2013 ANNUAL REPORT

Abbott

Abbott is a global healthcare company. Our unique mix of businesses and broadly diversified portfolio of market-leading products is aligned with long-term healthcare trends in both developed and developing markets. With global reach and a strong reputation that supports locally targeted efforts, our company is poised to continue its 125-year tradition of helping our customers, our colleagues and our shareholders fulfill their potential.

TABLE OF CONTENTS

ON THE COVER:

MARISELA HERNÁNDEZ
ENSURE ADVANCE,
MEXICO CITY, MEXICO

Marisela has always been an active person. But when she was in her mid-40s, she began to feel noticeably less energetic and strong. After consulting her doctor, she began to take a more active approach to maintaining her health, drinking *Ensure Advance* and working out more regularly at a gym near her home. Today, at 60, she feels much stronger and has more energy for her busy career as a financial consultant.

MILES WHITE Chairman of the Board and Chief Executive Officer

Dear Fellow Shareholder:

2013 was an extraordinary year for our company, captured in simultaneous milestones: On the year's first day we marked our 125th anniversary and we became a new company with the highly successful launch of AbbVie.

LETTER TO OUR SHAREHOLDERS

This rare combination of achievements says a great deal about our company. On the one hand, it's remarkable for any enterprise to endure as long as 125 years. On the other, it's unusual for a company to make such a change, separating its original and largest business.

But doing so was entirely consistent with our long history of success — another example of Abbott reinventing itself in new ways that reflect its changing environment and opportunities. This readiness to adapt for the future is why the Abbott of today is ready to attain new levels of achievement in the years ahead.

There are four primary bases for our future success, all clearly at work in the strong performance we delivered in 2013. Today's Abbott is:

BALANCED

Business diversity has long been our fundamental strategy. But its essence is balance. We don't want to be over-dependent on any single part of our mix. And today's Abbott is better balanced than ever before — and in multiple dimensions of our profile.

First is business balance. Our four major businesses — Nutritionals, Medical Devices, Established Pharmaceuticals, and Diagnostics — are of roughly the same size. This provides us consistent opportunity to participate across the spectrum of healthcare, without over exposure to the challenges of any given sector. Next is geographical balance. Not even a decade ago, the majority of Abbott's business was in the United States. Today the U.S. accounts for a more proportionate amount of our worldwide sales, approximately 30 percent. Another 30 percent of our sales come from other developed markets, and 40 percent from faster-growing "emerging" markets. Again, this balance provides access to opportunity without over reliance on any particular area. We have significant presence and strong positions in the faster-growing developing markets, and leadership positions that offer durable performance in developed markets.

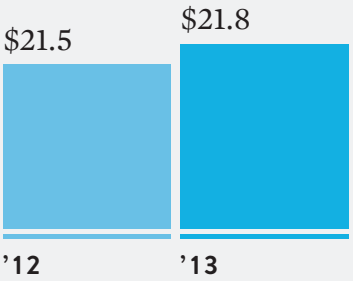
And, finally, we've achieved a new kind of customer balance, as well: today approximately half of our sales are direct to the consumers who use our products, up from only 25 percent before our separation. This allows us to build direct relationships with the people doing the purchasing, and makes us less reliant on the decisions of third parties.

GLOBAL

With roughly 70 percent of our sales now outside the U.S., today's Abbott is one of the most global of all healthcare companies. We've long had sales operations around the world; but we are now a truly globalized organization, in every sense, combining worldwide strength and perspective with deep local roots.

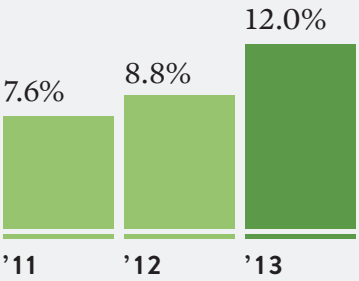
Today approximately 70 percent of Abbott people are employed outside the U.S. And we're locating more research and manufacturing operations in-region to better understand and respond to local needs and preferences.

NET SALES WORLDWIDE
(dollars in billions)



In 2013, Abbott sales increased approximately 4 percent over 2012, excluding the impact of foreign exchange.

OPERATING MARGIN EXPANSION



Abbott's 2013 operating margin increased by 320 basis points over 2012.

LETTER TO OUR SHAREHOLDERS

This year we will open new manufacturing plants in China and India to be closer to our growing customer base.

And we've met this evolution of our profile with a commensurate reshaping of our structure and operations. We're continuing major initiatives begun in 2013 to strengthen and streamline our international operations, with regional marketing organizations deepening our localization in key areas such as India, where we are the largest pharmaceutical company serving the world's second-largest population.

ALIGNED

Abbott is in the right businesses and the right markets — with the right products at the right time. We are very well aligned with favorable global trends — scientific and medical, demographic and economic — allowing us to help more people around the world every year.

With a large and increasing percentage of our business in emerging markets, we're positioned to grow as both these countries' populations and their buying power expand. This year, emerging economies are expected to grow almost six percent, compared with just over two percent for developed countries. And as nations move up the income curve, one of their first priorities is improving their people's access to healthcare. As a result, developing economies commit in excess of one-third more of their incremental income growth to healthcare spending than do people in high-income countries, and more than 50 percent more than those in low-income countries — yet their healthcare spending remains only a small percentage of gross domestic product relative to developed countries, providing great long-term growth opportunity.

As an example of how economic growth can drive healthcare investment, pharmaceutical spending in the fastest-growing emerging markets is expected to nearly double — the largest factor in total global pharmaceutical market growth. We expect emerging markets to represent approximately 75 percent of Abbott's pharmaceutical business within the next several years.

And the world's population is not only growing, but aging. Today, approximately 23 percent of the world's population is 50 or older; according to United Nations projections, that percentage will grow to 40 percent by 2050. Abbott's leadership in treating conditions associated with aging — such as cataracts, the world's most-performed surgery, in which we're the second largest provider — promises strong growth as need for these treatments continues to expand. This trend offers similar opportunity to our adult nutrition franchise, today a $3 billion business worldwide.

LEADING

These strengths and others make today's Abbott a leader — in its major businesses, in product and geographic markets around the world, and in a broad range of important business practices.

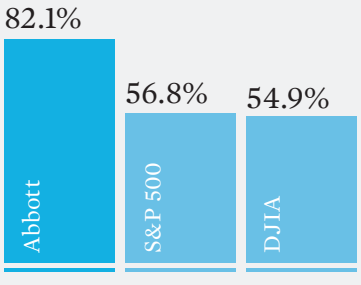
CONSISTENT DIVIDENDS

(dollars per share paid)

57% *increase announced for dividends to be paid in 2014.*

3-YEAR TOTAL SHAREHOLDER RETURN

(year ended 12/31/13)



Total return significantly outperformed the Dow Jones Industrial Average, as well as the Standard & Poor's 500 index over the past three years.

LETTER TO OUR SHAREHOLDERS

Abbott is the world leader in immunoassay diagnostics and blood screening; the global leader in adult nutritional products, and the U.S. leader in pediatric nutritionals; we're the world leader in *LASIK* devices, in drug-eluting and bare-metal stents; and we originated the new category of bioresorbable vascular scaffolds, in which we continue to have the world's leading product.

In 2013 we were again recognized as our industry's best deal maker, as a top employer, and as one of the world's best corporate citizens. And our broad and deep research and development capability allows us to deliver advancements across the spectrum of innovation, from breakthrough technologies to packaging improvements. In other words, our company continues to not just maintain its excellence, but to advance standards across its operations. We have a very strong base on which to build our future.

"We achieve our potential as a company by helping people achieve their potential as individuals."

PERFORMANCE

For the full-year 2013, we delivered solid growth in sales, earnings and earnings per share over 2012. At the same time, we returned nearly $2.5 billion to shareholders in the form of dividends and share repurchases, and announced a 57 percent increase in our dividend beginning this year.

Strong performance across many of our businesses, combined with gross and operating margin expansion, enabled us to deliver on our 2013 expectations despite some challenges.

At the same time, we executed on our strategic priorities, delivering or exceeding operational sales growth expectations across many of our businesses; completing acquisitions that brought us important, best-in-class new technologies in our endovascular and vision care businesses; launching numerous new products across our portfolio, including our *MitraClip* structural heart device in the U.S., multiple innovations in our cataract business that are driving share gains, and some 60 launches in Nutrition; and achieving significant operating margin expansion in Nutrition and Diagnostics.

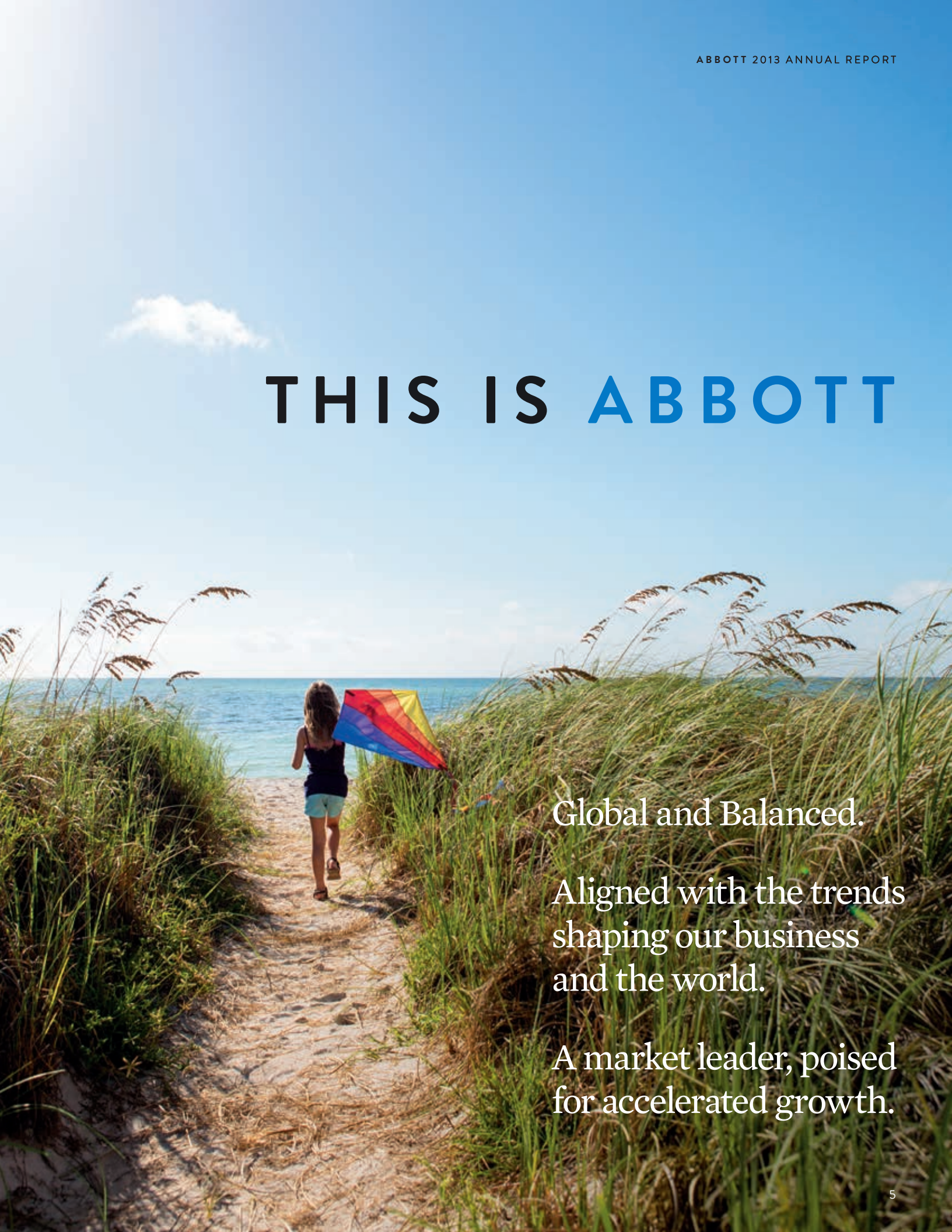
AIMING HIGHER

While today's Abbott is very much the company you've known in terms of its well established strengths, we're a very new one in terms of the opportunities before us, the ways we're adjusting and fine-tuning our operations, and, perhaps most importantly, in a heightened sense of aspiration for our future. This will be embodied by the new corporate brand we will launch this year as we build a powerful corporate identity in keeping with our position as a long-term global healthcare leader, firmly focused on a great future.

The essence of our business has been the same since Dr. Abbott began it: We achieve our potential as a company by helping people achieve their potential as individuals. And we believe that potential is unlimited. Our goal is to build the best Abbott yet. Given our distinguished 125-year legacy, that's a high ambition, indeed; but, with the excellence of our opportunities and our capabilities, it's one well within our reach.

Miles D. White
Chairman of the Board
and Chief Executive Officer
March 3, 2014

THIS IS ABBOTT



Global and Balanced.

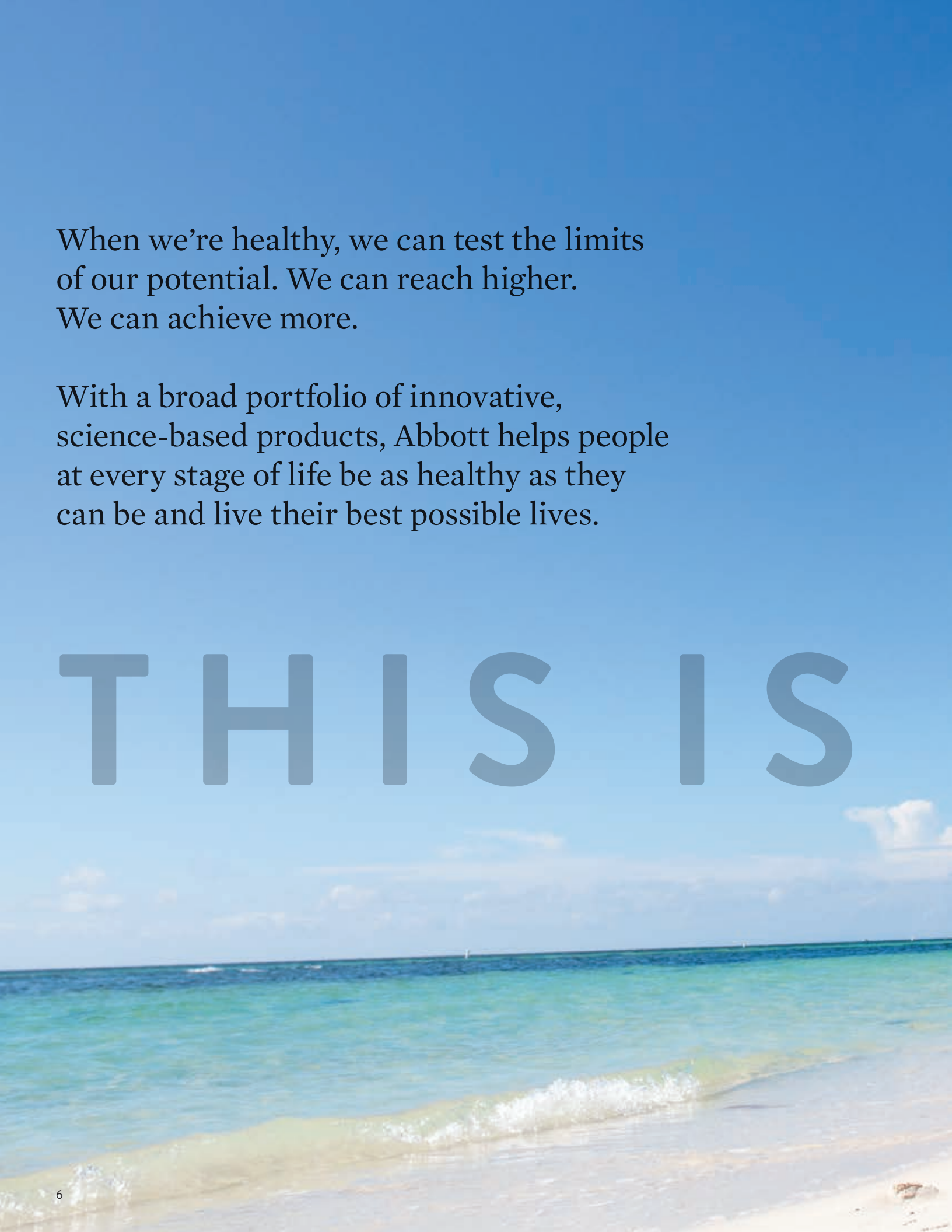
Aligned with the trends shaping our business and the world.

A market leader, poised for accelerated growth.

When we're healthy, we can test the limits of our potential. We can reach higher. We can achieve more.

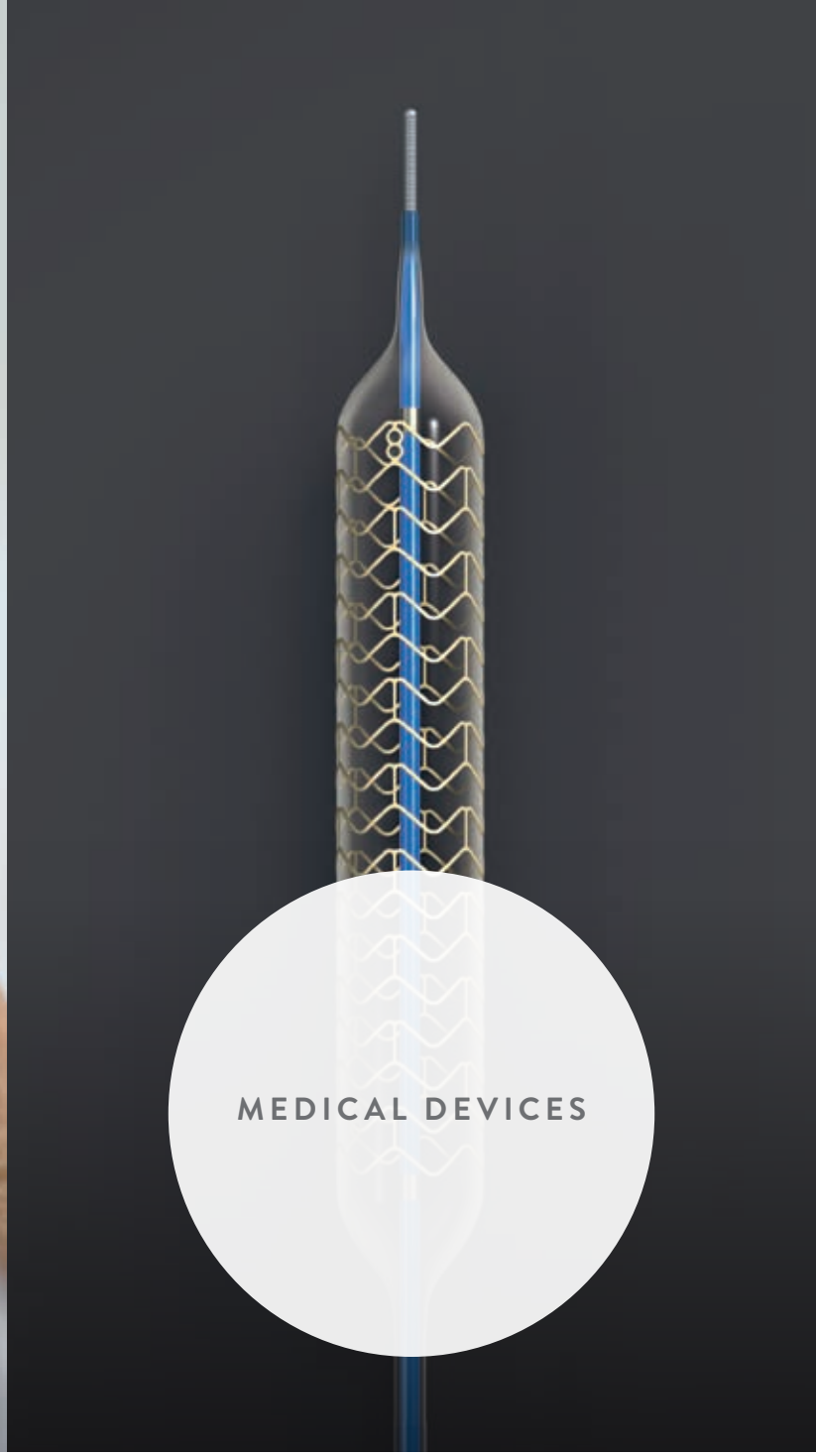
With a broad portfolio of innovative, science-based products, Abbott helps people at every stage of life be as healthy as they can be and live their best possible lives.

THIS IS



BRADY WRIGHT
i-STAT
Key West, Florida

NUTRITION

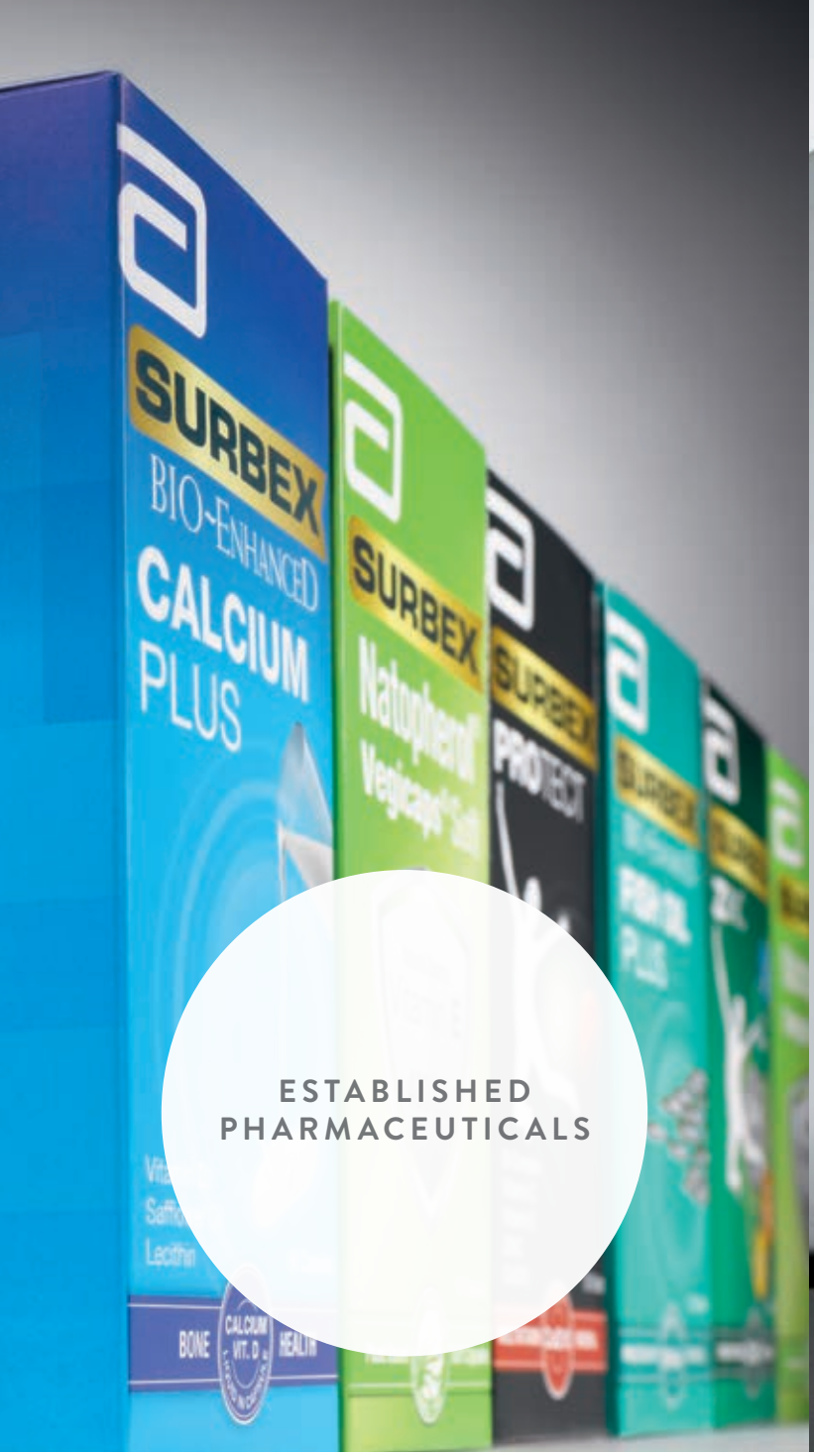


MEDICAL DEVICES

THIS IS ABBOTT

BALANCED

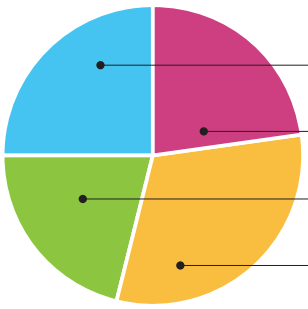
In a complex and changing world, Abbott's diversity lets us tailor our product offering to the specific needs of the countries and customers we serve.



ESTABLISHED PHARMACEUTICALS

DIAGNOSTICS

Our balanced portfolio, with four leading businesses of roughly equal size, helps offset volatility in any single business or market.



2013 REVENUE

25%
Medical Devices

23%
Established Pharmaceuticals

21%
Diagnostics

31%
Nutrition

OUR PRODUCTS SPAN THE CONTINUUM OF HEALTHCARE.

- *Prevention*
- *Diagnosis*
- *Treatment*

THIS IS ABBOTT

GLOBAL

Our long-standing — and fast-growing — presence in key markets around the world lets us understand unique local health needs and deliver solutions designed to meet them.

FRANZISCA DEITRICH
iDESIGN
Berlin, Germany

Our business mix strikes a strong balance between more stable, developed markets and emerging economies that offer higher long-term growth potential.

ABBOTT REGIONAL SALES

40%
Emerging Markets

30%
United States

30%
Other Developed Markets

In many countries around the world, and particularly in emerging markets, economic growth is increasing demand for better healthcare and nutrition, and accelerating the development of healthcare systems. Abbott's broad global presence gives us the flexibility to invest in markets where we can have the greatest impact.

BAROKA HERLAMBANG
Depakote
Bandung, Indonesia

THIS IS ABBOTT

ALIGNED

Our broad product portfolio lets our company address important trends in human health and well-being at every stage of life.

As the world population grows older, we see an increase in the diseases of aging such as diabetes and cataracts. *Abbott is there.*

As consumers take a more active role in their health-care decisions, they look for a brand they can trust. *Abbott is there.*

With an increasing emphasis on cost-efficiency, there is ever-greater demand for products and services that deliver real value. *Abbott is there.*

THIS IS ABBOTT

LEADING

Abbott's reputation for leadership extends well beyond the market-leading products in each of our businesses. We are recognized around the world for the quality of our people, processes and programs.

NUTRITION

#1 adult nutrition brand

Leading pediatric nutrition brand

Market leader in 25 countries

MEDICAL DEVICES

#1 in drug-eluting stents

World's leading drug-eluting bioresorbable vascular scaffold

#1 in laser corrective eye surgery

#2 in cataract surgery

ESTABLISHED PHARMACEUTICALS

A product portfolio including some of the world's most trusted brands

#1 in India

#2 in Pakistan

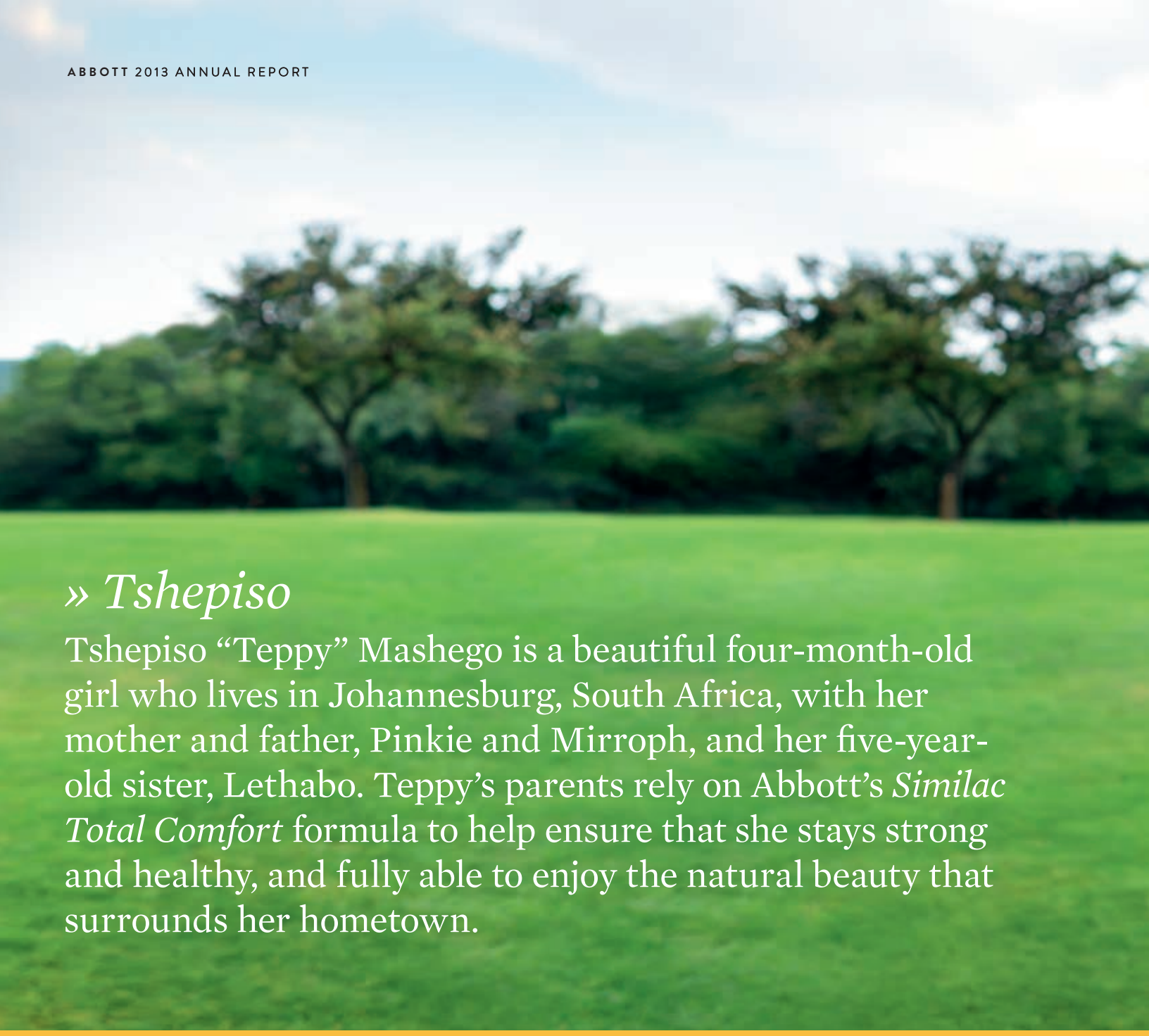
DIAGNOSTICS

#1 in immunoassay

#1 in blood screening

Best-in-class infectious disease molecular tests

Leading point-of-care platform



» *Tshepiso*

Tshepiso "Teppy" Mashego is a beautiful four-month-old girl who lives in Johannesburg, South Africa, with her mother and father, Pinkie and Mirroph, and her five-year-old sister, Lethabo. Teppy's parents rely on Abbott's *Similac Total Comfort* formula to help ensure that she stays strong and healthy, and fully able to enjoy the natural beauty that surrounds her hometown.

NUTRITION

Our most consumer-facing business offers compelling growth opportunities

TSHEPISO, WITH MOTHER PINKIE
Similac Total Comfort
Johannesburg, South Africa

People rely on Abbott's science-based nutrition products at every stage of life. They know they can count on our trusted brands to help their children thrive, to provide the extra nutrition that older bodies need, or even to let them get the most out of an exercise program. Whatever the need, Abbott Nutrition helps people enjoy their healthiest possible lives.

NUTRITION

KEY MARKET TRENDS

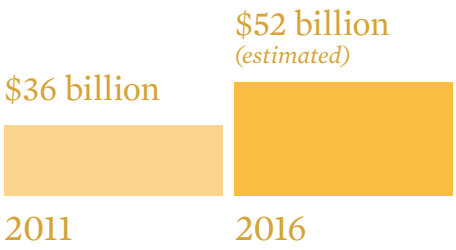
- High birth rates in emerging markets
- Aging population worldwide
- Expanding economies in key developing markets
- Growing awareness of the role of nutrition in wellness
- Increased willingness on the part of consumers to pay for innovation

2013 BUSINESS HIGHLIGHTS

- Maintained position as #1 infant formula brand in the U.S. with innovations including *Similac* for Supplementation and *Similac Total Comfort*
- Sustained #1 worldwide position in Adult nutrition
- Opened nutrition research and development center in China
- Launched premium infant formula brand in the fast-growing online channel in China
- Significantly expanding manufacturing capacity with new, state-of-the-art manufacturing plants in U.S., India and China
- Published ground-breaking study highlighting the impact of oral nutritional supplementation on health economic outcomes

45% In 2013, adult nutritional products represented almost half of Abbott's nutrition business.

GLOBAL NUTRITION MARKET PROJECTED GROWTH



Science-based Innovations Fuel Growth

- More than 60 product launches in 2013
- Pediatric nutritionals to support healthy growth during pregnancy and throughout childhood
- Adult nutritionals designed to aid recovery and promote healthy aging
- Global launch of *Similac* tolerance formulas

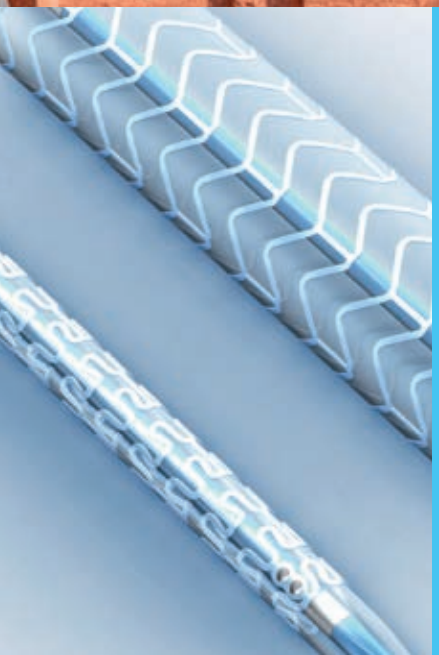
DINESH VARMA
Absorb Bioresorbable
Vascular Scaffold
Jaipur, India

MEDICAL DEVICES

Technology leaders in key areas of medical need

» *Dinesh*

When 43-year-old Dinesh Varma found himself in an emergency room with significantly blocked vessels in his heart, he faced difficult decisions. After reviewing treatment options, Dinesh and his doctors elected to use Abbott's *Absorb* bioresorbable vascular scaffold to help reopen his blocked arteries. Today, Dinesh is enjoying his life and awaiting the birth of his first child.



Patient-focused innovations let Abbott's medical device businesses — Vascular, Diabetes Care and Vision Care — deliver improved outcomes for people around the world. Our next-generation technologies can help people recover more quickly, monitor more accurately, and see more clearly, helping them get on with the business of living.

MEDICAL DEVICES

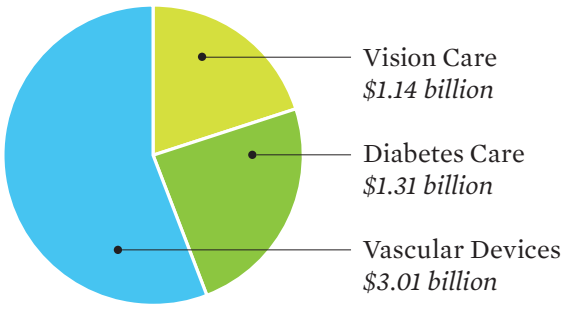
KEY MARKET TRENDS

- Aging population worldwide. Number of people over 50 years old will double by 2030
- Increasing incidence of chronic conditions like diabetes and heart disease
- Improving healthcare infrastructure in emerging markets

KEY GROWTH OPPORTUNITIES

- Bioresorbable vascular scaffold — first-of-its-kind treatment in the large cardiovascular market
- Blood-glucose monitoring — high incidence of diabetes in emerging markets
- Cataract surgery — #1 surgical procedure worldwide, growth driven by aging population

2013 SALES BY DIVISION



DIABETES CARE

VISION CARE

2013 BUSINESS HIGHLIGHTS

DIABETES CARE

- Focused on meeting the needs of insulin users
- *FreeStyle Precision Neo,* a consumer blood glucose meter, approved in Europe
- *FreeStyle Precision Pro,* a professional blood glucose system, approved in U.S. and Europe
- Next-generation sensing technology offers significant advantages for people with diabetes

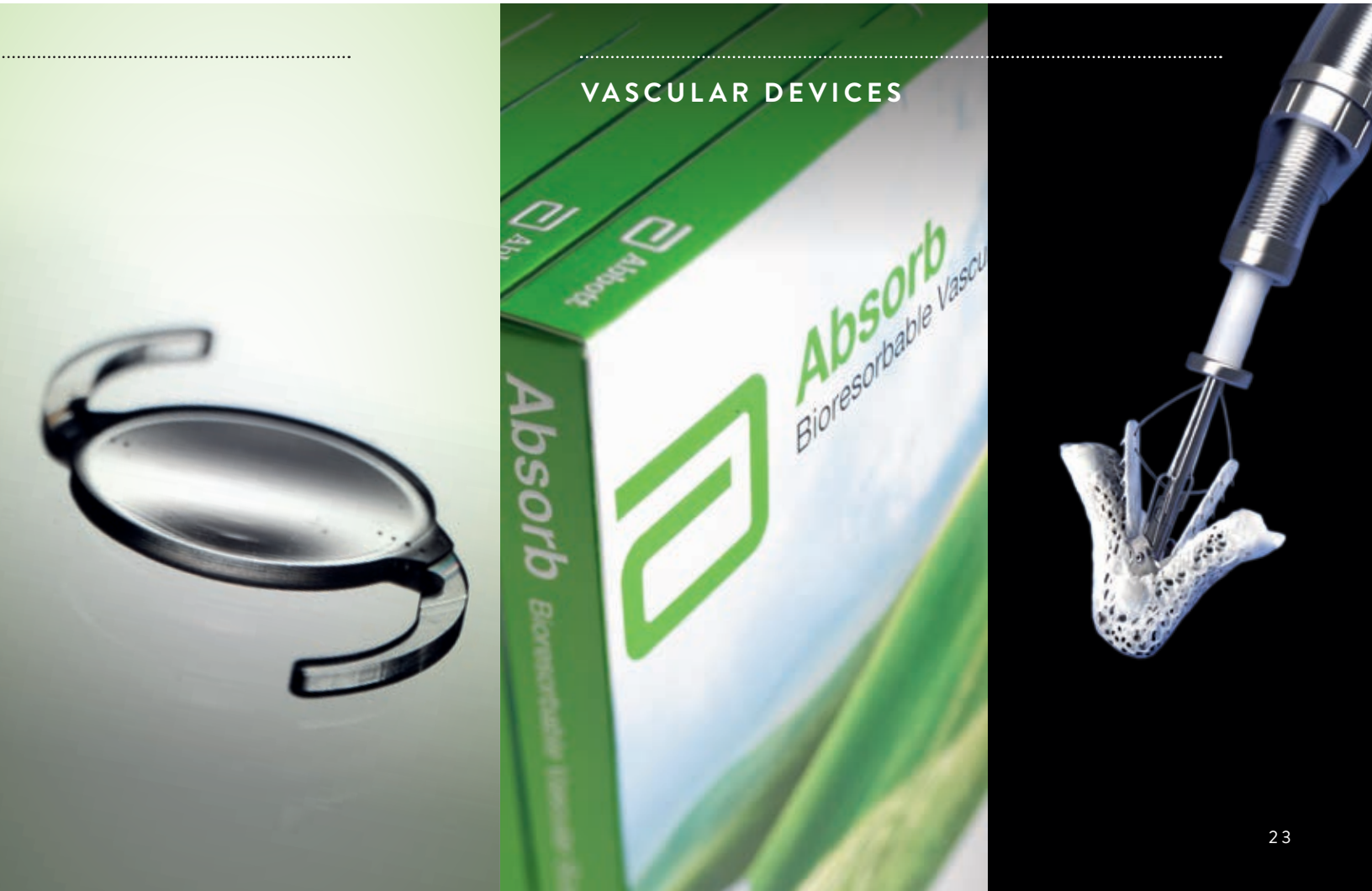
VISION CARE

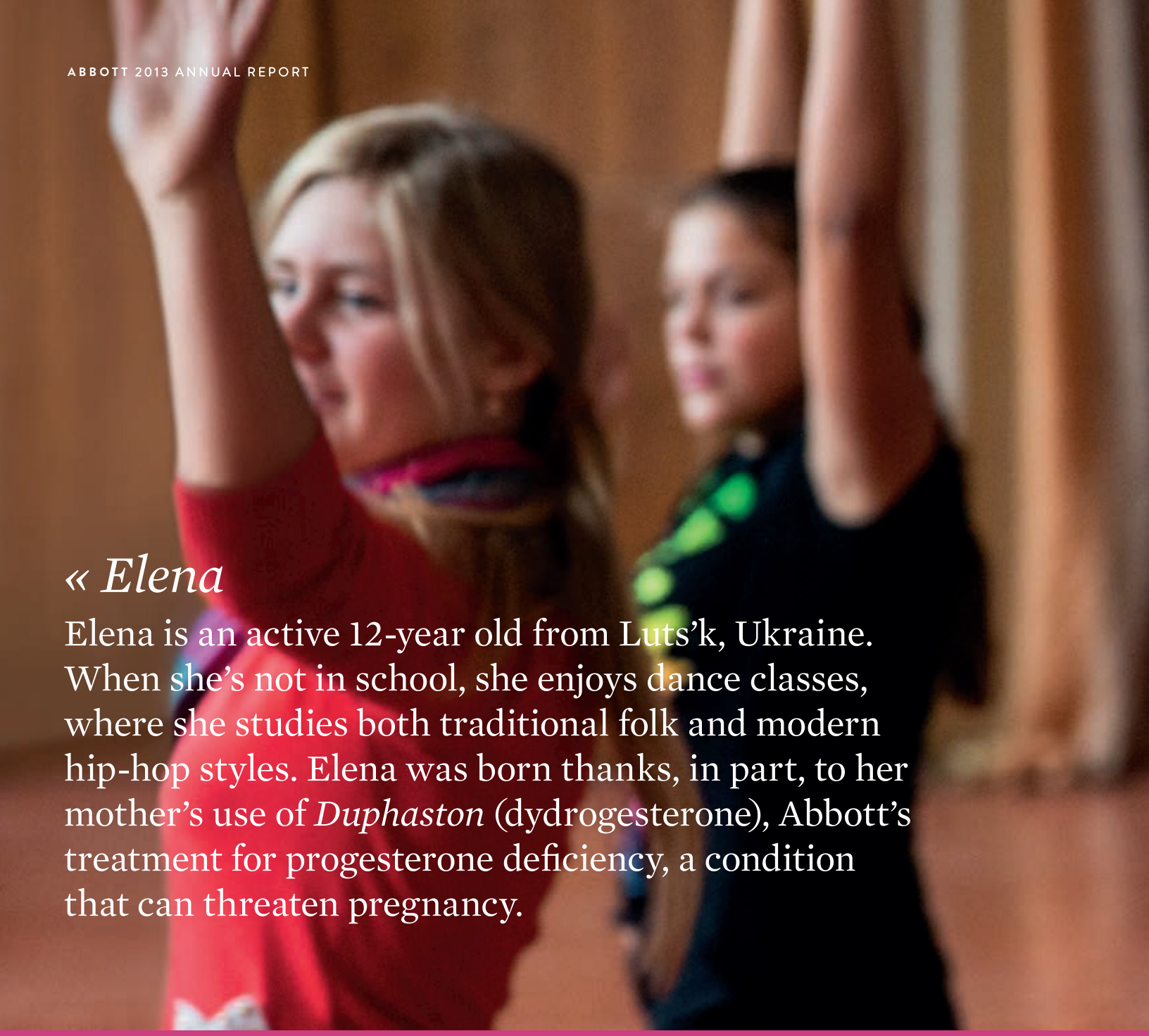
- Abbott holds the #2 position in the cataract market, and is the fastest growing global company in this area
- Launch of *TECNIS OptiBlue* Intraocular Lens (IOL) in Japan and *TECNIS Toric* IOL in the United States strengthen Abbott's position in the market for advanced and premium IOLs
- Acquisition of OptiMedica in August 2013 enhances Abbott's position in this important market by adding laser-assisted surgery technology to our portfolio

VASCULAR

- *Absorb* bioresorbable vascular scaffold and *Xience Xpedition* drug-eluting stent are each available in more than 45 countries
- *MitraClip,* the world's first transcatheter mitral valve repair device, approved in the U.S. in 2013
- Acquisition of IDEV technologies expands Abbott's portfolio of peripheral technology products

Absorb *is currently an investigational device in the United States, limited by federal law to investigational use.*





« *Elena*

Elena is an active 12-year old from Luts'k, Ukraine. When she's not in school, she enjoys dance classes, where she studies both traditional folk and modern hip-hop styles. Elena was born thanks, in part, to her mother's use of *Duphaston* (dydrogesterone), Abbott's treatment for progesterone deficiency, a condition that can threaten pregnancy.

ESTABLISHED PHARMACEUTICALS

Setting the global standard in branded generics

ELENA KOSHELYUK
Duphaston
Luts'k, Ukraine

With targeted portfolios of trusted pharmaceutical brands, Abbott's Established Pharmaceuticals business is committed to improving the lives of people throughout the world. Tailoring our product offerings to the specific needs of the regions we serve lets us help more people, in more places than ever before.

ESTABLISHED PHARMACEUTICALS

KEY MARKET TRENDS

- Consumer reliance on trusted brands to ensure product quality
- Broad-based improvement in healthcare systems around the world
- Rising middle-class incomes in emerging markets
- Role of pharmacists in patients' choice of treatments supports higher use of branded medications

2013 BUSINESS HIGHLIGHTS

- Continued focus on 14 key emerging markets, which grew more than six percent in 2013*
- Launched more than 200 new products, indications or formulations
- Portfolio expansion helped drive growth in emerging markets
- Commercial structure addresses the specific needs of emerging and developed markets

*excluding the impact of currency exchange

CORE THERAPEUTIC AREAS

Abbott groups its trusted pharmaceutical brands into broad therapeutic-area portfolios

Gastroenterology

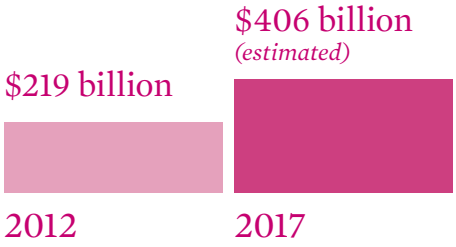
Women's Health

Cardiovascular

Pain/Central Nervous System

Respiratory Anti-Infectives

PROJECTED EMERGING-MARKET CONSUMER SPEND ON PHARMACEUTICALS



The fastest-growing emerging pharmaceutical markets are expected to almost double by 2017, representing two thirds of global growth. Their global market share is expected to increase from 23 percent in 2012 to 33 percent in 2017.

Abbott's global presence in branded-generic pharmaceuticals is strong and growing

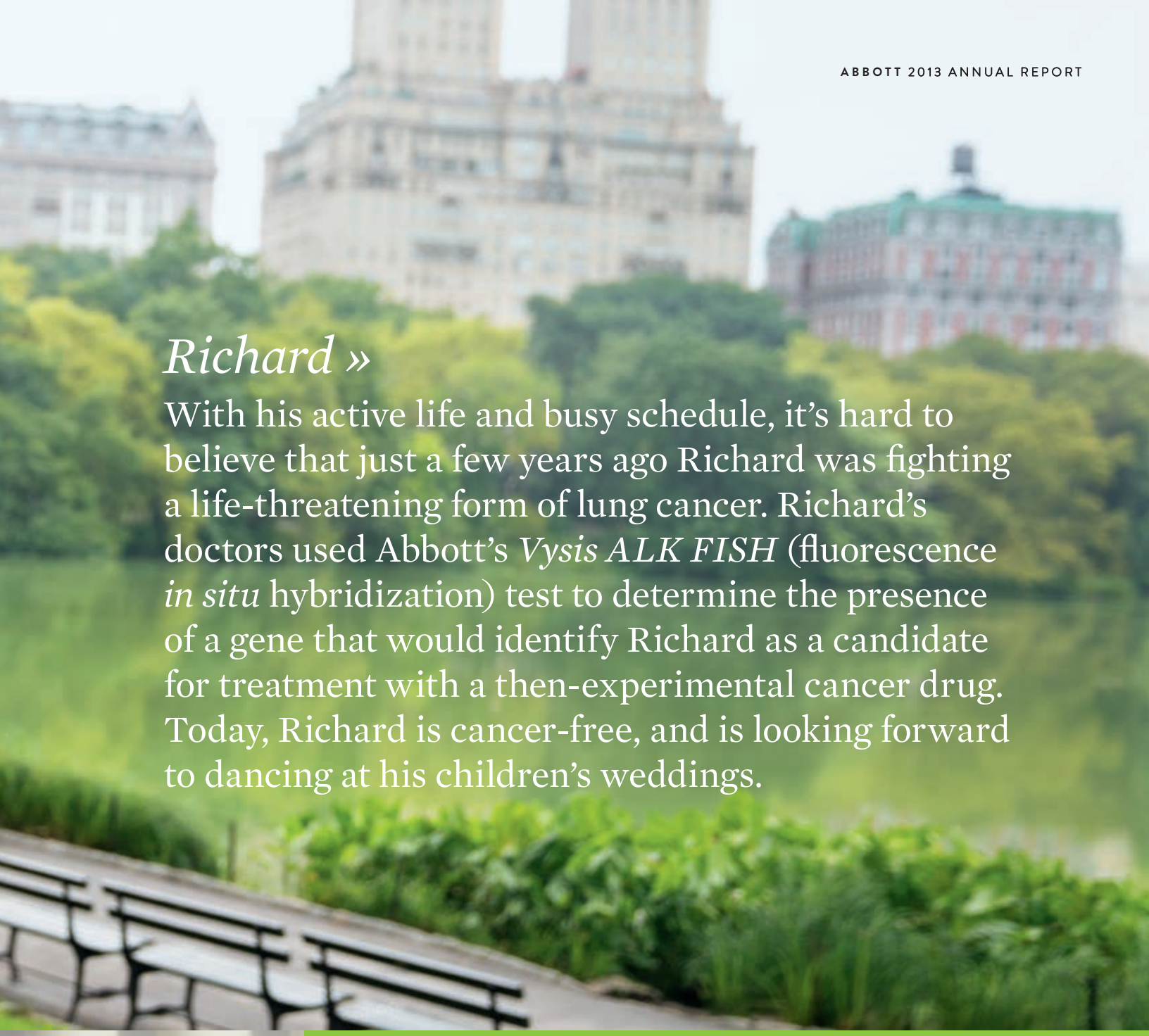
- Sales in more than 130 countries
- Extensive manufacturing network to ensure reliable local supply
- Six pharmaceutical development sites around the world

Tailored portfolios let Abbott leverage our global strength to address the specific needs of local markets.

RICHARD HEIMLER WITH DAUGHTER, RACHEL
Vysis ALK
New York, New York

DIAGNOSTICS

A global leader with strong growth



Richard »

With his active life and busy schedule, it's hard to believe that just a few years ago Richard was fighting a life-threatening form of lung cancer. Richard's doctors used Abbott's *Vysis ALK FISH* (fluorescence *in situ* hybridization) test to determine the presence of a gene that would identify Richard as a candidate for treatment with a then-experimental cancer drug. Today, Richard is cancer-free, and is looking forward to dancing at his children's weddings.

Fast, accurate diagnosis is often the key to successful treatment and a full recovery. Abbott diagnostic technologies — from automated immunodiagnostics systems, to advanced molecular testing and accurate point-of-care devices — provide healthcare professionals with information they need to make the best treatment decisions.

DIAGNOSTICS

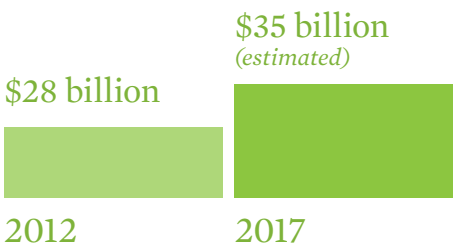
KEY MARKET TRENDS

- Aging global populations
- Increasing emphasis on the use of *in vitro* testing in diagnosis and disease prevention
- Increased reliance on point-of-care testing
- Growth in personalized medicine driving increased use of genetic tests to determine suitability for certain treatments
- Market demand for improved laboratory efficiency
- Emerging market investments in healthcare infrastructure

2013 BUSINESS HIGHLIGHTS

- Balanced growth in developed and emerging markets
- Helped labs around the world manage vast amounts of data by providing sophisticated automation and information management capabilities
- Launched 17 new assays across a variety of disease states
- Several next-generation systems currently in development
- Gene-based tests in development to determine suitability for targeted therapies

PROJECTED WORLDWIDE GROWTH FOR *IN VITRO* DIAGNOSTICS



Leading Brands

ARCHITECT — Immunoassay systems and tests
ABBOTT PRISM — Blood-screening system
m2000 — Molecular testing system
CELL-DYN — Hematology analyzers
i-STAT — Point-of-Care testing system

2013 FINANCIAL REPORT

2013 FINANCIAL REPORT TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF EARNINGS

(in millions except per share data)

Year Ended December 31	2013	2012	2011
Net Sales	$21,848	$21,494	$21,407
Cost of products sold	10,040	9,817	10,017
Amortization of intangible assets	791	795	884
Research and development	1,452	1,544	1,512
Selling, general and administrative	6,936	7,444	7,365
Total Operating Cost and Expenses	19,219	19,600	19,778
Operating Earnings	2,629	1,894	1,629
Interest expense	157	347	359
Interest income	(67)	(59)	(65)
Net loss on extinguishment of debt	—	1,351	—
Net foreign exchange (gain) loss	50	(25)	(20)
Other (income) expense, net	(32)	(25)	119
Earnings from Continuing Operations Before Taxes	2,521	305	1,236
Taxes on Earnings from Continuing Operations	138	(274)	110
Earnings from Continuing Operations	2,383	579	1,126
Earnings from Discontinued Operations, net of tax	193	5,384	3,602
Net Earnings	$ 2,576	$ 5,963	$ 4,728
Basic Earnings Per Common Share —			
Continuing Operations	$ 1.52	$ 0.36	$ 0.72
Discontinued Operations	0.12	3.40	2.31
Net Earnings	$ 1.64	$ 3.76	$ 3.03
Diluted Earnings Per Common Share —			
Continuing Operations	$ 1.50	$ 0.36	$ 0.72
Discontinued Operations	0.12	3.36	2.29
Net Earnings	$ 1.62	$ 3.72	$ 3.01
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,558	1,575	1,557
Dilutive Common Stock Options and Awards	16	17	10
Average Number of Common Shares Outstanding Plus Dilutive Common Stock Options and Awards	1,574	1,592	1,567
Outstanding Common Stock Options Having No Dilutive Effect	1	1	27

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions)

Year Ended December 31	2013	2012	2011
Net Earnings	$ 2,576	$ 5,963	$ 4,728
Less: Earnings from Discontinued Operations, net of tax	193	5,384	3,602
Earnings from Continuing Operations	2,383	579	1,126
Foreign currency translation (loss) adjustments	(239)	(181)	(523)
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 $393 in 2013, $(253) in 2012 and $(380) in 2011	882	(715)	(503)
Unrealized (losses) gains on marketable equity securities, net of taxes of $(10) in 2013, $11 in 2012 and $(1) in 2011	(18)	19	(2)
Net adjustments for derivative instruments designated as cash flow hedges, net of taxes of $(13) in 2013, $(21) in 2012 and $28 in 2011	(53)	(91)	111
Other Comprehensive Income (Loss) from Continuing Operations	572	(968)	(917)
Comprehensive Income (Loss) from Continuing Operations	2,955	(389)	209
Comprehensive Income from Discontinued Operations	193	5,355	3,289
Comprehensive Income	$ 3,148	$ 4,966	$ 3,498

Supplemental Accumulated Other Comprehensive Income Information, net of tax as of December 31:

Cumulative foreign currency translation loss adjustments	$ (718)	$ (79)	$ (72)
Net actuarial (losses) and prior service (cost) and credits	(1,312)	(3,596)	(2,731)
Cumulative unrealized gains on marketable equity securities	13	31	38
Cumulative gains on derivative instruments designated as cash flow hedges	5	50	168

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

Year Ended December 31	2013	2012	2011
Cash Flow From (Used in) Operating Activities:			
Net earnings	$ 2,576	$ 5,963	$ 4,728
Adjustments to reconcile earnings to net cash from operating activities —			
Depreciation	928	1,363	1,395
Amortization of intangible assets	791	1,419	1,649
Share-based compensation	262	433	383
Acquired in-process and collaborations research and development	—	288	672
Investing and financing (gains) losses, net	4	356	142
Net loss on extinguishment of debt	—	1,351	—
Trade receivables	(113)	36	(670)
Inventories	(154)	(417)	(130)
Prepaid expenses and other assets	131	(35)	413
Trade accounts payable and other liabilities	(436)	(134)	1,790
Income taxes	(665)	(1,309)	(1,402)
Net Cash From Operating Activities	3,324	9,314	8,970
Cash Flow From (Used in) Investing Activities:			
Acquisitions of property and equipment	(1,145)	(1,795)	(1,491)
Acquisitions of businesses and technologies, net of cash acquired	(580)	(706)	(273)
Purchases of investment securities	(10,064)	(11,998)	(5,110)
Proceeds from sales of investment securities	7,839	8,936	5,649
Release of restricted funds	—	—	1,870
Other	21	3	16
Net Cash (Used in) From Investing Activities	(3,929)	(5,560)	661
Cash Flow From (Used in) Financing Activities:			
Proceeds from issuance of (repayments of) short-term debt and other	2,086	784	(1,965)
Proceeds from issuance of long-term debt and debt with maturities over 3 months	9	14,700	1,000
Repayments of long-term debt and debt with maturities over 3 months	(303)	(11,071)	(3,012)
Acquisition and contingent consideration payments related to business acquisitions	(495)	(521)	(400)
Transfer of cash and cash equivalents to AbbVie Inc.	(5,901)	—	—
Purchases of common shares	(1,605)	(2,364)	(77)
Proceeds from stock options exercised, including income tax benefit	395	1,850	969
Dividends paid	(882)	(3,183)	(2,938)
Net Cash (Used in) From Financing Activities	(6,696)	195	(6,423)
Effect of exchange rate changes on cash and cash equivalents	(26)	40	(43)
Net (Decrease) Increase in Cash and Cash Equivalents	(7,327)	3,989	3,165
Cash and Cash Equivalents, Beginning of Year	10,802	6,813	3,648
Cash and Cash Equivalents, End of Year	$ 3,475	$ 10,802	$ 6,813
Supplemental Cash Flow Information:			
Income taxes paid	$ 1,039	$ 1,367	$ 1,782
Interest paid	148	576	545

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

CONSOLIDATED BALANCE SHEET

(dollars in millions)

December 31	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,475	$10,802
Investments, primarily bank time deposits and U.S. treasury bills	4,623	4,372
Trade receivables, less allowances of —		
2013: $312; 2012: $406	3,986	7,613
Inventories:		
Finished products	1,866	2,346
Work in process	349	629
Materials	478	818
Total inventories	2,693	3,793
Deferred income taxes	2,528	2,986
Other prepaid expenses and receivables	1,504	1,757
Current assets held for disposition	438	—
Total Current Assets	19,247	31,323
Investments	119	274
Property and Equipment, at Cost:		
Land	502	605
Buildings	2,994	4,259
Equipment	8,506	13,111
Construction in progress	868	954
	12,870	18,929
Less: accumulated depreciation and amortization	6,965	10,866
Net Property and Equipment	5,905	8,063
Intangible Assets, net of amortization	5,735	8,588
Goodwill	9,772	15,774
Deferred Income Taxes and Other Assets	2,109	3,213
Non-current Assets Held for Disposition	66	—
	$42,953	$67,235

CONSOLIDATED BALANCE SHEET

(dollars in millions)

December 31	2013	2012
Liabilities and Shareholders' Investment		
Current Liabilities:		
Short-term borrowings	$ 3,164	$ 2,082
Trade accounts payable	1,026	1,797
Salaries, wages and commissions	906	1,428
Other accrued liabilities	3,500	6,788
Dividends payable	341	221
Income taxes payable	175	655
Current portion of long-term debt	9	309
Current liabilities held for disposition	386	—
Total Current Liabilities	9,507	13,280
Long-term Debt	3,388	18,085
Post-employment Obligations and Other Long-term Liabilities	4,784	9,057
Non-current Liabilities Held for Disposition	7	—
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: 2013: 1,685,827,096; 2012: 1,675,930,484	12,048	11,755
Common shares held in treasury, at cost —		
Shares: 2013: 137,728,810; 2012: 99,262,992	(6,844)	(5,591)
Earnings employed in the business	21,979	24,151
Accumulated other comprehensive income (loss)	(2,012)	(3,594)
Total Abbott Shareholders' Investment	25,171	26,721
Noncontrolling Interests in Subsidiaries	96	92
Total Shareholders' Investment	25,267	26,813
	$42,953	$67,235

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT

(in millions except shares and per share data)

Year Ended December 31	2013	2012	2011
Common Shares:			
Beginning of Year			
Shares: 2013: 1,675,930,484; 2012: 1,638,870,201; 2011: 1,619,689,876	$ 11,755	$ 9,817	$ 8,745
Issued under incentive stock programs			
Shares: 2013: 9,896,612; 2012: 37,060,283; 2011: 19,180,325	393	1,854	954
Share-based compensation	261	435	382
Issuance of restricted stock awards	(361)	(351)	(264)
End of Year			
Shares: 2013: 1,685,827,096; 2012: 1,675,930,484; 2011: 1,638,870,201	$12,048	$ 11,755	$ 9,817
Common Shares Held in Treasury:			
Beginning of Year			
Shares: 2013: 99,262,992; 2012: 68,491,382; 2011: 72,705,928	$ (5,591)	$ (3,688)	$ (3,917)
Issued under incentive stock programs			
Shares: 2013: 5,718,575; 2012: 6,691,748; 2011: 4,638,841	310	363	250
Purchased			
Shares: 2013: 44,184,393; 2012: 37,463,358; 2011: 424,295	(1,563)	(2,266)	(21)
End of Year			
Shares: 2013: 137,728,810; 2012: 99,262,992; 2011: 68,491,382	$(6,844)	$ (5,591)	$ (3,688)
Earnings Employed in the Business:			
Beginning of Year	$ 24,151	$ 20,907	$ 19,216
Net earnings	2,576	5,963	4,728
Separation of AbbVie Inc.	(3,735)	—	—
Cash dividends declared on common shares			
(per share — 2013: $0.64; 2012: $1.67; 2011: $1.92)	(1,002)	(2,650)	(3,012)
Effect of common and treasury share transactions	(11)	(69)	(25)
End of Year	$ 21,979	$ 24,151	$ 20,907
Accumulated Other Comprehensive Income (Loss):			
Beginning of Year	$ (3,594)	$ (2,597)	$ (1,367)
Separation of AbbVie Inc.	1,010	—	—
Other comprehensive income (loss)	572	(997)	(1,230)
End of Year	$ (2,012)	$ (3,594)	$ (2,597)
Noncontrolling Interests in Subsidiaries:			
Beginning of Year	$ 92	$ 86	$ 88
Noncontrolling Interests' share of income,			
business combinations, net of distributions and share repurchases	4	6	(2)
End of Year	$ 96	$ 92	$ 86

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

Changes in Presentation Due to Abbvie Separation — On January 1, 2013, Abbott completed the separation of AbbVie Inc., which was formed to hold Abbott's research-based proprietary pharmaceuticals business. The historical operating results of the research-based proprietary pharmaceuticals business prior to separation are excluded from Earnings from Continuing Operations and are presented on the Earnings from Discontinued Operations line in Abbott's Consolidated Statement of Earnings. The assets, liabilities, and cash flows of the research-based proprietary pharmaceuticals business are included in Abbott's Consolidated Balance Sheet and its Consolidated Statements of Cash Flows for periods prior to January 1, 2013. See Note 2 for additional information.

Basis of Consolidation and Change in Accounting Principle — The consolidated financial statements include the accounts of the parent company and subsidiaries, after elimination of intercompany transactions. Prior to January 1, 2011, the accounts of foreign subsidiaries were consolidated based on a fiscal year ended November 30 due to the time needed to consolidate these subsidiaries. Effective January 1, 2011, the one month lag in the consolidation of the accounts of foreign subsidiaries was eliminated and the year-end of foreign subsidiaries was changed to December 31. Abbott believes that the change in accounting principle related to the elimination of the one month reporting lag is preferable because it results in more contemporaneous reporting of the results of foreign subsidiaries. In accordance with applicable accounting literature, a change in subsidiaries' year-end is treated as a change in accounting principle and requires retrospective application. The impact of the change was not material to the results of operations for the previously reported annual and interim periods after January 1, 2009, and thus, those results have not been revised. A charge of $137 million was recorded in 2011 to recognize the cumulative immaterial impacts to 2009 and 2010 of which $37 million is recognized in the results of discontinued operations.

The Consolidated Statements of Cash Flows for 2012 and 2011 have been appropriately revised to reflect acquisition and contingent consideration payments related to certain business acquisitions as cash flow used in financing activities. The amounts had been previously reflected as cash flow used in investing activities.

Use Of Estimates —The 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 in earnings and were not significant for any of the periods presented.

Revenue Recognition — Revenue from product sales is recognized upon passage of title and risk of loss to customers. 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 and medical optics, Abbott participates in selling arrangements that include multiple deliverables (e.g., instruments, reagents, procedures, and service agreements). Under these arrangements, Abbott recognizes revenue upon delivery of the product or performance of the service and allocates the revenue based on the relative selling price of each deliverable, which is based primarily on vendor specific objective evidence. Sales of product rights for marketable products are recorded as revenue upon disposition of the rights. Revenue from license of product rights, or for performance of research or selling activities, is recorded over the periods earned.

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. U.S. income taxes are provided on those earnings of foreign subsidiaries which are intended to be remitted to the parent company. Deferred income taxes are not provided on undistributed earnings reinvested indefinitely in foreign subsidiaries as working capital and plant and equipment. Interest and penalties on income tax obligations are included in taxes on income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Earnings Per Share — Unvested restricted stock 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 2013, 2012 and 2011 were $2.366 billion, $575 million and $1.123 billion, respectively. Net earnings allocated to common shares in 2013, 2012 and 2011 were $2.558 billion, $5.917 billion and $4.714 billion, respectively.

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, goodwill and indefinite-lived intangible assets are reviewed for impairment at least on a quarterly and annual basis, respectively.

Share-Based Compensation — The value of stock options and restricted stock awards and units are amortized over their 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 and U.S. treasury bills with original maturities of three months or less. Investments in marketable equity securities are classified as available-for-sale and are recorded at fair value with any unrealized holding gains or losses, net of tax, included in Accumulated other comprehensive income (loss). Investments in equity securities that are not traded on public stock exchanges are recorded at cost. Investments in debt securities are classified as 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.

Abbott reviews the carrying value of investments each quarter to determine whether an other than temporary decline in market value exists. Abbott considers factors affecting the investee, factors affecting the industry the investee operates in and general equity market trends. Abbott considers the length of time an investment's market value has been below carrying value and the near-term prospects for recovery to carrying value. When Abbott determines that an other than temporary decline has occurred, the investment is written down with a charge to Other (income) expense, net.

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 market. Cost includes material and conversion costs.

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 (average 27 years)
Equipment	3 to 20 years (average 11 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. Receivables for insurance recoveries for product liability claims are recorded as assets, on an undiscounted basis, when it is probable that a recovery will be realized. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 products. The fair value of IPR&D projects acquired in a business combination are capitalized and accounted for as indefinite-lived intangible assets.

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. Governmental accounts in Italy, Spain, Greece and Portugal accounted for 12 percent and 16 percent of total net trade receivables as of December 31, 2013 and 2012 respectively. 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.

Recently Adopted Accounting Pronouncements — In February 2013, the FASB issued a standard pertaining to the reporting of amounts reclassified out of accumulated other comprehensive income (AOCI). The standard requires that an entity provide, by component, information regarding the amounts reclassified out of AOCI and the line items in the statement of operations to which the amounts were reclassified. This guidance is effective prospectively for reporting periods beginning after December 15, 2012. Abbott's adoption of this guidance in the first quarter of 2013 did not have a material impact on our results of operations or financial position.

NOTE 2 — SEPARATION OF ABBVIE INC.

On November 28, 2012, Abbott's board of directors declared a special dividend distribution of all of the outstanding shares of common stock of AbbVie Inc. (AbbVie), the company formed to hold Abbott's research-based proprietary pharmaceuticals business. For each Abbott common share held at the close of business on December 12, 2012, Abbott shareholders received one share of AbbVie stock on January 1, 2013. Abbott has received a ruling from the Internal Revenue Service that the separation qualifies as a tax-free distribution to Abbott and its U.S. shareholders for U.S. federal income tax purposes.

The historical operating results of the research-based proprietary pharmaceuticals business prior to separation are excluded from Earnings from Continuing Operations and are presented on the Earnings from Discontinued Operations line. Discontinued operations include the results of AbbVie's business except for certain corporate overhead costs and certain costs associated with transition services that will be provided by Abbott to AbbVie. Discontinued operations also includes other costs incurred by Abbott to separate AbbVie as well as an allocation of interest assuming a uniform ratio of consolidated debt to equity for all of Abbott's historical operations. The assets, liabilities, and cash flows of the research-based proprietary pharmaceuticals business are included in Abbott's Consolidated Balance Sheet and its Consolidated Statements of Cash Flows for periods prior to January 1, 2013.

The following is a summary of the assets and liabilities transferred to AbbVie as part of the separation on January 1, 2013:

(in billions)

Assets:	
Cash and cash equivalents	$ 5.9
Investments	2.2
Trade receivables, less allowances	3.2
Inventories	0.7
Prepaid expenses, deferred income taxes, and other current receivables	2.9
Net property and equipment	2.2
Intangible assets, net of amortization	2.3
Goodwill	6.1
Deferred income taxes and other assets	1.1
	26.6
Liabilities:	
Short-term borrowings	1.0
Trade accounts payable and other current liabilities	5.2
Long-term debt	14.6
Post-employment obligations, deferred income taxes and other long-term liabilities	3.1
	23.9
Net Assets Transferred to AbbVie Inc.	$ 2.7

In addition, approximately $1 billion of accumulated other comprehensive losses, net of income taxes, primarily related to the pension and other benefit plan net liabilities as well as foreign translation was transferred to AbbVie.

In 2013, there are no operating results related to discontinued operations other than a favorable adjustment to tax expense of $193 million as a result of the resolution of various tax positions related to AbbVie's operations prior to separation. Summarized financial information for discontinued operations for 2012 and 2011 is as follows:

(in millions)

Year Ended December 31	2012	2011
Net sales	$18,380	$17,444
Earnings before taxes	5,958	3,963
Taxes on earnings	574	361
Net earnings	5,384	3,602

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Abbott and AbbVie entered into transitional services agreements prior to the separation pursuant to which Abbott and AbbVie are providing various services to each other on an interim transitional basis. Transition services may be provided for up to 24 months with an option for a one-year extension by the recipient. Services being provided by Abbott include certain information technology and back office support. Billings by Abbott under these transitional services agreements are recorded as a reduction of the costs to provide the respective service in the applicable expense category in the Consolidated Statement of Earnings. This transitional support will enable AbbVie to establish its stand-alone processes for various activities that were previously provided by Abbott and does not constitute significant continuing support of AbbVie's operations.

For a small portion of AbbVie's operations, the legal transfer of AbbVie's assets (net of liabilities) did not occur with the separation of AbbVie on January 1, 2013 due to the time required to transfer marketing authorizations and other regulatory requirements in each of these countries. Under the terms of the separation agreement with Abbott, AbbVie is subject to the risks and entitled to the benefits generated by these operations and assets. The majority of these operations were transferred to AbbVie in 2013 with the remainder transferring in 2014. These assets and liabilities have been presented as held for disposition in the Consolidated Balance Sheet. At December 31, 2013, the assets and liabilities held for disposition consist of inventories of $243 million, trade accounts receivable of $163 million, other current assets of $32 million, equipment of $28 million, other assets of $38 million, trade accounts payable and accrued liabilities of $386 million and other liabilities of $7 million. Abbott's obligation to transfer the net assets held for disposition to AbbVie of $111 million is included in Other accrued liabilities.

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. In connection with the separation, Abbott has adjusted its employee stock compensation awards and separated its defined benefit programs for pensions and post-employment medical and dental benefit plans. See notes 8 and 12 for additional information.

NOTE 3 — SUPPLEMENTAL FINANCIAL INFORMATION

Other (income) expense, net, for 2013 primarily relates to gains from the sales of equity securities. The loss on the extinguishment of debt of $1.35 billion in 2012 relates to the early redemption of $7.7 billion of long-term notes. The loss consists of the premium paid on the notes and the write off of deferred financing costs totaling $1.83 billion and was partially offset by a gain of $479 million related to the unwinding of interest rate swaps related to a portion of the debt. As discussed in Note 1, Other (income) expense, net, for 2011 includes a charge of $100 million to recognize the cumulative immaterial impacts to 2009 and 2010 relating to the change in year end for foreign subsidiaries.

The detail of various balance sheet components is as follows:

(in millions)

Long-term Investments	2013	2012
Equity securities	$ 93	$ 213
Other	26	61
Total	$119	$274

The reduction in long-term investments from December 31, 2012 to December 31, 2013 is due primarily to the separation of AbbVie on January 1, 2013.

(in millions)

Other Accrued Liabilities	2013	2012
Accrued rebates payable to government agencies	$ 136	$1,020
Accrued other rebates (a)	220	1,079
All other (b)	3,144	4,689
Total	$3,500	$6,788

(a) Accrued wholesaler chargeback rebates of approximately $90 millon and $300 million at December 31, 2013 and 2012, 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. The reduction in the chargeback rebates from December 31, 2012 to December 31, 2013 is primarily due to the separation of AbbVie on January 1, 2013.

(b) 2013 and 2012 includes acquisition consideration payable of approximately $400 million related primarily to the acquisition of Piramal Healthcare Limited's Healthcare Solutions business.

(in millions)

Post-employment Obligations and Other Long-term Liabilities	2013	2012
Defined benefit pension plans and post-employment medical and dental plans for significant plans	$ 1,818	$4,871
Deferred income taxes	466	710
All other (c)	2,500	3,476
Total	$4,784	$9,057

(c) 2013 includes $1.3 billion of gross unrecognized tax benefits, as well as $70 million of acquisition consideration payable. 2012 includes $1.4 billion of gross unrecognized tax benefits, as well as acquisition consideration payable of $385 million related to the acquisition of Piramal Healthcare Limited's Healthcare Solutions business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 — ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of the changes in accumulated other comprehensive income from continuing operation, 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 on Marketable Equity Securities	Cumulative Gains on Derivative Instruments Designated as Cash Flow Hedges	Total
Balance at December 31, 2012	$ (79)	$(3,596)	$ 31	$ 50	$(3,594)
Separation of AbbVie	(400)	1,402	—	8	1,010
Other comprehensive income (loss) before reclassifications	(239)	771	22	(23)	531
Income (loss) amounts reclassified from accumulated other comprehensive income (a)	—	111	(40)	(30)	41
Net current period comprehensive income (loss) from continuing operations	(239)	882	(18)	(53)	572
Balance at December 31, 2013	$(718)	$(1,312)	$ 13	$ 5	$(2,012)

(a) Reclassified amounts for foreign currency translation are recorded in the Consolidated Statement of Earnings as Net Foreign exchange loss (gain); gains on marketable equity securities are recorded as Other (income) expense and gains/losses related to cash flow hedges are recorded as Cost of product sold. Net actuarial losses and prior service cost is included as a component of net periodic benefit plan cost – see Note 12 for additional information.

NOTE 5 — BUSINESS ACQUISITIONS

In August 2013, Abbott acquired 100 percent of IDEV Technologies, net of debt, for $310 million, in cash. The acquisition of IDEV Technologies expands Abbott's endovascular portfolio. The allocation of the fair value of the acquisition resulted in non-deductible acquired in-process research and development of approximately $170 million which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation, non-deductible definite-lived intangible assets of approximately $66 million, non-deductible goodwill of approximately $123 million and net deferred tax liabilities of $56 million. Acquired intangible assets consist of developed technology and are being amortized over 11 years.

In August 2013, Abbott acquired 100 percent of OptiMedica for $260 million, in cash, plus additional payments up to $150 million to be made upon completion of certain development, regulatory and sales milestones. The acquisition of OptiMedica provides Abbott with an immediate entry point into the laser assisted cataract surgery market. The allocation of the fair value of the acquisition resulted in non-deductible definite-lived intangible assets of approximately $160 million; non-deductible acquired in-process research and development of approximately $60 million, which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation; non-deductible goodwill of approximately $151 million, net deferred tax liabilities of $70 million and contingent consideration of approximately $70 million. The fair value of the contingent consideration was determined based on an independent appraisal. Acquired intangible assets consist primarily of developed technology that is being amortized over 18 years.

The preliminary allocations of fair value of these acquisitions will be finalized when valuations are completed. Had the above acquisitions taken place on January 1 of the previous year, consolidated net sales and income would not have been significantly different from reported amounts.

NOTE 6 — GOODWILL AND INTANGIBLE ASSETS

Abbott recorded goodwill of approximately $274 million in 2013 related to the acquisitions of IDEV Technologies and OptiMedica. Goodwill related to the IDEV acquisition was allocated to the Vascular Products segment and goodwill related to OptiMedica was allocated to a non-reportable segment. Foreign currency translation and other adjustments decreased goodwill in 2013 and 2011 by $168 million and $225 million, respectively, and increased goodwill in 2012 by $69 million. In addition, in connection with the separation of AbbVie on January 1, 2013, Abbott transferred approximately $6.1 billion of goodwill to AbbVie. The amount of goodwill related to reportable segments at December 31, 2013 was $2.9 billion for the Established Pharmaceutical Products segment, $286 million for the Nutritional Products segment, $444 million for the Diagnostic Products segment, and $3.1 billion for the Vascular Products segment. Other than the effects of the separation of AbbVie, there were no reductions of goodwill relating to the disposal of all or a portion of a business. There was no reduction of goodwill relating to impairments.

The gross amount of amortizable intangible assets, primarily product rights and technology was $12.2 billion and $17.6 billion as of December 31, 2013 and 2012, respectively, and accumulated amortization was $6.8 billion and $9.7 billion as of December 31, 2013 and 2012, respectively. Indefinite-lived intangible assets, which relate to in-process research and development acquired in a business combination, were approximately $266 million and $691 million at December 31, 2013 and 2012, respectively. Gross amortizable intangible assets, accumulated amortization and indefinite-lived intangible assets of $5.7 billion, $3.8 billion and $417 million, respectively, were transferred to AbbVie as part of the separation on January 1, 2013. In 2012 and 2011, Abbott recorded impairment charges of $69 million and $125 million, respectively, for certain research and development assets due to changes in the projected development and regulatory timelines for the projects. The charges relate to non-reportable segments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Discounted cash flow analysis was used to analyze fair value and the charges are included in research and development expenses.

The estimated annual amortization expense for intangible assets recorded at December 31, 2013 is approximately $711 million in 2014, $652 million in 2015, $636 million in 2016, $635 million in 2017 and $505 million in 2018. Amortizable intangible assets are amortized over 2 to 20 years (average 11 years).

NOTE 7 — RESTRUCTURING PLANS

In 2013, Abbott management approved a plan to reduce costs and improve efficiencies across various functional areas as well as a plan to streamline certain manufacturing operations in order to reduce costs and improve efficiencies in Abbott's established pharmaceuticals business. In addition, in 2012, Abbott management approved plans to streamline various commercial operations in order to reduce costs and improve efficiencies in Abbott's core diagnostics, established pharmaceutical and nutritionals businesses. Abbott recorded employee related severance charges of approximately $78 million in 2013 and $167 million in 2012. Additional charges of approximately $4 million in 2013 and $22 million in 2012 were also recorded primarily for asset impairments. Approximately $35 million in 2013 and $70 million in 2012 are recorded in Cost of products sold and approximately $47 million in 2013 and $119 million as Selling, general and administrative expense in 2012. No significant cash payments were made during 2012 relating to the 2012 actions. The following summarizes the activity for these restructurings:

(in millions)	
Restructuring charges recorded in 2012	$ 167
Restructuring charges recorded in 2013	78
Payments and other adjustments	(97)
Accrued balance at December 31, 2013	$ 148

In 2013 and prior years, Abbott management approved plans to realign its worldwide pharmaceutical and vascular manufacturing operations and selected domestic and international commercial and research and development operations in order to reduce costs. In 2013, Abbott recorded employee severance charges of approximately $11 million. In 2011, Abbott recorded charges of approximately $194 million reflecting the impairment of manufacturing facilities and other assets, employee severance and other related charges. Approximately $11 million in 2013 and $18 million in 2011 are classified as Cost of products sold. The remaining 2011 charge of $176 million related to businesses transferred to AbbVie and is being recognized in the results of discontinued operations.

The following summarizes the activity for these restructurings:

(in millions)	
Accrued balance at January 1, 2011	$ 77
2011 restructuring charges	194
Payments, impairments and other adjustments	(94)
Accrued balance at December 31, 2011	177
Payments, impairments and other adjustments	(48)
Accrued balance at December 31, 2012	129
Transfer of liability to AbbVie	(62)
Restructuring charges	11
Payments and other adjustments	(58)
Accrued balance at December 31, 2013	$ 20

An additional $41 million, $110 million and $25 million were recorded in 2013, 2012 and 2011, respectively, relating to these restructurings, primarily for accelerated depreciation.

In 2012 and 2010, Abbott management approved restructuring plans primarily related to the acquisition of Solvay's pharmaceuticals business. These plans streamline operations, improve efficiencies and reduce costs in certain Solvay sites and functions as well as in certain Abbott and Solvay commercial organizations in various countries. In 2012, Abbott recorded a charge of approximately $150 million for employee severance and contractual obligations, primarily related to the exit from a research and development facility. These charges are related to businesses transferred to AbbVie and are being recognized in the results of discontinued operations. The accrued restructuring reserves of $115 million at December 31, 2012 related to these actions were transferred to AbbVie on January 1, 2013 as part of the separation. As such, there are no remaining accruals being reported in Abbott's balance sheet as of December 31, 2013.

In 2011 and 2008, Abbott management approved plans to streamline global manufacturing operations, reduce overall costs, and improve efficiencies in Abbott's core diagnostic business. In 2011, a charge of $28 million was recorded in Cost of products sold. The following summarizes the activity for these restructurings:

(in millions)	
Accrued balance at January 1, 2011	$ 88
2011 restructuring charge	28
Payments and other adjustments	(37)
Accrued balance at December 31, 2011	79
Payments and other adjustments	(23)
Accrued balance at December 31, 2012	56
Payments and other adjustments	(15)
Accrued balance at December 31, 2013	$ 41

In addition, charges of approximately $16 million and $42 million were recorded in 2012 and 2011, primarily for accelerated depreciation and product transfer costs.

NOTE 8 — INCENTIVE STOCK PROGRAM

The 2009 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, replacement 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 2013, Abbott granted 4,733,378 stock options, 918,819 replacement stock options, 848,674 restricted stock awards and 6,412,867 restricted stock units under this program.

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 between 3 and 5 years and for restricted stock awards that vest over 5 years, no more than one-third of the award vests in any one year upon Abbott reaching a minimum return on equity target. Restricted stock units vest over three years and upon vesting, the recipient receives one share of Abbott stock for each vested

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

restricted stock unit. The aggregate fair market value of restricted stock awards and units is recognized as expense over the service period. 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. Abbott does not have a policy of purchasing its shares relating to its share-based programs.

In connection with the separation of AbbVie on January 1, 2013, Abbott modified its outstanding equity awards granted under incentive stock programs for its employees. The awards were generally modified such that immediately following the separation, the awardees held the same number of awards in Abbott stock and an equal number of awards in AbbVie stock. The exercise price on outstanding Abbott options was adjusted and the exercise price on the AbbVie options granted under this modification was established with the intention of generally preserving the value of the awards immediately prior to the separation. This modification did not result in additional compensation expense.

At December 31, 2013, approximately 130 million shares were reserved for future grants. Subsequent to year-end, the reserve was reduced by approximately 22 million shares for stock options and restricted stock awards and units granted by the Board of Directors.

The number of restricted stock awards and units outstanding and the weighted-average grant-date fair value at December 31, 2013 and January 1, 2013 was 14,385,221 and $30.13 and 15,728,503 and $25.51, respectively. The number of restricted stock awards and units, and the weighted-average grant-date fair value, that were granted, vested and lapsed during 2013 were 7,261,541 and $34.92, 7,821,999 and $25.36 and 782,824 and $29.34, respectively. The fair market value of restricted stock awards and units vested in 2013, 2012 and 2011 was $274 million, $385 million and $237 million, respectively.

	Options Outstanding			Exercisable Options		
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
December 31, 2012 (a)	48,685,273	$24.97	4.0	43,511,651	$24.68	3.7
Granted	5,652,197	34.91				
Exercised	(11,370,121)	25.37				
Lapsed	(210,009)	31.82				
December 31, 2013	42,757,340	$26.15	4.0	36,185,039	$25.02	3.1

(a) The amount of options outstanding and the weighted average exercise price have been revised to reflect the impact of the AbbVie separation.

The aggregate intrinsic value of options outstanding and exercisable at December 31, 2013 was $525 million and $487 million, respectively. The total intrinsic value of options exercised in 2013, 2012 and 2011 was $120 million, $528 million and $94 million, respectively. The total unrecognized compensation cost related to all share-based compensation plans at December 31, 2013 amounted to approximately $153 million, which is expected to be recognized over the next three years.

Total non-cash compensation expense charged against income from continuing operations in 2013, 2012 and 2011 for share-based plans totaled approximately $262 million, $284 million and $256 million, respectively, and the tax benefit recognized was approximately $84 million, $87 million and $71 million, respectively. Compensation cost capitalized as part of inventory is not significant.

The fair value of an option granted in 2013, 2012 and 2011 was $5.77, $6.80, and $6.23, respectively. The fair value of an option grant was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2013	2012	2011
Risk-free interest rate	1.1%	1.2%	2.7%
Average life of options (years)	6.0	6.0	6.0
Volatility	20.0%	21.0%	21.0%
Dividend yield	1.6%	3.6%	4.1%

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 9 — DEBT AND LINES OF CREDIT

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

(in millions)	2013	2012
1.2% Notes, due 2015 (1)	$ —	$ 3,500
Variable Rate Notes, due 2015 (1)	—	500
1.75% Notes, due 2017 (1)	—	4,000
2.0% Notes, due 2018 (1)	—	1,000
5.125% Notes, due 2019	947	947
4.125% Notes, due 2020	597	597
2.9% Notes, due 2022 (1)	—	3,100
6.15% Notes, due 2037	547	547
6.0% Notes, due 2039	515	515
5.3% Notes, due 2040	694	694
4.4% Notes, due 2042 (1)	—	2,600
Other, including fair value adjustments relating to interest rate hedge contracts designated as fair value hedges	88	85
Total, net of current maturities	3,388	18,085
Current maturities of long-term debt	9	309
Total carrying amount	$3,397	$18,394

(1) These notes were issued by AbbVie Inc. in November 2012. With the separation of AbbVie on January 1, 2013, Abbott no longer has any obligations related to this debt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In 2012, Abbott redeemed $7.7 billion of its outstanding notes. Abbott incurred a cost of $1.35 billion to extinguish this debt, net of gains from the unwinding of interest rate swaps related to the debt. In 2012, AbbVie Inc., a wholly owned subsidiary of Abbott, issued $14.7 billion of long-term debt with maturities ranging from 3 to 30 years. The debt issued by AbbVie Inc. was guaranteed by Abbott with the guarantee expiring when AbbVie Inc. separated from Abbott on January 1, 2013.

Principal payments required on long-term debt outstanding at December 31, 2013 are $9 million in 2014, $10 million in 2015, $3 million in 2016, $1 million in 2017, $1 million in 2018 and $3.3 billion in 2019 and thereafter.

At December 31, 2013, Abbott's long-term debt rating was A+ by Standard & Poor's Corporation and A1 by Moody's Investors Service. Abbott has readily available financial resources, including unused lines of credit of $5.0 billion that support commercial paper borrowing arrangements which expire in 2017. Abbott's weighted-average interest rate on short-term borrowings was 0.2% at December 31, 2013 and 0.4% at December 31, 2012 and 2011.

NOTE 10 — 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 for anticipated intercompany purchases by those subsidiaries whose functional currencies are not the U.S. dollar. These contracts, totaling $137 million at December 31, 2013, and $1.6 billion at December 31, 2012, 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. Contracts totaling $1.0 billion were transferred to AbbVie as part of the separation on January 1, 2013. Accumulated gains and losses as of December 31, 2013 will be included in Cost of products sold at the time the products are sold, generally through the next twelve months. The amount of hedge ineffectiveness was not significant in 2013, 2012 and 2011.

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 and Japanese yen, in exchange for primarily U.S. dollars and other European currencies. For intercompany and trade payables and receivables, the currency exposures are primarily the U.S. dollar, European currencies and Japanese yen. At December 31, 2013, 2012 and 2011, Abbott held $13.8 billion, $18.2 billion and $15.7 billion, respectively, of such foreign currency forward exchange contracts. Contracts totaling $4.3 billion were transferred to AbbVie as part of the separation on January 1, 2013.

Abbott has designated foreign denominated short-term debt as a hedge of the net investment in a foreign subsidiary of approximately $505 million, $615 million and $680 million as of December 31, 2013, 2012 and 2011, respectively. Accordingly, changes in the fair value of this debt due to changes in exchange rates are recorded in Accumulated other comprehensive income (loss), net of tax.

Abbott is a party to interest rate hedge contracts totaling $1.5 billion, $9.5 billion and $6.8 billion at December 31, 2013, 2012 and 2011, respectively, to manage its exposure to changes in the fair value of fixed-rate debt. $8.0 billion of the contracts outstanding at December 31, 2012 related to debt issued by AbbVie Inc. in the fourth quarter of 2012 and were transferred to AbbVie as part of the separation on January 1, 2013. 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. No hedge ineffectiveness was recorded in income in 2013, 2012 and 2011 for these hedges.

Gross unrealized holding gains on available-for-sale equity securities totaled $22 million, $51 million and $64 million at December 31, 2013, 2012 and 2011, respectively.

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)	2013	2012	Balance Sheet Caption	2013	2012	Balance Sheet Caption
Interest rate swaps designated as fair value hedges	$ 87	$185	Deferred income taxes and other assets	$ —	$ 80	Post-employment obligations and other long-term liabilities
Foreign currency forward exchange contracts — Hedging instruments	14	22	Other prepaid expenses and receivables	—	11	Other accrued liabilities
Others not designated as hedges	70	98		75	135	
Debt designated as a hedge of net investment in a foreign subsidiary	—	—	n/a	505	615	Short-term borrowings
	$ 171	$305		$580	$841	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 the amounts and location of income (expense) and gain (loss) reclassified into income and for certain other derivative financial instruments. The amount of hedge ineffectiveness was not significant in 2013, 2012 and 2011 for these hedges.

	Gain (loss) Recognized in Other Comprehensive Income (loss)			Income (expense) and Gain (loss) Reclassified into Income			
(in millions)	2013	2012	2011	2013	2012	2011	Income Statement Caption
Foreign currency forward exchange contracts designated as cash flow hedges	$ 35	$ 13	$ 67	$ 47	$114	$ (44)	Cost of products sold
Debt designated as a hedge of net investment in a foreign subsidiary	110	65	(30)	—	—	—	n/a
Interest rate swaps designated as fair value hedges	n/a	n/a	n/a	(98)	62	488	Interest expense
Foreign currency forward exchange contracts not designated as hedges	n/a	n/a	n/a	88	131	(41)	Net foreign exchange (gain) loss

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.

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.

	2013		2012	
(in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term Investment Securities:				
Equity securities	$ 93	$ 93	$ 213	$ 213
Other	26	24	61	56
Total Long-term Debt	(3,397)	(3,930)	(18,394)	(19,588)
Foreign Currency Forward Exchange Contracts:				
Receivable position	84	84	120	120
(Payable) position	(75)	(75)	(146)	(146)
Interest Rate Hedge Contracts:				
Receivable position	87	87	185	185
(Payable) position	—	—	(80)	(80)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2013:				
Equity securities	$ 26	$26	$ —	$ —
Interest rate swap financial instruments	87	—	87	—
Foreign currency forward exchange contracts	84	—	84	—
Total Assets	$ 197	$26	$ 171	$ —
Fair value of hedged long-term debt	$ 1,623	$ —	$1,623	$ —
Foreign currency forward exchange contracts	75	—	75	—
Contingent consideration related to business combinations	208	—	—	208
Total Liabilities	$ 1,906	$ —	$1,698	$208
December 31, 2012:				
Equity securities	$ 76	$76	$ —	$ —
Interest rate swap financial instruments	185	—	185	—
Foreign currency forward exchange contracts	120	—	120	—
Total Assets	$ 381	$76	$ 305	$ —
Fair value of hedged long-term debt	$ 9,632	$ —	$9,632	$ —
Interest rate swap financial instruments	80	—	80	—
Foreign currency forward exchange contracts	146	—	146	—
Contingent consideration related to business combinations	323	—	—	323
Total Liabilities	$10,181	$ —	$9,858	$323

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. The fair value of the contingent consideration was determined based on an independent appraisal adjusted for the time value of money, exchange and other changes in fair value.

NOTE 11 — 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 $15 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 $70 million to $90 million. The recorded accrual balance at December 31, 2013 for these proceedings and exposures was approximately $80 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 — 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)	2013	2012	2013	2012
Projected benefit obligations, January 1	$ 11,322	$ 9,212	$1,889	$ 1,657
Service cost — benefits earned during the year	303	389	43	61
Interest cost on projected benefit obligations	276	460	59	81
(Gains) losses, primarily changes in discount rates, plan design changes, law changes and differences between actual and estimated health care costs	(650)	1,461	(156)	148
Benefits paid	(185)	(308)	(60)	(63)
Separation of AbbVie Inc.	(4,654)	—	(450)	—
Other, including foreign currency translation	20	108	(28)	5
Projected benefit obligations, December 31	$ 6,432	$ 11,322	$1,297	$ 1,889
Plan assets at fair value, January 1	$ 7,949	$ 6,961	$ 417	$ 389
Actual return on plans' assets	727	878	61	48
Company contributions	724	379	40	40
Benefits paid	(185)	(302)	(56)	(60)
Separation of AbbVie Inc.	(3,107)	—	—	—
Other, primarily foreign currency translation	15	33	—	—
Plan assets at fair value, December 31	$ 6,123	$ 7,949	$ 462	$ 417
Projected benefit obligations greater than plan assets, December 31	$ (309)	$ (3,373)	$ (835)	$ (1,472)
Long-term assets	$ 685	$ 69	$ —	$ —
Short-term liabilities	(11)	(43)	—	—
Long-term liabilities	(983)	(3,399)	(835)	(1,472)
Net liability	$ (309)	$ (3,373)	$ (835)	$ (1,472)
Amounts Recognized in Accumulated Other Comprehensive Income (loss):				
Actuarial losses, net	$ 1,791	$ 4,923	$ 334	$ 701
Prior service cost (credits)	20	61	(252)	(322)
Total	$ 1,811	$ 4,984	$ 82	$ 379

In connection with separation of AbbVie on January 1, 2013, Abbott transferred to AbbVie Accumulated other comprehensive losses, net of income taxes, of approximately $1.4 billion. The projected benefit obligations for non-U.S. defined benefit plans was $2.0 billion and $3.1 billion at December 31, 2013 and 2012, respectively. The accumulated benefit obligations for all defined benefit plans were $5.5 billion and $9.6 billion at December 31, 2013 and 2012, respectively.

For plans where the accumulated benefit obligations exceeded plan assets at December 31, 2013 and 2012, the aggregate accumulated benefit obligations, the projected benefit obligations and the aggregate plan assets were as follows:

(in millions)	2013	2012
Accumulated benefit obligation	$408	$8,100
Projected benefit obligation	505	9,619
Fair value of plan assets	—	6,243

In 2011, $776 million of assets and liabilities of a plan sponsored by Abbott Healthcare BV, a Dutch subsidiary of Abbott Laboratories, were irrevocably transferred to a Dutch insurance company in full settlement of that plan. The assets were used to purchase an annuity contract to fulfill the plan's obligations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	Defined Benefit Plans			Medical and Dental Plans		
(in millions)	2013	2012	2011	2013	2012	2011
Service cost — benefits earned during the year	$ 303	$ 389	$ 332	$ 43	$ 61	$ 55
Interest cost on projected benefit obligations	276	460	446	59	81	88
Expected return on plans' assets	(396)	(611)	(608)	(36)	(33)	(34)
Settlement	—	—	40	—	—	—
Amortization of actuarial losses	169	244	163	34	34	38
Amortization of prior service cost (credits)	3	2	4	(35)	(42)	(42)
Total cost	355	484	377	65	101	105
Less: Discontinued operations	—	(206)	(176)	—	(48)	(49)
Net cost - continuing operations	$ 355	$ 278	$ 201	$ 65	$ 53	$ 56

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 gains and prior service credits of $995 million for defined benefit plans and $201 million for medical and dental plans in 2013; net actuarial losses of $1.2 billion for defined benefit plans and net actuarial losses of $134 million for medical and dental plans in 2012; and net actuarial losses of $1.1 billion for defined benefit plans and net actuarial gains of $66 million for medical and dental plans in 2011. The actuarial losses for 2012 and 2011 related to the businesses transferred to AbbVie as part of the separation were $167 million and $19 million, respectively; prior service costs were not significant.

The pretax amount of actuarial losses and prior service cost (credits) included in Accumulated other comprehensive income (loss) at December 31, 2013 that is expected to be recognized in the net periodic benefit cost in 2014 is $102 million and $2 million of expense, respectively, for defined benefit pension plans and $17 million of expense and $37 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:

	2013	2012	2011
Discount rate	4.9%	4.3%	5.0%
Expected aggregate average long-term change in compensation	5.0%	5.3%	5.3%

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

	2013	2012	2011
Discount rate	4.2%	5.0%	5.4%
Expected return on plan assets	7.8%	8.0%	7.8%
Expected aggregate average long-term change in compensation	5.0%	5.3%	5.1%

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

	2013	2012	2011
Health care cost trend rate assumed for the next year	7%	7%	7%
Rate that the cost trend rate gradually declines to	5%	5%	5%
Year that rate reaches the assumed ultimate rate	2019	2019	2019

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 is a forward projection 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, 2013, by $177 million / $(146) 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 $18 million/$(14) million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(in millions)		Basis of Fair Value Measurement		
December 31, 2013:	Outstanding Balances	Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
Equities:				
U.S. large cap (a)	$ 1,618	$ 741	$ 877	$ —
U.S. mid cap (b)	409	134	275	—
International (c)	1,319	608	711	—
Fixed income securities:				
U.S. government securities (d)	453	61	392	—
Corporate debt instruments (e)	378	108	270	—
Non-U.S. government securities (f)	536	305	231	—
Other (g)	77	69	8	—
Absolute return funds (h)	1,474	197	791	486
Commodities (i)	170	6	97	67
Other (j)	151	149	—	2
	$6,585	$2,378	$3,652	$555
December 31, 2012:				
Equities:				
U.S. large cap (a)	$ 1,831	$1,058	$ 773	$ —
U.S. mid cap (b)	491	133	358	—
International (c)	1,607	657	950	—
Fixed income securities:				
U.S. government securities (d)	899	172	727	—
Corporate debt instruments (e)	736	355	381	—
Non-U.S. government securities (f)	374	83	291	—
Other (g)	24	—	24	—
Absolute return funds (h)	2,070	85	1,246	739
Commodities (i)	222	9	172	41
Other (j)	112	109	—	3
	$8,366	$2,661	$4,922	$783

Prior year amounts have been revised to conform with the current year's asset classifications.

(a) A mix of index funds that track the S&P 500 (60 percent in 2013 and 50 percent in 2012) and separate actively managed equity accounts that are benchmarked to the Russell 1000 (40 percent in 2013 and 50 percent in 2012).

(b) A mix of index funds (70 percent in 2013 and 75 percent in 2012) and separate actively managed equity accounts (30 percent in 2013 and 25 percent in 2012) that track or are benchmarked to the S&P 400 midcap index.

(c) Primarily separate actively managed pooled investment accounts that are benchmarked to the MSCI and MSCI emerging market indices.

(d) Index funds not actively managed (50 percent in 2013 and 2012) and separate actively managed accounts (50 percent in 2013 and 2012).

(e) Index funds not actively managed (40 percent in 2013 and 20 percent in 2012) and separate actively managed accounts (60 percent in 2013 and 80 percent in 2012).

(f) Primarily United Kingdom, Japan and Irish government-issued bonds.

(g) Primarily mortgage backed securities.

(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 liquid commodity future contracts and private energy funds.

(j) Primarily cash and cash equivalents.

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 net asset value (NAV) provided by the fund administrator. The NAV is based on the value of the underlying assets owned by the fund minus its liabilities. Fixed income securities that are valued using significant other observable inputs are valued at prices obtained from independent financial service industry-recognized vendors. Absolute return funds and commodities are valued at the NAV provided by the fund administrator. Private energy funds are valued at the NAV provided by the partnership on a one-quarter lag adjusted for known cash flows and significant events through the reporting date.

The following table summarizes the change in the value of assets that are measured using significant unobservable inputs:

(in millions)	2013	2012
January 1	$783	$682
Transfers in (out of) from other categories	6	6
Separation of AbbVie Inc.	(165)	—
Actual return on plan assets:		
Assets on hand at year end	29	59
Assets sold during the year	51	(4)
Purchases, sales and settlements, net	(149)	40
December 31	$555	$783

The investment mix of equity securities, fixed income and other asset allocation strategies is based upon achieving a desired return, balancing higher return, more volatile equity securities, and 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Abbott funds its domestic pension plans according to IRS funding limitations. International pension plans are funded according to similar regulations. Abbott funded $724 million in 2013 and $379 million in 2012 to defined pension plans. Abbott expects to contribute approximately $400 million to its pension plans in 2014, of which approximately $300 million relates to its main domestic pension plan.

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
2014	$ 186	$ 71
2015	198	73
2016	213	74
2017	229	76
2018	249	77
2019 to 2023	1,578	417

The Abbott Stock Retirement Plan is the principal defined contribution plan. Abbott's contributions to this plan were $86 million in 2013, $150 million in 2012 and $151 million in 2011. The contribution amounts in 2012 and 2011 include amounts associated with the businesses transferred to AbbVie.

NOTE 13 — 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.

In 2013, taxes on earnings from continuing operations reflect the recognition of $234 million of tax benefits as a result of the favorable resolution of various tax positions pertaining to prior years. Earnings from discontinued operations in 2013 include the recognition of $193 million of tax benefits as a result of the resolution of various tax positions related to AbbVie's operations prior to the separation. In addition, as a result of the American Taxpayer Relief Act of 2012 signed into law in January 2013, Abbott recognized a tax benefit in the tax provision related to continuing operations of approximately $103 million for the retroactive extension of the research tax credit and the look-through rules of section 954(c)(6) of the Internal Revenue Code to the beginning of 2012. The $1.515 billion domestic loss before taxes in 2012 includes $1.29 billion of net loss on the early extinguishment of debt.

U.S. income taxes are provided on those earnings of foreign subsidiaries which are intended to be remitted to the parent company. Abbott does not record deferred income taxes on earnings reinvested indefinitely in foreign subsidiaries. Undistributed earnings reinvested indefinitely in foreign subsidiaries as working capital and plant and equipment aggregated $24.0 billion at December 31, 2013. It is not practicable to determine the amount of deferred income taxes not provided on these earnings. In the U.S., Abbott's federal income tax returns through 2010 are settled except for three items, and the income tax returns for years after 2010 are open. 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)	2013	2012	2011
Earnings (Loss) From Continuing Operations Before Taxes:			
Domestic	$ 529	$(1,515)	$ (593)
Foreign	1,992	1,820	1,829
Total	$2,521	$ 305	$1,236

	2013	2012	2011
Taxes on Earnings From Continuing Operations:			
Current:			
Domestic	$ 16	$ (21)	$ (888)
Foreign	555	979	797
Total current	571	958	(91)
Deferred:			
Domestic	(308)	(572)	360
Foreign	(125)	(660)	(159)
Total deferred	(433)	(1,232)	201
Total	$ 138	$ (274)	$ 110

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

	2013	2012	2011
Statutory tax rate on earnings from continuing operations	35.0%	35.0%	35.0%
Benefit of lower tax rates and tax exemptions on foreign income	(18.0)	(75.7)	(14.9)
Resolution of certain tax positions pertaining to prior years	(9.3)	(69.4)	(14.0)
Effect of retroactive legislation	(4.1)	—	—
State taxes, net of federal benefit	1.7	3.4	(0.3)
All other, net	0.2	17.0	3.1
Effective tax rate on earnings from continuing operations	5.5%	(89.7)%	8.9%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(in millions)	2013	2012
Deferred tax assets:		
Compensation and employee benefits	$ 862	$ 1,936
Other, primarily reserves not currently deductible, and NOL's and credit carryforwards	2,908	3,278
Trade receivable reserves	155	557
Inventory reserves	137	211
Deferred intercompany profit	274	1,095
State income taxes	196	197
Total deferred tax assets	4,532	7,274
Deferred tax liabilities:		
Depreciation	(72)	(75)
Other, primarily the excess of book basis over tax basis of intangible assets	(1,774)	(2,447)
Total deferred tax liabilities	(1,846)	(2,522)
Total net deferred tax assets	$ 2,686	$ 4,752

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. Valuation allowances for recorded deferred tax assets were not significant.

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)	2013	2012
January 1	$2,257	$2,123
Increase due to current year tax positions	244	673
Increase due to prior year tax positions	152	62
Decrease due to prior year tax positions	(541)	(438)
Lapse of statute	(23)	—
Settlements	(124)	(163)
December 31	$1,965	$2,257

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is approximately $1.7 billion. Abbott believes that it is reasonably possible that the recorded amount of gross unrecognized tax benefits may decrease by $350 million to $425 million, including cash adjustments, within the next twelve months as a result of concluding various domestic and international tax matters.

NOTE 14 — 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. As a result of the separation of AbbVie, Abbott no longer has a Proprietary Pharmaceutical Products segment and this business has been removed from the 2012 and 2011 historical information presented below. 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, Molecular Diagnostics, Point of Care and Ibis diagnostic divisions are aggregated and reported as the Diagnostic Products segment.

Vascular Products — Worldwide sales of coronary, endovascular, structural heart, vessel closure and other medical device products.

Non-reportable segments include the Diabetes Care and Medical Optics segments.

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, effective January 1, 2013, 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 segment information below for 2012 and 2011 has been adjusted to exclude intangible asset amortization from operating earnings and intangible assets and goodwill from the total segment asset information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

(in millions)	Net Sales to External Customers (a)			Operating Earnings (a)		
	2013	2012	2011	2013	2012	2011
Established Pharmaceuticals	$ 4,974	$ 5,121	$ 5,355	$1,182	$1,237	$1,254
Nutritionals	6,740	6,461	5,989	1,263	1,020	792
Diagnostics	4,545	4,292	4,126	1,008	825	794
Vascular	3,012	3,071	3,333	962	1,020	1,111
Total Reportable Segments	19,271	18,945	18,803	$4,415	$4,102	$3,951
Other	2,577	2,549	2,604			
Total	$21,848	$21,494	$21,407			

(a) Net sales and operating earnings were unfavorably affected by the relatively stronger U.S. dollar in 2013 and 2012 and were favorably affected by the relatively weaker U.S. dollar in 2011.

(in millions)	2013	2012	2011
Total Reportable Segment Operating Earnings	$4,415	$ 4,102	$ 3,951
Corporate functions and benefit plans costs	(514)	(598)	(529)
Non-reportable segments	423	443	457
Net interest expense	(90)	(288)	(294)
Net loss on extinguishment of debt	—	(1,351)	—
Share-based compensation	(262)	(284)	(256)
Amortization of intangible assets	(791)	(795)	(884)
Other, net (b)	(660)	(924)	(1,209)
Earnings from Continuing Operations before Taxes	$2,521	$ 305	$ 1,236

(b) Other, net includes: charges for cost reduction initiatives of approximately $350 million in 2013 and $430 million in 2012; and charges of $240 million in 2011 for cost reduction initiatives and integration.

(in millions)	Depreciation			Additions to Long-term Assets			Total Assets		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Established Pharmaceuticals	$ 84	$ 156	$ 169	$ 128	$ 237	$ 122	$ 2,637	$ 2,805	$ 4,348
Nutritionals	190	175	167	340	428	205	3,518	3,211	2,939
Diagnostics	368	295	313	394	349	394	3,312	3,286	3,218
Vascular	122	76	99	62	69	109	1,711	1,834	1,400
Total Reportable Segments	764	702	748	924	1,083	830	$11,178	$11,136	$11,905
Other	164	661	647	982	902	845			
Total	$928	$1,363	$1,395	$1,906	$1,985	$1,675			

(in millions)	2013	2012	2011
Total Reportable Segment Assets	$11,178	$11,136	$11,905
Cash, investments and restricted funds (c)	8,217	15,448	8,476
Current deferred income taxes (c)	2,528	2,986	2,701
Non-reportable segments	1,181	1,167	1,148
Goodwill and intangible assets (c)	15,507	24,362	25,695
All other (c)	4,342	12,136	10,352
Total Assets	$42,953	$67,235	$60,277

(c) In 2012 and 2011, the reported amounts include assets associated with the businesses transferred to AbbVie as part of the separation.

(in millions)	Net Sales to External Customers (d)			Long-term Assets (e)		
	2013	2012	2011	2013	2012	2011
United States	$ 6,269	$ 6,349	$ 6,302	$ 7,884	$15,244	$15,867
Japan	1,442	1,723	1,726	902	1,169	1,225
Germany	1,070	984	1,058	1,040	6,173	5,909
The Netherlands	960	1,107	1,204	560	532	462
China	1,083	859	625	356	259	127
India	922	919	917	3,080	3,467	3,160
Brazil	470	448	470	216	200	186
Switzerland	792	693	591	1,117	1,214	1,045
Canada	734	753	652	368	352	237
Italy	726	719	761	100	222	229
France	680	667	781	213	220	214
Russia	525	485	427	30	37	21
Spain	413	417	447	326	314	293
United Kingdom	479	497	475	1,380	1,345	1,273
All Other Countries	5,283	4,874	4,971	6,133	5,164	6,260
Consolidated	$21,848	$21,494	$21,407	$23,705	$35,912	$36,508

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

(e) Amounts reported in 2012 and 2011 include assets associated with businesses transferred to AbbVie as part of the separation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 — QUARTERLY RESULTS (UNAUDITED)

(in millions except per share data)	2013	2012
First Quarter		
Continuing Operations:		
Net Sales	$5,378	$5,284
Gross Profit	2,747	2,716
Earnings from Continuing Operations	545	351
Basic Earnings per Common Share	0.35	0.22
Diluted Earnings per Common Share	0.34	0.22
Net Earnings	545	1,242
Basic Earnings per Common Share (a)	0.35	0.79
Diluted Earnings per Common Share (a)	0.34	0.78
Market Price per Share-High (b)	35.34	29.42
Market Price per Share-Low (b)	31.64	25.82
Second Quarter		
Continuing Operations:		
Net Sales	$5,446	$5,313
Gross Profit	2,704	2,748
Earnings from Continuing Operations	476	411
Basic Earnings per Common Share	0.30	0.26
Diluted Earnings per Common Share	0.30	0.26
Net Earnings	476	1,725
Basic Earnings per Common Share (a)	0.30	1.09
Diluted Earnings per Common Share (a)	0.30	1.08
Market Price per Share-High (b)	38.77	30.85
Market Price per Share-Low (b)	34.69	28.25
Third Quarter		
Continuing Operations:		
Net Sales	$5,369	$5,265
Gross Profit	2,722	2,581
Earnings from Continuing Operations	773	339
Basic Earnings per Common Share	0.50	0.21
Diluted Earnings per Common Share	0.49	0.21
Net Earnings	966	1,943
Basic Earnings per Common Share (a)	0.62	1.22
Diluted Earnings per Common Share (a)	0.61	1.21
Market Price per Share-High (b)	37.16	33.69
Market Price per Share-Low (b)	32.70	30.39
Fourth Quarter		
Continuing Operations:		
Net Sales	$5,655	$5,632
Gross Profit	2,844	2,837
Earnings (loss) from Continuing Operations	589	(522)
Basic Earnings per Common Share	0.38	(0.33)
Diluted Earnings per Common Share	0.37	(0.33)
Net Earnings	589	1,053
Basic Earnings per Common Share (a)	0.38	0.66
Diluted Earnings per Common Share (a)	0.37	0.66
Market Price per Share-High (b)	38.81	34.67
Market Price per Share-Low (b)	32.75	29.96

(a) The sum of the four quarters of earnings per share for 2013 and 2012 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.

(b) The 2012 market prices per share reflect historical share prices that have been adjusted to reflect the separation of AbbVie.

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, 2013. In making this assessment, it used the criteria set forth in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of December 31, 2013, 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 57.

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

Thomas C. Freyman
Executive Vice President, Finance and Chief Financial Officer

Robert E. Funck
Vice President, Controller

February 21, 2014

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Abbott Laboratories:

We have audited the accompanying consolidated balance sheets of Abbott Laboratories and subsidiaries (the "Company") as of December 31, 2013 and 2012, and 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, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, on January 1, 2013, the Company distributed all of the outstanding shares of AbbVie Inc., which encompasses the Company's research-based pharmaceuticals business, to the Company's shareholders. Also, as discussed in Note 1, in 2011 the Company changed the year end of its foreign subsidiaries from a November 30 fiscal year end to a December 31 calendar year end.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP
Chicago, Illinois
February 21, 2014

To the Board of Directors and Shareholders of Abbott Laboratories:

We have audited the internal control over financial reporting of Abbott Laboratories and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to 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.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2013 and our report dated February 21, 2014 expressed an unqualified opinion on those financial statements and includes an explanatory paragraph regarding the distribution of the shares of AbbVie Inc. to the Company's shareholders and the Company's change to the year end of its foreign subsidiaries.

Deloitte & Touche LLP
Chicago, Illinois
February 21, 2014

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

MARKET PRICE SENSITIVE INVESTMENTS

Abbott holds available-for-sale equity securities from strategic technology acquisitions. The market value of these investments was approximately $26 million and $76 million as of December 31, 2013 and 2012, respectively. The decrease is due to the sale of securities. Abbott monitors these investments for other than temporary declines in market value, and charges impairment losses to income when an other than temporary decline in value occurs. A hypothetical 20 percent decrease in the share prices of these investments would decrease their fair value at December 31, 2013 by approximately $5 million. (A 20 percent decrease is believed to be a reasonably possible near-term change in share prices.)

NON-PUBLICLY TRADED EQUITY SECURITIES

Abbott holds equity securities from strategic technology acquisitions that are not traded on public stock exchanges. The carrying value of these investments was approximately $67 million and $137 million as of December 31, 2013 and 2012, respectively. The decrease of non-publicly traded securities is due to the separation of AbbVie on January 1, 2013. No individual investment is recorded at a value in excess of $20 million. Abbott monitors these investments for other than temporary declines in market value, and charges impairment losses to income when an other than temporary decline in estimated value occurs.

INTEREST RATE SENSITIVE FINANCIAL INSTRUMENTS

At December 31, 2013 and 2012, Abbott had interest rate hedge contracts totaling $1.5 billion and $9.5 billion, respectively, to manage its exposure to changes in the fair value of debt. $8.0 billion of these contracts related to debt issued by AbbVie Inc. in the fourth quarter of 2012 and were transferred to AbbVie as part of the separation on January 1, 2013. The effect of these hedges is to change the fixed interest rate to a variable rate. Abbott does not use derivative financial instruments, such as interest rate swaps, to manage its exposure to changes in interest rates for its investment securities. At December 31, 2013, Abbott had $2.5 billion of domestic commercial paper outstanding with an average annual interest rate of 0.13% with an average remaining life of 34 days. The fair value of long-term debt at December 31, 2013 and 2012 amounted to $3.9 billion and $19.6 billion, respectively (average interest rates of 5.3% and 2.9% as of December 31, 2013 and 2012, respectively) with maturities through 2040. At December 31, 2013 and 2012, the fair value of current and long-term investment securities amounted to approximately $4.7 billion. A hypothetical 100-basis point change in the interest rates would not have a material effect on cash flows, income or market 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 months. At December 31, 2013 and 2012, Abbott held $137 million and $1.6 billion, respectively, of such contracts, which all mature in the following calendar year. Contracts totaling $1.0 billion were transferred to AbbVie as part of the separation on January 1, 2013.

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, 2013 and 2012, Abbott held $13.8 billion and $18.2 billion, respectively, of such contracts, which mature in the next twelve months. $4.3 billion of these contracts were transferred to AbbVie as part of the separation on January 1, 2013.

Abbott has designated foreign denominated short-term debt of approximately $505 million and approximately $615 million as of December 31, 2013 and 2012, respectively, as a hedge of the net investment in a foreign subsidiary. Accordingly, changes in the fair value of this debt due to changes in exchange rates are recorded in Accumulated other comprehensive income (loss), net of tax.

The following table reflects the total foreign currency forward contracts outstanding at December 31, 2013 and 2012:

	2013			2012		
(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)
Receive primarily U.S. Dollars in exchange for the following currencies:						
Euro	$ 6,208	1.3735	$ (4)	$11,349	1.317	$ (4)
British Pound	1,181	1.624	1	1,318	1.621	1
Japanese Yen	1,865	99.0	12	2,624	81.2	9
Canadian Dollar	191	1.06	1	332	.992	1
All other currencies	4,446	N/A	(1)	4,169	N/A	(33)
Total	$13,891		$ 9	$19,792		$(26)

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 nutritional products, branded generic pharmaceuticals, diagnostic testing products and vascular products. Sales in international markets comprise approximately 70 percent of consolidated net sales.

In October 2011, Abbott announced a plan to separate into two publicly traded companies, one in diversified medical products and the other in research-based pharmaceuticals. To accomplish the separation, Abbott created a new company, AbbVie Inc. ("AbbVie") for its research-based pharmaceuticals business which consists primarily of Abbott's historical Proprietary Pharmaceutical Products segment. On January 1, 2013, Abbott distributed all of the outstanding shares of AbbVie to Abbott's shareholders and AbbVie became an independent company trading under the symbol "ABBV".

The historical operating results of the research-based proprietary pharmaceuticals business prior to separation are excluded from Earnings from Continuing Operations and are presented on the Earnings from Discontinued Operations line in Abbott's Consolidated Statement of Earnings. The assets, liabilities, and cash flows of the research-based proprietary pharmaceuticals business are included in Abbott's Consolidated Balance Sheet and its Consolidated Statements of Cash Flows for periods prior to January 1, 2013.

Sales growth and margin improvement in the nutritional and diagnostics businesses and the challenging economic and fiscal environment in many countries around the world have impacted Abbott's sales, costs and financial position over the last three years. Sales in emerging markets increased 11 percent per year in 2013 and 2012, excluding foreign exchange, despite the slowdown in several emerging economies and a weakening of key emerging market currencies in 2013. (Emerging markets include all countries except the United States, Western Europe, Japan, Canada, and Australia.)

In Abbott's worldwide nutritional products business, sales over the last three years were positively impacted by demographics such as an aging population and an increasing rate of chronic disease in developed markets and the rise of a middle class in many emerging markets, as well as by numerous new product introductions that leveraged Abbott's strong brands. At the same time, manufacturing and distribution process changes and other cost reductions drove margin improvements across the business. Operating margins for this business increased from 13.2 percent in 2011 to 18.7 percent in 2013.

In 2013 sales growth in International Pediatric Nutrition was affected by a product recall initiated in August 2013 in China and two other markets for certain pediatric nutritional products supplied to Abbott by a third-party manufacturer. While there were no health issues associated with the recalled products, and the supplier subsequently determined that the products had been safe for consumption, the recall created significant disruption in these markets. As a result, International Pediatric Nutrition sales were significantly lower than Abbott's previous expectations for this business for the second half of 2013. While Abbott initiated investments in the third quarter of 2013 in these markets to rebuild consumer confidence, Abbott expects the recall to continue to have a negative impact on sales in the first half of 2014.

In Abbott's worldwide diagnostics business, margin improvement continued to be a key focus in 2013. Operating margins increased from 19.2 percent of sales in 2011 to 22.2 percent in 2013 as the business continued to execute on efficiency initiatives in the manufacturing and supply chain functions. In addition to continued margin improvement, unit growth across geographical regions positively impacted worldwide diagnostic sales. Worldwide sales for this business increased 8.3 percent in 2013 and 7.3 percent in 2012, excluding foreign exchange.

In the Established Pharmaceutical Products segment, macroeconomic and market pressures in certain emerging markets impacted this business in 2013. Nevertheless, sales in this segment's 14 key emerging markets increased 6.3 percent in 2013 excluding the effect of foreign exchange. However, the growth in emerging markets was largely offset by declines in developed markets where austerity measures have continued to impact performance.

Over the last three years in the vascular business, Abbott continued to build its *Xience* drug-eluting stent franchise with the receipt of approval to market *Xience Xpedition* in various countries, including Japanese approval in the third quarter of 2013 and U.S. approval in the fourth quarter of 2012. *Xience Pro* received CE Mark approval in the second quarter of 2012. Abbott's market share also benefited from the U.S. launches of *Xience nano* and *Xience PRIME* in 2011, and the Japanese launches of *Xience PRIME* small vessel DES in 2013 and *Xience PRIME* in April 2012. *Xience*, which includes *Xience V*, *PRIME*, *nano*, *Pro*, and *Xpedition*, ended 2013 as the market-leading drug eluting stent globally. In 2013, *ABSORB* and *MitraClip* also contributed to sales growth. In 2011, the third party distributor of the Promus product began transitioning away from the product and that supply agreement ended in 2012. The effect of the winding down of the agreement continued into the first quarter of 2013.

Abbott's short- and long-term debt totaled $6.6 billion at December 31, 2013. At December 31, 2013, Abbott's long-term debt rating was A+ by Standard and Poor's Corporation and A1 by Moody's Investors Service. In the fourth quarter of 2012, Abbott extinguished $7.7 billion of long-term debt and incurred a charge of $1.35 billion related to the early repayment, net of gains from the unwinding of interest rate swaps related to the debt. In October 2013 Abbott announced a 57 percent increase in Abbott's quarterly dividend to $0.22 per share from $0.14 per share, effective with the dividend paid in February 2014.

In 2014, Abbott will focus on several key initiatives. In the nutritional business, Abbott will continue to build its product portfolio with the introduction of new science-based products, expand in high-growth emerging markets and implement additional margin improvement initiatives. In the established pharmaceuticals business, Abbott will continue to focus on obtaining additional product

FINANCIAL REVIEW

approvals across numerous countries and expanding its presence in emerging markets. In the diagnostics business, Abbott will focus on the development of next-generation instrument platforms and other advanced technologies, expansion in emerging markets, and further improvements in the segment's operating margin. In the vascular business, Abbott will continue to focus on marketing products in the *Xience* and endovascular franchises, and increasing *MitraClip* sales, as well as further clinical development of *ABSORB*, its bioresorbable vascular scaffold (BVS) device and a further penetration of *ABSORB* in numerous countries. In Abbott's other segments, Abbott will focus on developing differentiated technologies in higher growth markets.

CRITICAL ACCOUNTING POLICIES

Sales Rebates—In 2013, approximately 49 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 are in the Established Pharmaceuticals and Nutritional Products segments. 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 2013, 2012 and 2011 amounted to approximately $2.0 billion, $1.9 billion and $1.7 billion, respectively, or 16.1 percent, 16.0 percent and 16.8 percent, respectively, based on gross sales of approximately $12.5 billion, $11.8 billion and $10.1 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 $125 million in 2013. 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 $150 million, $149 million and $117 million for cash discounts in 2013, 2012 and 2011, respectively, and $208 million, $199 million and $170 million for returns in 2013, 2012 and 2011, 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 level of inventory in the distribution channel. Management has access to several large customers' inventory management data, and for other customers, utilizes data from a third party that measures time on the retail shelf. These sources allow management to make reliable estimates of inventory in the distribution channel. Except for a transition period before or after a change in the supplier for the WIC business in a state, inventory in the distribution channel does not vary substantially. Management also estimates the states' processing lag time based on claims data. In addition, internal processing time is a factor in estimating the accrual. In the WIC business, the state where the sale is made, which is the determining factor for the applicable price, is reliably determinable. Estimates are required for the amount of WIC sales within each state where Abbott has the WIC business. External data sources utilized for that estimate are participant data from the U.S. Department of Agriculture (USDA), which administers the WIC program, participant data from some of the states, and internally administered market research. The USDA has been making its data available for many years. Internal data includes historical redemption rates and pricing data. At December 31, 2013, Abbott had WIC business in 23 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 are 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 2010 are settled except for three items, and the income tax returns for years after 2010 are open. Abbott does not record deferred income taxes on earnings reinvested indefinitely in foreign subsidiaries.

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 is 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 decades, 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, 2013, 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 $1.8 billion and $82 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 12 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. 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, the 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 an impairment occurs. At December 31, 2013, goodwill amounted to $9.8 billion and intangibles amounted to $5.7 billion, and amortization expense for intangible assets amounted to $791 million in 2013, $795 million in 2012 and $884 million in 2011. There were no impairments of goodwill in 2013, 2012 or 2011. In 2012 and 2011, Abbott recorded impairment charges of $69 million and $125 million, respectively, for certain research and development assets due to changes in the projected development and regulatory timelines for the projects.

Litigation—Abbott accounts for litigation losses in accordance with FASB Accounting Standards Codification 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 $70 million to $90 million for its legal proceedings and environmental exposures. Accruals of approximately $80 million have been recorded at December 31, 2013 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:

	Total	Components of % Change		
	% Change	Price	Volume	Exchange
Total Net Sales				
2013 vs. 2012	1.6	(0.8)	4.5	(2.1)
2012 vs. 2011	0.4	(0.4)	4.0	(3.2)
Total U.S.				
2013 vs. 2012	(0.8)	(1.0)	0.2	—
2012 vs. 2011	0.7	0.8	(0.1)	—
Total International				
2013 vs. 2012	2.7	(0.8)	6.5	(3.0)
2012 vs. 2011	0.3	(0.9)	5.7	(4.5)
Established Pharmaceutical Products Segment				
2013 vs. 2012	(2.9)	(0.4)	1.1	(3.6)
2012 vs. 2011	(4.4)	(1.3)	3.4	(6.5)
Nutritional Products Segment				
2013 vs. 2012	4.3	3.2	2.2	(1.1)
2012 vs. 2011	7.9	4.5	4.4	(1.0)
Diagnostic Products Segment				
2013 vs. 2012	5.9	(2.5)	10.8	(2.4)
2012 vs. 2011	4.0	(1.4)	8.7	(3.3)
Vascular Products Segment				
2013 vs. 2012	(1.9)	(6.2)	6.2	(1.9)
2012 vs. 2011	(7.9)	(5.2)	(0.4)	(2.3)

The increases in Total Net Sales in 2013 and 2012 reflect unit growth, partially offset by the impact of unfavorable foreign exchange. The price declines related to Vascular Products sales in 2013 and 2012 primarily reflect pricing pressure on drug eluting stents and other coronary products as a result of market competition in major markets.

FINANCIAL REVIEW

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)	2013	Percent Change	2012	Percent Change
Total Established Pharmaceuticals				
Key Emerging Markets	$2,358	1	$2,324	4
Other Markets	2,616	(7)	2,797	(10)
Nutritionals — International Pediatric Nutritionals	2,257	9	2,075	8
U.S. Pediatric Nutritionals	1,508	—	1,505	14
International Adult Nutritionals	1,601	8	1,489	4
U.S. Adult Nutritionals	1,374	(1)	1,392	6
Diagnostics — Immunochemistry	3,458	5	3,279	4
Vascular Products (1) — Drug Eluting Stents (DES) and Bioresorbable Vascular Scaffold (BVS) products	1,563	(2)	1,599	3
Other Coronary Products	579	(3)	598	(1)
Endovascular	475	5	452	1

(1) Other Coronary Products include primarily guidewires and balloon catheters. Endovascular includes vessel closure, carotid stents and other peripheral products.

Excluding the unfavorable effect of exchange, total Established Pharmaceutical Products sales increased 0.7 percent in 2013 and 2.1 percent in 2012. The Established Pharmaceutical Products segment is focused on 14 key emerging markets including India, Russia, China and Brazil. Excluding the effect of exchange, sales in these 14 key emerging markets increased 6.3 percent in 2013 and 12.8 percent in 2012 as macroeconomic and market pressures in various emerging markets negatively affected 2013 growth. Excluding the effect of exchange, sales in Established Pharmaceuticals' other markets decreased 4 percent in 2013 and 5.6 percent in 2012. These declines in the Other Markets category reflect unfavorable market conditions, including the continued effects of European austerity measures and 2012 Japanese pricing actions.

Excluding the unfavorable effect of exchange, total Nutritional Products sales increased 5.4 percent in 2013 and 8.9 percent in 2012. International Pediatric Nutritional sales increased in 2013 and 2012 due primarily to volume growth in developing countries. A supplier's recall of product in August 2013 in certain international markets negatively impacted International Pediatric Nutritional sales in the third and fourth quarters of 2013. While there were no health issues associated with this supplier recall and the supplier subsequently determined that the product had been safe for consumption, this event created significant disruption in these markets. Abbott expects this sales disruption to continue to negatively impact International Pediatric Nutritional growth in the first half of 2014. U.S. Pediatric sales were flat in 2013 due to lower formula share, partially offset by higher shipments of toddler products. U.S. Pediatric Nutritional sales in 2012 reflect market share gains for *Similac* and unit growth for *PediaSure*.

The 2013 and 2012 increases in International Adult Nutritional sales are due primarily to volume growth in developing countries and were negatively impacted by the effect of the relatively stronger U.S. dollar. The 1 percent decline in 2013 U.S. Adult Nutritional sales reflects Abbott's exit from certain non-core business lines as part of the business' margin improvement initiative; most of the sales decline resulting from this exit was offset by higher *Ensure* revenues. The increase in 2012 U.S. Adult Nutritional sales reflects unit growth for the *Ensure* and *Glucerna* products.

Excluding the unfavorable effect of exchange, total Diagnostic Products sales increased 8.3 percent in 2013 and 7.3 percent in 2012. The sales increases reflect unit growth across geographical regions. 2013 and 2012 sales of immunochemistry products, the largest category in this segment, reflect continued execution of Abbott's strategy to deliver integrated solutions to large healthcare customers.

Excluding the unfavorable effect of exchange, total Vascular Products sales were flat in 2013 and decreased 5.6 percent in 2012. In 2013, growth in international markets, driven by continued share gains in key geographies of *XIENCE Xpedition* and *Absorb*, was offset by declines in the U.S. market due to the negative impact of pricing pressure and a decline in procedures due to market conditions, as well as the expected decline of certain royalty revenues. In 2012, the decrease in Vascular Products sales was due to pricing pressure, as well as the expected winding down of royalty and supply agreements related to certain third-party products, including *Promus*. Excluding this royalty and supply agreement revenue in both periods and the unfavorable effect of exchange, Vascular Products sales increased 3.4 percent in 2012.

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 2013, 2012 and 2011.

The expiration of licenses and patent protection can affect the future revenues and operating income of Abbott. There are currently no significant patent or license expirations in the next three years that are expected to affect Abbott.

OPERATING EARNINGS

Gross profit margins were 50.4 percent of net sales in 2013, 50.6 percent in 2012 and 49.1 percent in 2011. The gross profit margin in 2013 remained relatively unchanged versus the prior year as improved margins in the Nutritional and Diagnostics Products segments were offset by margin declines in Established Pharmaceuticals and Vascular Products due to pricing pressures and unfavorable product mix as well as the impact of unfavorable foreign exchange across segments. The increase in the gross profit margin in 2012 was impacted by improved gross margins across all reportable segments as a result of cost reduction initiatives, the impact of exchange and favorable product mix.

In the U.S., states receive price rebates from manufacturers of infant formula under the federally subsidized Special Supplemental Nutrition Program for Women, Infants, and Children. There are also rebate programs for pharmaceutical products in numerous countries. These rebate programs continue

to have a negative effect on the gross profit margins of the Nutritional and Established Pharmaceutical Products segments.

Research and development expense was $1.452 billion in 2013, $1.544 billion in 2012 and $1.512 billion in 2011 and represented a 6.0 percent decrease in 2013, and a 2.1 percent increase in 2012. The 2013 decrease primarily reflects the incurrence of restructuring and asset impairment charges in 2012 which did not recur in 2013. In 2013, research and development expenditures totaled $336 million for the Vascular Products segment, $416 million for the Diagnostics Products segment, $239 million for the Established Pharmaceutical Products segment and $188 million for the Nutritional Products segment.

Selling, general and administrative expenses decreased 6.8 percent in 2013 and increased 1.1 percent in 2012. The 2013 decrease reflects the transfer of certain 2012 corporate costs to AbbVie in the separation as well as certain information technology and other back office support costs that are being charged to AbbVie in 2013 under transition services agreements. Prudent cost management and a reduction in restructuring costs also contributed to the decrease. The 2012 increase primarily reflects increased selling and marketing support for new products and geographical expansion, largely offset by prudent cost management.

BUSINESS ACQUISITIONS

In August 2013, Abbott acquired 100 percent of IDEV Technologies, net of debt, for $310 million, in cash. The acquisition of IDEV Technologies expands Abbott's endovascular portfolio. The allocation of the fair value of the acquisition resulted in non-deductible acquired in-process research and development of approximately $170 million which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation, non-deductible definite-lived intangible assets of approximately $66 million, non-deductible goodwill of approximately $123 million and net deferred tax liabilities of $56 million. Acquired intangible assets consist of developed technology and are being amortized over 11 years.

In August 2013, Abbott acquired 100 percent of OptiMedica for $260 million, in cash, plus additional payments up to $150 million to be made upon completion of certain development, regulatory and sales milestones. The acquisition of OptiMedica provides Abbott with an immediate entry point into the laser assisted cataract surgery market. The allocation of the fair value of the acquisition resulted in non-deductible definite-lived intangible assets of approximately $160 million, non-deductible acquired in-process research and development of approximately $60 million which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation, non-deductible goodwill of approximately $151 million, net deferred tax liabilities of $70 million and contingent consideration of approximately $70 million. The fair value of the contingent consideration was determined based on an independent appraisal. Acquired intangible assets consist primarily of developed technology that is being amortized over 18 years.

The preliminary allocations of the fair value of these acquisitions will be finalized when valuations are completed. Had the above acquisitions taken place on January 1 of the previous year, consolidated net sales and income would not have been significantly different from reported amounts.

RESTRUCTURINGS

In 2013, Abbott management approved a plan to reduce costs and improve efficiencies across various functional areas as well as a plan to streamline certain manufacturing operations in order to reduce costs and improve efficiencies in Abbott's established pharmaceuticals business. In 2012, Abbott management approved plans to streamline various commercial operations in order to reduce costs and improve efficiencies in Abbott's core diagnostics, established pharmaceutical and nutritionals businesses. Abbott recorded employee related severance charges of approximately $78 million in 2013 and $167 million in 2012. Additional charges of approximately $4 million and $22 million were also recorded in 2013 and 2012, respectively, primarily for asset impairments. Approximately $35 million in 2013 and $70 million in 2012 is recorded in Cost of products sold and approximately $47 million in 2013 and $119 million in 2012 is recorded as Selling, general and administrative expense.

In 2013 and prior years, Abbott management approved plans to realign its worldwide pharmaceutical and vascular manufacturing operations and selected domestic and international commercial and research and development operations in order to reduce costs. In 2013, Abbott recorded employee severance charges of approximately $11 million. In 2011, Abbott recorded charges of approximately $194 million reflecting the impairment of manufacturing facilities and other assets, employee severance and other related charges. Approximately $11 million in 2013 and $18 million in 2011 is classified as Cost of products sold. The remaining 2011 charge of $176 million related to businesses transferred to AbbVie and is being recognized in the results of discontinued operations. An additional $41 million, $110 million and $25 million were recorded in 2013, 2012 and 2011, respectively, relating to these restructurings, primarily for accelerated depreciation.

In 2012, Abbott recorded a charge of approximately $150 million for employee severance and contractual obligations, primarily related to the exit from a research and development facility. These charges related to businesses transferred to AbbVie and have been recognized in the results of discontinued operations.

In 2011, Abbott management approved plans to streamline global manufacturing operations, reduce overall costs, and improve efficiencies in Abbott's core diagnostic business. In 2011, a charge of $28 million was recorded in Cost of products sold. In addition, charges of approximately $16 million and $42 million were recorded in 2012 and 2011, primarily for accelerated depreciation and product transfer costs.

INTEREST EXPENSE

In 2013, interest expense decreased due to a lower level of borrowings, which resulted from the transfer of approximately $14.6 billion of debt to AbbVie as part of the separation. In 2012, interest expense included bridge facility fees related to the separation of AbbVie from Abbott.

FINANCIAL REVIEW

CHANGE IN ACCOUNTING PRINCIPLE AND OTHER (INCOME) EXPENSE, NET

Prior to January 1, 2011, the accounts of foreign subsidiaries were consolidated based on a fiscal year ended November 30 due to the time needed to consolidate these subsidiaries. Effective January 1, 2011, the one month lag in the consolidation of the accounts of foreign subsidiaries was eliminated and the year-end of foreign subsidiaries was changed to December 31. Abbott believes that the change in accounting principle related to the elimination of the one month reporting lag is preferable because it results in more contemporaneous reporting of the results of foreign subsidiaries. In accordance with applicable accounting literature, a change in subsidiaries' year-end is treated as a change in accounting principle and requires retrospective application. A charge of $100 million was recorded to Other (income) expense, net in 2011 to recognize the cumulative immaterial impacts to 2009 and 2010.

Other (income) expense, net, for 2013 includes gains on sales of investments; 2012 includes income of approximately $40 million from the resolution of a contractual agreement.

NET LOSS ON EXTINGUISHMENT OF DEBT

In 2012, Abbott extinguished $7.7 billion of long-term debt and incurred a cost of $1.35 billion to extinguish this debt, net of gains from the unwinding of interest rate swaps related to the debt.

TAXES ON EARNINGS

The income tax rates on earnings from continuing operations were 5.5 percent in 2013, (89.7) percent in 2012 and 8.9 percent in 2011. 2013 taxes on earnings from continuing operations include $234 million of tax benefit related to the resolution of various tax positions from previous years. In addition, as a result of the American Taxpayer Relief Act of 2012 signed into law in January 2013, Abbott recorded a tax benefit to taxes on continuing operations of approximately $103 million in 2013 for the retroactive extension of the research tax credit and the look-through rules of section 954(c)(6) of the Internal Revenue Code to the beginning of 2012. Taxes on earnings from continuing operations in 2012 reflect the $472 million effect of the tax rate applied to Abbott's net debt extinguishment loss, as well as the recognition of $212 million of tax benefits as a result of the favorable resolution of various tax positions pertaining to a prior year. Taxes on earnings from continuing operations in 2011 reflect the recognition of $168 million of tax benefits as a result of the favorable resolution of various tax positions pertaining to prior years. Exclusive of these discrete items, the effective rates are lower than the U.S. federal statutory rate of 35 percent due primarily to the benefit of lower tax rates and tax exemptions on foreign income that reduced the tax rates by 18.0, 75.7, and 14.9 percentage points in 2013, 2012 and 2011, respectively. The tax rate reductions are primarily derived from operations in Puerto Rico, Switzerland, Ireland and Singapore where Abbott benefits from a combination of favorable statutory tax rules, tax rulings, grants, and exemptions. See Note 13 to the consolidated financial statements for a full reconciliation of the effective tax rate to the U.S. federal statutory rate.

In 2014 Abbott expects to repatriate approximately $2 billion of 2014 earnings generated outside the U.S. Abbott also expects to be able to accelerate the utilization of deferred tax assets and thereby reduce the cash taxes due in the U.S. on this repatriation to no more than $150 million. This repatriation is projected to result in approximately $550 to $600 million of additional tax expense in Abbott's 2014 Statement of Earnings. Excluding the tax effect of this repatriation, Abbott expects to apply an annual effective rate of approximately 19 percent to 2014 results.

SEPARATION OF ABBVIE INC.

On November 28, 2012, Abbott's board of directors declared a special dividend distribution of all of the outstanding shares of common stock of AbbVie Inc. (AbbVie), the company formed to hold Abbott's research-based proprietary pharmaceuticals business. For each Abbott common share held at the close of business on December 12, 2012, Abbott shareholders received one share of AbbVie stock on January 1, 2013. Abbott has received a ruling from the Internal Revenue Service that the separation qualifies as a tax-free distribution to Abbott and its U.S. shareholders for U.S. federal income tax purposes.

The historical operating results of the research-based proprietary pharmaceuticals business prior to separation are excluded from Earnings from Continuing Operations and are presented on the Earnings from Discontinued Operations line. Discontinued operations include the results of AbbVie's business except for certain corporate overhead costs and certain costs associated with transition services that will be provided by Abbott to AbbVie. Discontinued operations also include other costs incurred by Abbott to separate AbbVie as well as an allocation of interest assuming a uniform ratio of consolidated debt to equity for all of Abbott's historical operations. The assets, liabilities, and cash flows of the research-based proprietary pharmaceuticals business are included in Abbott's Consolidated Balance Sheet and its Consolidated Statements of Cash Flows for periods prior to January 1, 2013.

The following is a summary of the assets and liabilities transferred to AbbVie as part of the separation on January 1, 2013:

(in billions)	
Assets:	
Cash and cash equivalents	$ 5.9
Investments	2.2
Trade receivables, less allowances	3.2
Inventories	0.7
Prepaid expenses, deferred income taxes, and other current receivables	2.9
Net property and equipment	2.2
Intangible assets, net of amortization	2.3
Goodwill	6.1
Deferred income taxes and other assets	1.1
	26.6
Liabilities:	
Short-term borrowings	1.0
Trade accounts payable and other current liabilities	5.2
Long-term debt	14.6
Post-employment obligations, deferred income taxes and other long-term liabilities	3.1
	23.9
Net Assets Transferred to AbbVie Inc.	$ 2.7

FINANCIAL REVIEW

In addition, approximately $1 billion of accumulated other comprehensive losses, net of income taxes, primarily related to the pension and other benefit plan net liabilities as well as foreign translation was transferred to AbbVie.

In 2013, discontinued operations includes a favorable adjustment to tax expense of $193 million as a result of the resolution of various tax positions pertaining to 2010 related to AbbVie's operations. Summarized financial information for discontinued operations for 2012 and 2011 is as follows:

	Year Ended December 31	
(in millions)	2012	2011
Net sales	$18,380	$17,444
Earnings before taxes	5,958	3,963
Taxes on earnings	574	361
Net earnings	5,384	3,602

Abbott and AbbVie entered into transitional services agreements prior to the separation pursuant to which Abbott and AbbVie are providing various services to each other on an interim transitional basis. Transition services may be provided for up to 24 months with an option for a one-year extension by the recipient. Services being provided by Abbott include certain information technology and back office support. Billings by Abbott under these transitional services agreements are recorded as a reduction of the costs to provide the respective service in the applicable expense category in the Consolidated Statement of Earnings. This transitional support will enable AbbVie to establish its stand-alone processes for various activities that were previously provided by Abbott and does not constitute significant continuing support of AbbVie's operations.

For a small portion of AbbVie's operations, the legal transfer of AbbVie's assets (net of liabilities) did not occur with the separation of AbbVie on January 1, 2013 due to the time required to transfer marketing authorizations and other regulatory requirements in each of these countries. Under the terms of the separation agreement with Abbott, AbbVie is subject to the risks and entitled to the benefits generated by these operations and assets. The majority of these operations were transferred to AbbVie in 2013 with the remainder expected to be transferred in 2014. These assets and liabilities have been presented as held for disposition in the Consolidated Balance Sheet. At December 31, 2013, the assets and liabilities held for disposition consist of inventories of $243 million, trade accounts receivable of $163 million, other current assets of $32 million, equipment of $28 million, other assets of $38 million, trade accounts payable and accrued liabilities of $386 million and other liabilities of $7 million. Abbott's obligation to transfer the net assets held for disposition to AbbVie of $111 million is included in Other accrued liabilities.

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. In connection with the separation, Abbott has adjusted its employee stock compensation awards and separated its defined benefit programs for pensions and post-employment medical and dental benefit plans. See notes 8 and 12 for additional information.

RESEARCH AND DEVELOPMENT PROGRAMS

Abbott currently has numerous pharmaceutical, medical device, 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, and
- 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

FINANCIAL REVIEW

FDA's Pre-Marketing 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 EU, diagnostic products are also categorized into different categories and the regulatory process, which is governed by the European InVitro Diagnostic Medical Device Directive, depends upon the category. Certain product categories require review and approval by an independent company, known as a Notified Body, before the manufacturer can affix a CE mark to the product to show compliance with the Directive. Other products only require a self-certification process.

In the Vascular segment, the research and development process begins with research on a specific technology that is evaluated for feasibility and commercial viability. If the research program passes that hurdle, it moves forward into development. The development process includes evaluation and selection of a product design, completion of clinical trials to test the product's safety 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., vascular products are classified as Class I, II, or III. Most of Abbott's vascular 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, vascular products are also categorized into different classes and the regulatory process, which is governed by the European Medical Device Directive, varies by class. Each product must bear a CE mark to show compliance with the Directive. 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 vascular products, 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, athletes) 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. Most other product development, such as a product form change from liquid to powder, generally does not necessitate clinical studies.

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 nutrition 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 2014 and beyond, Abbott's significant areas of therapeutic focus will include the following:

Established Pharmaceuticals — Abbott is actively working on development plans for about 20 - 30 key brands. Depending on the product, the development activities focus on new data, markets, formulations, combinations, or indications. Abbott focuses on building country-specific portfolios made up of global and local pharmaceutical brands that best meet each local market's needs. Over the next several years, Established Pharmaceuticals will work to expand its product portfolio in its key markets through further geographic expansion of existing brands, new product enhancements, and strategic licensing activities.

Vascular — Ongoing projects in the pipeline include:

- *XIENCE Xpedition*, our latest drug-eluting stent (DES) with enhanced deliverability and an expanded size matrix. It utilizes the *XIENCE PRIME* stent, everolimus and biocompatible coating technology but incorporates new catheter technology for improved deliverability. *XIENCE Xpedition* received U.S. regulatory approval in December 2012 and is also available in Europe and parts of Asia and Latin America. In 2013, Abbott continued to expand DES size offerings. *XIENCE Xpedition 48* received CE regulatory approval in May 2013, making it the longest length DES among major brands. *XIENCE Xpedition* 2.0 mm diameter received CE regulatory approval in December 2013, making it the smallest diameter DES among major brands.
- *Absorb*, the world's first drug eluting bioresorbable vascular scaffold (BVS) device for the treatment of coronary artery disease that is gradually resorbed into the vessel wall. In 2013, Abbott made significant progress in enrolling patients in clinical trials for regulatory approval in the United States and China, and completed enrollment in trials in Japan in December 2013.
- *MitraClip* device for the treatment of mitral regurgitation (MR). In October 2013, *MitraClip* received U.S. regulatory approval for patients with significant symptomatic degenerative MR who are at prohibitive risk for mitral valve surgery. *MitraClip* is also available in Europe, parts of Asia, the Middle East and Latin America. Abbott expects to seek product approval in additional markets in 2014. In addition, Abbott will continue clinical development of the *MitraClip* therapy including the COAPT trial, a landmark, prospective, randomized trial in the United States that will evaluate the impact of *MitraClip* treatment on the progression of heart failure.

FINANCIAL REVIEW

- *SUPERA Veritas* self-expanding nitinol stent system which was acquired as part of the acquisition of IDEV Technologies in August 2013. With its proprietary interwoven wire technology, *SUPERA Veritas* is designed based on biomimetic principles to mimic the body's natural movement. It received CE Mark in Europe for treating blockages in blood vessels due to peripheral artery disease (PAD). In the U.S., *SUPERA Veritas* is cleared only for the treatment of biliary strictures (narrowing of a bile duct) related to cancer. It is currently being reviewed by the U.S. Food and Drug Administration under a Premarket Approval application for treatment of the superficial femoral and proximal popliteal arteries, which are the main arteries in the thigh that supply blood to lower extremities. Abbott plans to continue development of *SUPERA's* size matrix and next generation delivery system.
- Coronary and endovascular guide wires. Abbott's HT Pilot and HT Progress guide wire families received FDA clearance for the Chronic Total Occlusions (CTO) indication in January 2013.

Medical Optics — Abbott is developing a number of new products for patients undergoing cataract surgery, which are designed to improve physician efficiency and patient outcomes. In 2013, Abbott's Tecnis Toric monofocal intraocular lens, which combines the optical qualities of the Tecnis design with astigmatism correction, was approved in the U.S., China and Japan. In addition, a preloaded version of the Tecnis 1 piece monofocal IOL was approved in the U.S., Canada and India and a preloaded version of the Tecnis 1 piece multifocal IOL was approved in Canada, Europe and Japan. Preloaded technology enables insertion of the Tecnis 1 piece IOL with an easy to use, disposable insertion system. Other products that received regulatory approval in Japan included the Tecnis OptiBlue monofocal IOL in a standard cartridge insertion system as well as the preloaded version. The iDesign advanced vision diagnostic and LASIK treatment planning system, previously approved in Europe in 2012, received approval in Canada and a number of Latin American and Asian countries. In 2014, Abbott plans to continue to work to introduce new products, including the launch of new pre-loaded IOLs, which are designed to improve the ease of use for the cataract surgeon.

Molecular Diagnostics — Various new molecular in vitro diagnostic (IVD) products, including oncology and infectious disease assays and a next generation instrument system are in various stages of development and commercialization. Abbott's companion diagnostic test for an ALK gene rearrangement test for non-small-cell lung cancer has been approved in more than 69 countries around the world and now includes options for automated processing and image analysis. Abbott's companion diagnostic program continues to expand and includes collaborative efforts with multiple major pharmaceutical companies. An automated assay to genotype HCV-infected patients to aid in the choice of an appropriate therapy was approved by the FDA. In addition, automated IVD assays for Flu A/B/RSV, C.difficle, and VanR were launched in many countries around the world. Assays for infectious diseases including MTB and MTB drug resistance and for oncology including KRAS and BRAF mutation detection are in development.

Core Laboratory Diagnostics — Abbott is working on the development of next-generation blood screening, hematology, and immunochemistry instrument systems, as well as assays in various areas including infectious disease, cardiac care, metabolics, oncology, and automation solutions to increase efficiency in laboratories.

Diabetes Care — In the third quarter of 2013, Abbott received CE Mark in Europe for its *FreeStyle Precision Neo* monitoring system, a new icon-driven system with visual glucose trend indicators and insulin logging. In the second half of 2013, Abbott received both CE Mark in Europe and FDA approval for *Precision Pro,* a hospital glucose monitoring system which provides improved accuracy and dual-band wireless access to immediate test results. Abbott is also developing a new sensor based system that it expects to submit for approval in Europe in 2014.

Nutrition — Abbott is focusing its research and development spend on six benefit platforms that span the pediatric, adult and performance nutrition areas: immunity, cognition, lean body mass, inflammation, metabolism and tolerance. Numerous new products that build on advances in these benefit 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 2013 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 complete each project, the rate at which each project advances, and the ultimate timing for completion. Given the potential for significant delays and the high rate of failure inherent in the development of pharmaceutical and medical device 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 spend equal to approximately 6 percent to 7 percent of sales each year. Abbott does not regularly accumulate or make management decisions based on the total expenses incurred for a particular development phase in a given period.

FINANCIAL REVIEW

GOODWILL

At December 31, 2013, goodwill recorded as a result of business combinations totaled $9.8 billion. Goodwill is reviewed for impairment annually in the third quarter or when an event that could result in an impairment occurs. The results of the last impairment test indicated that the fair value of each reporting unit was substantially in excess of its carrying value except for the Medical Optics unit. While the fair value of the Medical Optics business exceeds its carrying value, extended economic pressure on government-reimbursed cataract procedures in Europe and on the global LASIK surgery business as well as longer regulatory approval timelines for products currently under development, the integration of OptiMedica and the negative impact of foreign currency movements could result in a valuation in the future where the fair value of the Medical Optics unit has declined below its carrying value, thereby triggering the requirement to estimate the implied fair value of the goodwill and measure for impairment.

FINANCIAL CONDITION

CASH FLOW

Net cash from operating activities amounted to $3.3 billion, $9.3 billion and $9.0 billion in 2013, 2012 and 2011, respectively. The decrease in Net cash from operating activities in 2013 was due to the separation of AbbVie on January 1, 2013. Net cash from operating activities in 2013 reflects approximately $435 million of one-time net cash outflows related to the separation of AbbVie and $724 million of contributions to defined benefit pension plans. The income tax component of operating cash flow in 2013, 2012 and 2011 includes $427 million, $408 million and $580 million, respectively, of noncash tax benefits related to the favorable resolution of various tax positions pertaining to prior years and 2013 also includes a $103 million tax benefit for the retroactive impact of U.S. tax law changes, which is expected to be realized in future years. Trade accounts payable and other liabilities in Net cash from operating activities in 2012 includes the payment of approximately $1.5 billion related to a litigation accrual recorded in 2011 related to the business operations of AbbVie. This was partially offset by increases in other liabilities, primarily restructuring reserves.

While substantially all cash and cash equivalents at December 31, 2013, 2012 and 2011 is considered reinvested indefinitely in foreign subsidiaries, Abbott does not expect such reinvestment to affect its liquidity and capital resources. If these funds were needed for operations in the U.S., Abbott would be required to accrue and pay U.S. income taxes to repatriate these funds. Abbott believes that it has sufficient sources of liquidity to support its assumption that the disclosed amount of undistributed earnings at December 31, 2013 can be considered to be reinvested indefinitely.

Abbott funded $724 million in 2013, $379 million in 2012 and $394 million in 2011 to defined benefit pension plans. Abbott expects pension funding of approximately $400 million in 2014 for its pension plans, of which approximately $300 million relates to its main domestic 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, 2013 Abbott's long-term debt rating was A+ by Standard & Poor's Corporation and A1 by Moody's Investors Service. Abbott has readily available financial resources, including unused lines of credit of $5.0 billion that support commercial paper borrowing arrangements which expire in 2017.

In 2012, Abbott redeemed $7.7 billion of long-term notes in preparation for the separation of AbbVie from Abbott and repaid $1 billion of long-term notes that were due in 2012. In addition, AbbVie Inc., a wholly owned subsidiary of Abbott, issued $14.7 billion of long-term notes that were guaranteed by Abbott until AbbVie's separation from Abbott on January 1, 2013. In 2011, Abbott repaid $2.0 billion of long-term notes using primarily short-term borrowings.

In October 2008, the board of directors authorized the purchase of up to $5 billion of Abbott's common shares from time to time. Under this authorization, 33.0 million and 37.0 million shares were purchased in 2013 and 2012 at a cost of approximately $1.2 billion and $2.2 billion, respectively. No additional purchases of common shares will be made from this authorization. In June 2013, the board of directors authorized the purchase of up to $3.0 billion of Abbott's common shares from time to time and 10.5 million shares were purchased under this authorization at a cost of $388 million in 2013. Abbott has indicated that it plans to purchase over $2 billion of additional shares from time to time in 2014.

Abbott declared dividends of $0.64 per share in 2013 compared to $1.67 per share in 2012. Dividends paid were $882 million in 2013 compared to $3.2 billion in 2012. The year-over-year change in dividends reflects the impact of the separation of AbbVie in January 2013. In October 2013, Abbott announced an increase in the company's quarterly dividend to $0.22 per share from $0.14 per share, representing an increase of 57 percent. This increase took effect with the dividend paid in February 2014 to shareholders of record at the close of business on January 15, 2014.

WORKING CAPITAL

The reduction of cash and cash equivalents from $10.8 billion at December 31, 2012 to $3.5 billion at December 31, 2013 reflects the transfer of $5.9 billion of cash and cash equivalents to AbbVie as part of the separation on January 1, 2013. Working capital was $9.7 billion at December 31, 2013 and $18.0 billion at December 31, 2012. The decrease in working capital in 2013 was due to the transfer of approximately $9 billion of working capital to AbbVie on January 1, 2013 as part of the separation. See note 2 - Separation of AbbVie for additional information.

FINANCIAL REVIEW

Substantially all of Abbott's trade receivables in Italy, Spain, Portugal, and Greece are with governmental health systems. The collection of outstanding receivables in these countries held steady or improved in 2013 depending upon the country. As a result, governmental receivables in these four countries accounted for approximately 1 percent of Abbott's total assets and 12 percent of total net trade receivables as of December 31, 2013. The latter is down from 16 percent as of December 31 2012.

With the exception of Greece, Abbott historically has collected almost all of the outstanding receivables in these countries. Abbott continues to monitor the credit worthiness of customers located in these and other geographic areas and establishes an allowance against a trade receivable when it is probable that the balance will not be collected. In addition to closely monitoring economic conditions and budgetary and other fiscal developments in these countries, 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. If government funding were to become unavailable in these countries or if significant adverse changes in their reimbursement practices were to occur, Abbott may not be able to collect the entire balance.

CAPITAL EXPENDITURES

Capital expenditures of $1.1 billion in 2013, $1.8 billion in 2012 and $1.5 billion in 2011 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. The 2013 decrease reflects the separation of AbbVie at the beginning of 2013.

CONTRACTUAL OBLIGATIONS

The table below summarizes Abbott's estimated contractual obligations as of December 31, 2013.

(in millions)	Payments Due By Period				
	Total	2014	2015-2016	2017-2018	2019 and Thereafter
Long-term debt, including current maturities	$ 3,397	$ 9	$ 13	$ 2	$3,373
Interest on debt obligations	2,977	181	350	349	2,097
Operating lease obligations	628	140	219	131	138
Capitalized auto lease obligations	40	13	27	—	—
Purchase commitments (a)	2,295	2,118	158	15	4
Other long-term liabilities	1,272	—	771	354	147
Total (b)	$10,609	$2,461	$1,538	$ 851	$5,759

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

(b) Unrecognized tax benefits totaling $1.3 billion 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 13 – Taxes on Income for further details. The company has employee benefit obligations consisting of pensions and other postemployment benefits, including medical and life, which have been excluded from the table. A discussion of the company's pension and postretirement plans, including funding matters is included in Note 12 – Post-employment Benefits.

FINANCIAL REVIEW

CONTINGENT OBLIGATIONS

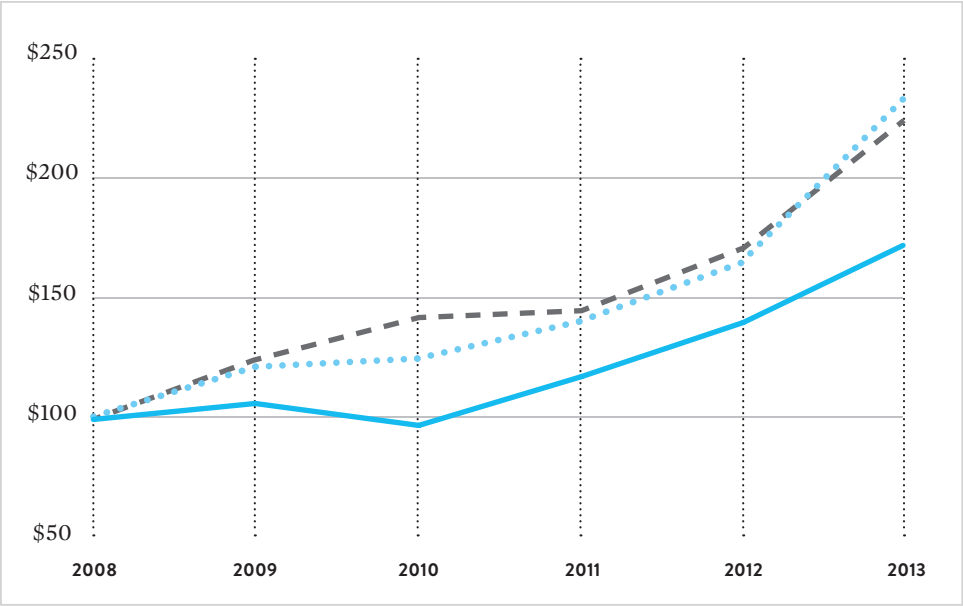
Abbott has periodically entered into agreements in the ordinary course of business, such as assignment of product rights, with other companies, which has resulted in Abbott becoming secondarily liable for obligations that Abbott was previously primarily liable. Since Abbott no longer maintains a business 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. 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, to the Annual Report on Form 10-K.

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, to the Annual Report on Form 10-K.



Assuming $100 invested on 12/31/08 with dividends reinvested.

PERFORMANCE GRAPH

This graph compares the change in Abbott's cumulative total shareholder return on its common shares with the Standard & Poor's 500 Index and the Standard & Poor's 500 Health Care Index.

Assuming $100 was invested on December 31, 2007 with dividend reinvestment, Abbott's cumulative total shareholder return on its common shares is 70%, compared to 44% for the S&P 500 Index and 79% for the S&P 500 Healthcare Index.

SUMMARY OF SELECTED FINANCIAL DATA

(Dollars in millions, except per share data)

Year Ended December 31		2013	2012(a)	2011(a)	2010(a)	2009(a)
Summary of Operations:						
Net Sales	$	21,848	21,494	21,407	19,529	16,551
Cost of products sold	$	10,831	10,612	10,901	10,372	9,153
Research & development	$	1,452	1,544	1,512	1,230	1,036
Selling, general, and administrative	$	6,936	7,444	7,365	6,929	5,442
Operating earnings	$	2,629	1,894	1,629	998	920
Interest expense	$	157	347	359	553	525
Interest income	$	(67)	(59)	(65)	(256)	(288)
Other (income) expense, net (b)	$	18	1,301	99	65	(343)
Earnings from continuing operations before taxes	$	2,521	305	1,236	636	1,026
Taxes on earnings from continuing operations	$	138	(274)	110	355	51
Earnings from continuing operations	$	2,383	579	1,126	281	975
Net earnings	$	2,576	5,963	4,728	4,626	5,746
Basic earnings per common share from continuing operations	$	1.52	0.36	0.72	0.18	0.63
Basic earnings per common share	$	1.64	3.76	3.03	2.98	3.71
Diluted earnings per common share from continuing operations	$	1.50	0.36	0.72	0.18	0.63
Diluted earnings per common share	$	1.62	3.72	3.01	2.96	3.69
Financial Position:						
Working capital	$	9,740	18,042	8,289	5,055	10,264
Long-term investment securities	$	119	274	378	302	1,133
Net property & equipment	$	5,905	8,063	7,874	7,971	7,619
Total assets	$	42,953	67,235	60,277	60,574	52,582
Long-tem debt	$	3,388	18,085	12,040	12,524	11,266
Shareholders' investment	$	25,267	26,813	24,526	22,765	23,187
Book value per share	$	16.32	17.01	15.62	14.53	14.76
Other Statistics:						
Gross profit margin	%	50.4	50.6	49.1	46.9	44.7
Research and development to net sales	%	6.6	7.2	7.1	6.3	6.3
Net cash from operating activities	$	3,324	9,314	8,970	8,736	7,275
Capital expenditures	$	1,145	1,795	1,492	1,015	1,089
Cash dividends declared per common share (c)	$	0.64	1.67	1.92	1.76	1.60
Common shares outstanding (in thousands)		1,548,098	1,576,667	1,570,379	1,546,984	1,551,168
Number of common shareholders		57,854	60,476	62,939	64,413	67,461
Market price per share – high (d)	$	38.81	34.68	27.01	27.17	27.46
Market price per share – low (d)	$	31.64	25.82	21.57	21.34	19.75
Market price per share – close (d)	$	38.33	31.34	26.91	22.92	25.83

(a) On January 1, 2013, Abbott completed the separation of AbbVie Inc., which was formed to hold Abbott's research-based proprietary pharmaceuticals business. The historical operating results of the research-based proprietary pharmaceuticals business prior to separation are excluded from Earnings from continuing operations, Earnings per share from continuing operations and related ratios. The discontinued operations related to the research-based proprietary pharmaceuticals business are included in Net earnings and Basic and Diluted earnings per common share. The assets, liabilities, and cash flows of the research-based proprietary pharmaceuticals business are included in the reported balances for periods prior to January 1, 2013. See Note 2 to the Consolidated Financial Statements for additional information.

(b) 2012 includes $1,350 million for the net loss on extinguishment of debt.

(c) The decrease in the dividend from 2012 to 2013 reflects the impact of the separation of AbbVie.

(d) The 2012 and prior historical share prices have been adjusted to reflect the separation of AbbVie.

DIRECTORS AND CORPORATE OFFICERS

DIRECTORS

Robert J. Alpern, M.D.
Ensign Professor of Medicine, Professor of Internal Medicine, and Dean of Yale School of Medicine, New Haven, Conn.

Roxanne S. Austin
President, Austin Investment Advisors, Newport Coast, Calif.

Sally E. Blount, Ph.D.
Dean of the J.L. Kellogg Graduate School of Management at Northwestern University, Evanston, Ill.

W. James Farrell
Retired Chairman and Chief Executive Officer of Illinois Tool Works Inc., Glenview, Ill.

Edward M. Liddy
Partner, Clayton, Dubilier & Rice, LLC New York, N.Y.

Nancy McKinstry
Chief Executive Officer and Chairman of the Executive Board of Wolters Kluwer N.V., Alphen aan den Rijn, the Netherlands

Phebe N. Novakovic
Chairman and Chief Executive Officer, General Dynamics Corporation, Falls Church, Va.

William A. Osborn
Retired Chairman and Chief Executive Officer of Northern Trust Corporation and The Northern Trust Company, Chicago, Ill.

Samuel C. Scott III
Retired Chairman, President and Chief Executive Officer of Corn Products International, Inc. Westchester, Ill.

Glenn F. Tilton
Chairman of the Midwest, JPMorgan Chase & Co. Chicago, Ill.

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

SENIOR MANAGEMENT

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

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Executive Vice President, Finance and Chief Financial Officer

Hubert L. Allen*
Executive Vice President, General Counsel and Secretary

Richard W. Ashley*
Executive Vice President, Corporate Development

Brian J. Blaser*
Executive Vice President, Diagnostics Products

John M. Capek, Ph.D.*
Executive Vice President, Medical Devices

Stephen R. Fussell*
Executive Vice President, Human Resources

John C. Landgraf*
Executive Vice President, Nutritional Products

Michael J. Warmuth*
Executive Vice President, Established Pharmaceuticals

Jaime Contreras
Senior Vice President, Core Laboratory Diagnostics, Commercial Operations

Georges H. De Vos
Senior Vice President, Established Pharmaceuticals, Emerging Markets

Katherine C. Doyle*
Senior Vice President, U.S. Nutrition

Charles D. Foltz*
Senior Vice President, Abbott Vascular

Paul K. Magill*
Senior Vice President, Chief Marketing Officer

Heather L. Mason*
Senior Vice President, Diabetes Care

Corlis D. Murray
Senior Vice President, Quality Assurance, Regulatory and Engineering Services

Jean-Yves F. Pavée
Senior Vice President, Established Pharmaceuticals, Developed Markets

Murthy V. Simhambhatla*
Senior Vice President, Abbott Medical Optics

J. Scott White*
Senior Vice President, International Nutrition

CORPORATE VICE PRESIDENTS

Jeffery G. Barton
Vice President, Licensing and Acquisitions

Nancy Berce
Vice President, Business Process and Financial Operations

Sharon J. Bracken
Vice President, Point of Care Diagnostics

Michael J. Buck
Vice President, Vascular, Global Market Development

Kathryn S. Collins
Vice President, Chief Ethics and Compliance Officer

John D. Coulter
Vice President, Molecular Diagnostics

Robert B. Ford
Vice President, Diabetes Care, Commercial Operations

Robert E. Funck*
Vice President, Controller

John F. Ginascol
Vice President, Nutrition, Supply Chain

Gene Huang
Vice President, Chief Economist

Elaine R. Leavenworth
Vice President, Government Affairs

Steven J. Lichter
Vice President, Established Pharmaceuticals, Operations

David P. Mark
Vice President, Internal Audit

Catherine Mazzacco
Vice President, Abbott Medical Optics, Commercial

Ramachandran Rajamanickam
Vice President, Nutrition, Asia Pacific

AJ J. Shoultz
Vice President, Taxes

Preston T. Simons
Vice President, Information Technology

Gregory A. Tazalla
Vice President, Strategic Initiatives

Valentine Yien
Vice President, Treasurer

Brian B. Yoor
Vice President, Investor Relations

**Denotes executive officer*

SHAREHOLDER AND CORPORATE INFORMATION

STOCK LISTING

The ticker symbol for Abbott's common stock is ABT. The principal market for Abbott's common shares is the New York Stock Exchange. 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 London Stock Exchange and the Swiss Stock Exchange.

QUARTERLY DIVIDEND DATES

Dividends are expected to be declared and paid on the following schedule in 2014, pending approval by the board of directors:

Quarter	Declared	Record	Paid
First	2/21	4/15	5/15
Second	6/13	7/15	8/15
Third	9/11	10/15	11/15
Fourth	12/12	1/15/15	2/13/15

TAX INFORMATION FOR SHAREHOLDERS

Abbott is an Illinois High Impact Business and is located in a U.S. federal Foreign Trade Sub-Zone (Sub-Zone 22F). Dividends may be eligible for a subtraction from base income for Illinois income tax purposes.

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

DIVIDEND REINVESTMENT PLAN

The Abbott Dividend Reinvestment Plan offers registered shareholders an opportunity to purchase additional shares, commission-free, through automatic dividend reinvestment and/or optional cash investments. Interested persons may contact the transfer agent, or call Abbott's Investor Newsline.

DIVIDEND DIRECT DEPOSIT

Shareholders may have quarterly dividends deposited directly into a checking or savings account at any financial institution that participates in the Automated Clearing House system. For more information, please contact the transfer agent, or call the Investor Newsline.

DIRECT REGISTRATION SYSTEM

In August 2008, Abbott implemented a Direct Registration System (DRS) for all registered shareholder transactions. Shareholders will be sent a statement in lieu of a physical stock certificate for Abbott Laboratories stock. Please contact the transfer agent with any questions.

ANNUAL MEETING

The annual meeting of shareholders will be held at 9 a.m. on Friday, April 25, 2014, at Abbott's corporate headquarters. Questions regarding the annual meeting may be directed to the Corporate Secretary. A copy of Abbott's 2013 Form 10-K Annual Report, as filed with the Securities and Exchange Commission, is available on the Abbott Web site at www.abbott.com or by contacting the Investor Newsline.

CEO AND CFO CERTIFICATIONS

In 2013, Abbott's chief executive officer (CEO) provided to the New York Stock Exchange the annual CEO certification regarding Abbott's compliance with the New York Stock Exchange's corporate governance listing standards. In addition, Abbott's CEO and chief financial officer filed with the U.S. Securities and Exchange Commission all required certifications regarding the quality of Abbott's public disclosures in its fiscal 2013 reports.

INVESTOR NEWSLINE

(847) 937-7300

INVESTOR RELATIONS

Dept. 362, AP6D2

SHAREHOLDER SERVICES

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WEBSITE

www.abbott.com

ABBOTT ONLINE ANNUAL REPORT

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www.abbott.com/citizenship

TRANSFER AGENT AND REGISTRAR

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SHAREHOLDER INFORMATION

Shareholders with questions about their accounts may contact the transfer agent.

Individuals who would like to receive additional information, or have questions regarding Abbott's business activities, may call the Investor Newsline, write Abbott Investor Relations, or visit Abbott's Web site.

Some statements in this annual report may be forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. Abbott cautions that these forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements. Economic, competitive, governmental, technological and other factors that may affect Abbott's operations are discussed in Item 1A, "Risk Factors," in our Securities and Exchange Commission 2013 Form 10-K and are incorporated by reference. We undertake no obligation to release publicly any revisions to forward-looking statements as the result of subsequent events or developments.

The Abbott 2013 Annual Report was printed with the use of renewable wind power resulting in nearly zero carbon emissions, keeping 16,425 pounds of CO_2 from the atmosphere. This amount of wind-generated electricity is equivalent to 14,251 miles not driven in an automobile or 1,187 trees planted. The Abbott Annual Report cover and text is printed on recycled paper that contains a minimum of 10% post-consumer fiber and the financial pages on 30% post-consumer fiber.

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