 333-169886, 333-204773 and 333-227803 on Form S-8 for the Abbott Laboratories Deferred Compensation Plan;

3) Registration Statement Nos. 33-26685, 33-50452, 33-51585, 33-56897, 33-65127, 333-19511, 333-43383, 333-69579, 333-93257, 333-74224, 333-102180, 333-109253, 333-124849, 333-141116, 333-153198, 333-169888, 333-204772 and 333-227802 on Form S-8 for the Abbott Laboratories Stock Retirement Program and Trusts;

4) Registration Statement No. 333-202508 on Form S-3;

5) Registration Statement Nos. 333-212002 and 333-216141 on Form S-4;

6) Post-Effective Amendment on Form S-8 to Registration Statement No. 333-212002 on Form S-4 for the St. Jude Medical, Inc. 2007 Stock Incentive Plan, as Amended and Restated (2014) and the Thoratec Corporation Amended and Restated 2006 Incentive Stock Plan;

7) Registration Statement Nos. 333-215423 and 333-227804 on Form S-8 for the Management Savings Plan (f/k/a the St. Jude Medical, Inc. Management Savings Plan), as amended and restated effective January 1, 2016; and

8) Registration Statement No. 333-217540 on Form S-8 for the Abbott Laboratories 2017 Incentive Stock Program and the Abbott Laboratories 2017 Employee Stock Purchase Plan for Non-U.S. Employees

of our reports dated February 21, 2020, with respect to the consolidated financial statements, schedule and the effectiveness of internal control over financial reporting of Abbott Laboratories and subsidiaries, included in this Annual Report (Form 10-K) of Abbott Laboratories and subsidiaries for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Chicago, Illinois
February 21, 2020

Exhibit 31.1

Certification of Chief Executive Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))

I, Miles D. White, certify that:

1. I have reviewed this annual report on Form 10-K of Abbott Laboratories;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott as of, and for, the periods presented in this report;

4. Abbott's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Abbott and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Abbott, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of Abbott's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in Abbott's internal control over financial reporting that occurred during Abbott's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Abbott's internal control over financial reporting; and

5. Abbott's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Abbott's auditors and the audit committee of Abbott's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Abbott's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott's internal control over financial reporting.

/s/ MILES D. WHITE
Miles D. White,
Chairman of the Board and
Chief Executive Officer

Date: February 21, 2020

Exhibit 31.2

Certification of Chief Financial Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))

I, Brian B. Yoor, certify that:

1. I have reviewed this annual report on Form 10-K of Abbott Laboratories;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Abbott as of, and for, the periods presented in this report;

4. Abbott's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Abbott and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Abbott, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of Abbott's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in Abbott's internal control over financial reporting that occurred during Abbott's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Abbott's internal control over financial reporting; and

5. Abbott's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Abbott's auditors and the audit committee of Abbott's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Abbott's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Abbott's internal control over financial reporting.

/s/ BRIAN B. YOOR
Brian B. Yoor,
Executive Vice President, Finance
and Chief Financial Officer

Date: February 21, 2020

Exhibit 32.1

Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Abbott Laboratories (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission (the "Report"), I, Miles D. White, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MILES D. WHITE
Miles D. White,
Chairman of the Board and
Chief Executive Officer

Date: February 21, 2020

A signed original of this written statement required by Section 906 has been provided to Abbott Laboratories and will be retained by Abbott Laboratories and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Abbott Laboratories (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission (the "Report"), I, Brian B. Yoor, Executive Vice President, Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BRIAN B. YOOR
Brian B. Yoor,
Executive Vice President, Finance
and Chief Financial Officer

Date: February 21, 2020

A signed original of this written statement required by Section 906 has been provided to Abbott Laboratories and will be retained by Abbott Laboratories and furnished to the Securities and Exchange Commission or its staff upon request.
