

ABBOTT LABORATORIES  
Form DEF 14A  
March 19, 2008

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Abbott Laboratories**

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(Name of Registrant as Specified In Its Charter)

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

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**Abbott Laboratories**  
**100 Abbott Park Road**  
**Abbott Park, Illinois 60064-6400 U.S.A.**

**On the Cover:**

*Abbott Prism* Arden Cantwell, San Antonio, Texas

Swimming is a big part of 5-year-old Arden Cantwell's life. Unfortunately, so is cancer. As part of Arden's ongoing treatment, she needs regular blood transfusions. With its unique automated processing technology, *Abbott Prism* ensures the safety of her donated blood, allowing Arden to enjoy her swimming lessons.

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## **Your Vote Is Important**

**Please sign and promptly return your proxy in the enclosed envelope or vote your shares by telephone or using the Internet.**

## **Notice of Annual Meeting of Shareholders**

### **Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 25, 2008**

The Annual Meeting of the Shareholders of Abbott Laboratories will be held at Abbott's headquarters, 100 Abbott Park Road, at the intersection of Route 137 and Waukegan Road, Lake County, Illinois, on Friday, April 25, 2008, at 9:00 a.m. for the following purposes:

To elect 13 directors to hold office until the next Annual Meeting or until their successors are elected (Item 1 on the proxy card),

To ratify the appointment of Deloitte & Touche LLP as auditors of Abbott for 2008 (Item 2 on the proxy card), and

To transact such other business as may properly come before the meeting, including consideration of two shareholder proposals, if presented at the meeting (Items 3 and 4 on the proxy card).

**The board of directors recommends that you vote FOR Items 1 and 2 on the proxy card.**

**The board of directors recommends that you vote AGAINST Items 3 and 4 on the proxy card.**

The close of business February 26, 2008 has been fixed as the record date for determining the shareholders entitled to receive notice of and to vote at the Annual Meeting.

**Abbott's 2008 Proxy Statement and 2007 Annual Report to Shareholders are available at [www.abbott.com/proxy](http://www.abbott.com/proxy).** If you are a registered shareholder, you may access your proxy card, by either:

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Going to the following Web site: [www.investorvote.com](http://www.investorvote.com), entering the information requested on your computer screen and then following the simple instructions, or

Calling (in United States and Canada), toll free 1-800-652-VOTE (8683) on a touch tone telephone, and following the simple instructions provided by the recorded message.

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Admission to the meeting will be by admission card only. If you plan to attend, please complete and return the reservation form on the back cover, and an admission card will be sent to you. Due to space limitations, reservation forms must be received before April 18, 2008. Each admission card, along with photo identification, admits one person. A shareholder may request two admission cards, but a guest must be accompanied by a shareholder.

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By order of the board of directors.

LAURA J. SCHUMACHER

*Secretary*

March 19, 2008

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### [Table of Contents](#)

	Page
Solicitation of Proxies	1
Information about the Annual Meeting	1
<i>Who Can Vote</i>	1
<i>Cumulative Voting</i>	1
<i>Voting by Proxy</i>	1
<i>Revoking a Proxy</i>	1
<i>Discretionary Voting Authority</i>	2
<i>Quorum and Vote Required to Approve Each Item on the Proxy</i>	2
<i>Effect of Broker Non-Votes and Abstentions</i>	2
<i>Inspectors of Election</i>	2
<i>Cost of Soliciting Proxies</i>	2
<i>Abbott Laboratories Stock Retirement Plan</i>	2
<i>Confidential Voting</i>	2
Information Concerning Nominees for Directors (Item 1 on Proxy Card)	3
<i>Nominees for Election as Directors</i>	4
<i>The Board of Directors and its Committees</i>	8
<i>The Board of Directors</i>	8
<i>Committees of the Board of Directors</i>	8
<i>Communicating with the Board of Directors</i>	9
<i>Corporate Governance Materials</i>	9
Director Compensation	10
Security Ownership of Executive Officers and Directors	12
Executive Compensation	13
<i>Compensation Discussion and Analysis</i>	13
<i>Compensation Committee Report</i>	16
<i>Summary Compensation Table</i>	17
<i>Grants of Plan-Based Awards</i>	20
<i>Outstanding Equity Awards at Fiscal Year-End</i>	23
<i>Option Exercises and Stock Vested</i>	32

	<b>Page</b>
<i>Pension Benefits</i>	33
<i>Potential Payments Upon Termination or Change in Control</i>	36
Approval Process for Related Person Transactions	38
Ratification of Deloitte & Touche LLP as Auditors (Item 2 on Proxy Card)	39
Report of the Audit Committee	40
Section 16(a) Beneficial Ownership Reporting Compliance	40
Shareholder Proposals	40
Shareholder Proposal on Access to Medicines (Item 3 on Proxy Card)	41
<i>Proponent's Statement in Support of Shareholder Proposal</i>	41
<i>Board of Directors' Statement in Opposition to the Shareholder Proposal</i>	41
Shareholder Proposal on Advisory Vote (Item 4 on Proxy Card)	42
<i>Proponent's Statement in Support of Shareholder Proposal</i>	42
<i>Board of Directors' Statement in Opposition to the Shareholder Proposal</i>	42
Other Matters	44
Date for Receipt of Shareholder Proposals for the 2009 Annual Meeting Proxy Statement	44
Procedure for Recommendation and Nomination of Directors and Transaction of Business at Annual Meeting	44
General	44
EXHIBIT A DIRECTOR INDEPENDENCE STANDARD	A-1
Reservation Form for Annual Meeting	Back Cover

## Abbott Laboratories Proxy Statement

### Solicitation of Proxies

The accompanying proxy is solicited on behalf of the board of directors for use at the Annual Meeting of Shareholders. The meeting will be held on April 25, 2008, at Abbott's headquarters, 100 Abbott Park Road, at the intersection of Route 137 and Waukegan Road, Lake County, Illinois. This proxy statement and the accompanying proxy card are being mailed to shareholders on or about March 19, 2008.

### Information about the Annual Meeting

#### Who Can Vote

Shareholders of record at the close of business on February 26, 2008 will be entitled to notice of and to vote at the Annual Meeting. As of January 31, 2008, Abbott had 1,545,737,903 outstanding common shares, which are Abbott's only outstanding voting securities. All shareholders have cumulative voting rights in the election of directors and one vote per share on all other matters.

#### Cumulative Voting

Cumulative voting allows a shareholder to multiply the number of shares owned by the number of directors to be elected and to cast the total for one nominee or distribute the votes among the nominees, as the shareholder desires. Nominees who receive the greatest number of votes will be elected. If you wish to cumulate your votes, you must sign and mail in your proxy card or attend the Annual Meeting.

#### Voting by Proxy

All of Abbott's shareholders may vote by mail or at the Annual Meeting. The bylaws provide that a shareholder may authorize no more than two persons as proxies to attend and vote at the meeting. Most of Abbott's shareholders may also vote their shares by telephone or the Internet. If you vote by telephone or the Internet, you do not need to return your proxy card. The instructions for voting by telephone or the Internet can be found with your proxy card.

### **Revoking a Proxy**

You may revoke your proxy by voting in person at the Annual Meeting or, at any time prior to the meeting:

by delivering a written notice to the secretary of Abbott,

by delivering an authorized proxy with a later date, or

by voting by telephone or the Internet after you have given your proxy.

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1

### **Discretionary Voting Authority**

Unless authority is withheld in accordance with the instructions on the proxy, the persons named in the proxy will vote the shares covered by proxies they receive to elect the 13 nominees named in Item 1 on the proxy card. Should a nominee become unavailable to serve, the shares will be voted for a substitute designated by the board of directors, or for fewer than 13 nominees if, in the judgment of the proxy holders, such action is necessary or desirable. The persons named in the proxy may also decide to vote shares cumulatively so that one or more of the nominees may receive fewer votes than the other nominees (or no votes at all), although they have no present intention of doing so.

Where a shareholder has specified a choice for or against the ratification of the appointment of Deloitte & Touche LLP as auditors, or the approval of a shareholder proposal, or where the shareholder has abstained on these matters, the shares represented by the proxy will be voted (or not voted) as specified. Where no choice has been specified, the proxy will be voted FOR ratification of Deloitte & Touche LLP as auditors and AGAINST the shareholder proposals.

With the exception of matters omitted from this proxy statement pursuant to the rules of the Securities and Exchange Commission, the board of directors is not aware of any other issue which may properly be brought before the meeting. If other matters are properly brought before the meeting, the accompanying proxy will be voted in accordance with the judgment of the proxy holders.

### **Quorum and Vote Required to Approve Each Item on the Proxy**

A majority of the outstanding shares entitled to vote on a matter, represented in person or by proxy, constitutes a quorum for consideration of that matter at the meeting. The affirmative vote of a majority of the shares represented at the meeting and entitled to vote on a matter shall be the act of the shareholders with respect to that matter.

### **Effect of Broker Non-Votes and Abstentions**

A proxy submitted by an institution such as a broker or bank that holds shares for the account of a beneficial owner may indicate that all or a portion of the shares represented by that proxy are not being voted with respect to a particular matter. This could occur, for example, when the broker or bank is not permitted to vote those shares in the absence of instructions from the beneficial owner of the stock. These "non-voted shares" will be considered shares not present and, therefore, not entitled to vote on that matter, although these shares may be considered present and entitled to vote for other purposes. Non-voted shares will not affect the determination of the outcome of the vote on any matter to be decided at the meeting. Shares represented by proxies which are present and entitled to vote on a matter but which have elected to abstain from voting on that matter will have the effect of votes against that matter.

### **Inspectors of Election**

The inspectors of election and the tabulators of all proxies, ballots, and voting tabulations that identify shareholders are independent and are not Abbott employees.

### **Cost of Soliciting Proxies**

Abbott will bear the cost of making solicitations from its shareholders and will reimburse banks and brokerage firms for out-of-pocket expenses incurred in connection with this solicitation. Proxies may be solicited by mail or in person by directors, officers, or employees of Abbott and its

subsidiaries.

Abbott has retained Geogeson Inc. to aid in the solicitation of proxies, at an estimated cost of \$17,500 plus reimbursement for reasonable out-of-pocket expenses.

#### **Abbott Laboratories Stock Retirement Plan**

Participants in the Abbott Laboratories Stock Retirement Plan will receive a voting instruction card for their shares held in the Abbott Laboratories Stock Retirement Trust. The Stock Retirement Trust is administered by both a trustee and an investment committee. The trustee of the Trust is Mercer Fiduciary Trust Company. The members of the investment committee are William J. Chase, Stephen R. Fussell, and William H. Preece, Jr., employees of Abbott. The voting power with respect to the shares is held by and shared between the investment committee and the participants. The investment committee must solicit voting instructions from the participants and follow the voting instructions it receives. The investment committee may use its own discretion with respect to those shares for which no voting instructions are received.

#### **Confidential Voting**

It is Abbott's policy that all proxies, ballots, and voting tabulations that reveal how a particular shareholder has voted be kept confidential and not be disclosed, except:

where disclosure may be required by law or regulation,

where disclosure may be necessary in order for Abbott to assert or defend claims,

where a shareholder provides comments with a proxy,

where a shareholder expressly requests disclosure,

to allow the inspectors of election to certify the results of a vote, or

in other limited circumstances, such as a contested election or proxy solicitation not approved and recommended by the board of directors.

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#### **Information Concerning Nominees for Directors (Item 1 on Proxy Card)**

Thirteen directors are to be elected to hold office until the next Annual Meeting or until their successors are elected. All of the nominees are currently serving as directors. Mr. William A. Osborn was recommended for election by the nominations and governance committee.

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3

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## **Nominees for Election as Directors**



**Roxanne S. Austin**

**Age 47**

**Director since 2000**

*President, Austin Investment Advisors, Newport Coast, California  
(Private Investment and Consulting Firm)*

Mrs. Austin is the president of Austin Investment Advisors, a private investment and consulting firm. Prior to that, she served as president and chief operating officer of DIRECTV, Inc. from June 2001 to December 2003. She also served as executive vice president of Hughes Electronics Corporation and as a member of its executive committee until December 2003. From 1997 to June 2001, Mrs. Austin was the corporate senior vice president and chief financial officer of Hughes Electronics Corporation. Mrs. Austin served as Hughes Electronics' vice president, treasurer, chief accounting officer and controller from December 1996 to July 1997; as its vice president, treasurer, and controller from July 1996 to December 1996; and as its vice president and controller from July 1993 to July 1996. Prior to joining Hughes, Mrs. Austin was a partner at the accounting firm Deloitte & Touche. Mrs. Austin earned her B.B.A. degree in accounting from the University of Texas at San Antonio. She serves on the board of trustees of the California Science Center. Mrs. Austin serves on the board of directors of Target Corporation and Teledyne Technologies Inc.

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**William M. Daley**

**Age 59**

**Director since 2004**

*Head of the Office of Corporate Social Responsibility and Chairman of the Midwest, JPMorgan Chase & Co., Chicago, Illinois (Banking and Financial Services Company)*

Mr. Daley has served as the senior executive of the Midwest region and serves on the JPMorgan Chase & Co. Executive Committee and on its International Council since May 2004. He served as President, SBC Communications, Inc. (diversified telecommunications) from December 2001 to May 2004. Mr. Daley was vice chairman of Evercore Capital Partners L.P. from January to November 2001. From June to December 2000, Mr. Daley served as chairman of Vice President Albert Gore's 2000 presidential election campaign. Mr. Daley served as the U.S. Secretary of Commerce from January 1997 to June 2000. Mr. Daley serves on the board of directors of The Boeing Company, The Art Institute of Chicago, Joffrey Ballet of Chicago, Loyola University of Chicago, Northwestern Memorial Hospital, and Northwestern University. He also sits on the Council on Foreign Relations. Mr. Daley is a graduate of Loyola University in Chicago and of John Marshall Law School.

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**W. James Farrell**

**Age 65**

**Director since 2006**

*Retired Chairman and Chief Executive Officer of Illinois Tool Works Inc., Glenview, Illinois  
(Worldwide Manufacturer of Highly Engineered Products and Specialty Systems)*

Mr. Farrell served as the chairman of Illinois Tool Works Inc. from 1996 to 2006 and as its chief executive officer from 1995 to 2005. He serves on the board of directors of Allstate Insurance Company, UAL Corporation, and 3M.

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**H. Laurance Fuller**

**Age 69**

**Director since 1988**

*Retired Co-Chairman of the Board, BP Amoco, p.l.c., London, United Kingdom  
(Integrated Petroleum and Chemicals Company)*

**Mr. Fuller was elected president of Amoco Corporation in 1983 and chairman and chief executive officer in 1991. As the result of the merger of British Petroleum, p.l.c. and Amoco effective December 31, 1998, he became co-chairman of BP Amoco, p.l.c. He retired from that position in April 2000. He is a director of Cabot MicroElectronics Corporation, Verde Group and The Nature Conservancy of South Carolina, and a life trustee of The Orchestral Association and presidential counselor of Cornell University.**

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**William A. Osborn**

**Age 60**

**Director since 2008**

*Chairman and former Chief Executive Officer of Northern Trust Corporation (a multibank holding company) and The Northern Trust Company, Chicago, Illinois (Banking Services Company)*

**Mr. Osborn has been chairman of Northern Trust Corporation since 1995 and served as its chief executive officer from 1995 through 2007. Mr. Osborn is a director of Caterpillar Inc. and Tribune Company. He is a member of the Board of Trustees of the Museum of Science and Industry, Northwestern University, and Northwestern Memorial HealthCare and serves as chairman of the Chicago Symphony Orchestra Association. He holds a B.A. degree and an M.B.A. degree from Northwestern University.**

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**The Rt. Hon. Lord Owen CH**

**Age 69**

**Director since 1996**

*Chairman of Europe Steel, p.l.c., London, United Kingdom  
(International Trader in Steel Products)*

**David Owen is a British subject. He was a neurologist and Research Fellow on the Medical Unit of St. Thomas' Hospital, London, from 1965 through 1968 and a member of Parliament for Plymouth in the House of Commons from 1966 until he retired in May of 1992. In 1992, he was created a Life Peer and a Member of the House of Lords. In August of 1992, the European Union appointed him Co-Chairman of the International Conference on Former Yugoslavia. He stepped down in June of 1995. He was chairman of Global Natural Energy p.l.c. (an owner and operator of gasoline retailing sites) from 1995 to 2006. Lord Owen was Secretary for Foreign and Commonwealth Affairs from 1977 to 1979 and Minister of Health from 1974 to 1976.**

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**Boone Powell Jr.**

**Age 71**

**Director since 1985**

*Retired Chairman, Baylor Health Care System, Dallas, Texas*

**Mr. Powell had been associated with Baylor University Medical Center since 1980 when he was named president and chief executive officer. In August 2001, Mr. Powell retired from his position as Chairman of Baylor Health Care System. Prior to joining Baylor, he was president of Hendrick Medical Center in Abilene, Texas. He is a director of Comerica Bank-Texas, U.S. Oncology, and**

United Surgical Partners International and a fellow of the American College of Health Care Executives. Mr. Powell is a graduate of Baylor University. He received a master's degree in hospital administration from the University of California.

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**W. Ann Reynolds, Ph.D.**

**Age 70**

**Director since 1980**

*Former President, The University of Alabama at Birmingham, Birmingham, Alabama*

Dr. Reynolds served as the president of The University of Alabama at Birmingham from 1997 to 2002 and as director of its Center for Community Outreach and Development from 2002 through 2003. From 1990 to 1997, Dr. Reynolds served as chancellor of The City University of New York. Prior to that, she served as chancellor of The California State University system, provost of The Ohio State University and associate vice chancellor for research and dean of the graduate college of the University of Illinois Medical Center, Chicago. She also held appointments as professor of anatomy, research professor of obstetrics and gynecology, and acting associate dean for academic affairs at the University of Illinois College of Medicine. Dr. Reynolds is a graduate of Emporia State University (Kansas) and holds M.S. and Ph.D. degrees in zoology from the University of Iowa. She is also a director of Humana Inc., Owens-Corning, Invitrogen, and the News-Gazette, Champaign, Illinois.

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**Roy S. Roberts**

**Age 68**

**Director since 1998**

*Managing Director, Reliant Equity Investors, Chicago, Illinois  
(Venture Capital Firm)*

Mr. Roberts has served as managing director of Reliant Equity Investors since September 2000. Mr. Roberts retired from General Motors in April 2000. At the time of his retirement, he was group vice president for North American Vehicle Sales, Service and Marketing of General Motors Corporation, having been elected to that position in October 1998. Prior to that time, he was vice president and general manager in charge of Field Sales, Service and Parts for the Vehicle Sales, Service and Marketing Group from August 1998 to October 1998, general manager of the Pontiac-GMC Division from February 1996 to October 1998, and general manager of the GMC Truck Division from October 1992 to February 1996. Mr. Roberts first joined General Motors Corporation in 1977 and became a corporate officer of General Motors Corporation in April 1987. Mr. Roberts earned a bachelor's degree from Western Michigan University. He serves as a director of Burlington Northern Santa Fe Corporation, as Trustee Emeritus at Western Michigan University, and as past president and on the National Board of Directors for the Boy Scouts of America.

**Samuel C. Scott III**

**Age 63**

**Director since 2007**

*Chairman, President and Chief Executive Officer of Corn Products International, Inc., Westchester, Illinois (A Corn Refining Company)*

**Mr. Scott has served as chairman, president and chief executive officer of Corn Products International since 1997. He was president of the Corn Refining Division of CPC International from 1995 through 1997, when CPC International spun off Corn Products International as a separate corporation. Mr. Scott serves on the board of directors of Bank of New York, Motorola, Inc., Accion International and the Chicago Council on Foreign Relations. He also serves as a trustee of The Conference Board. Mr. Scott graduated from Fairleigh Dickinson University.**

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**William D. Smithburg**

**Age 69**

**Director since 1982**

*Retired Chairman, President and Chief Executive Officer, The Quaker Oats Company, Chicago, Illinois (Worldwide Food Manufacturer and Marketer of Beverages and Grain-Based Products)*

**Mr. Smithburg retired from Quaker Oats in October 1997. Mr. Smithburg joined Quaker Oats in 1966 and became president and chief executive officer in 1981, and chairman and chief executive officer in 1983 and also served as president from November 1990 to January 1993 and again from November 1995. Mr. Smithburg was elected to the Quaker board in 1978 and served on its executive committee until he retired. He is a director of Smurfit-Stone Container Corporation, Northern Trust Corporation, and Corning Incorporated. He is a member of the board of trustees of Northwestern University. Mr. Smithburg earned a B.S. degree from DePaul University and an M.B.A. degree from Northwestern University.**

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**Glenn F. Tilton**

**Age 59**

**Director since 2007**

*Chairman, President and Chief Executive Officer of UAL Corporation, Elk Grove Township, Illinois (Holding Company) and United Air Lines, Inc., a wholly owned subsidiary of UAL Corporation (Air Transportation)*

**Mr. Tilton has been chairman, president and chief executive officer of UAL Corporation and United Air Lines, Inc., a wholly owned subsidiary of UAL Corporation since September 2002. From October 2001 to August 2002, he served as vice chairman of ChevronTexaco Corporation (global energy). In addition, from May 2002 to September 2002 he served as non-executive chairman of Dynegy, Inc. (energy). From February to October 2001 he served as chairman and chief executive officer of Texaco Inc. (global energy). He previously served as president of Texaco's Global Business Unit.**

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**Miles D. White**

**Age 53**

**Director since 1998**

*Chairman of the Board and Chief Executive Officer, Abbott Laboratories*

**Mr. White has served as Abbott's chairman of the board and chief executive officer since 1999. He served as an executive vice president of Abbott from 1998 to 1999, as senior vice president, diagnostics operations from 1994 to 1998, and as vice president, diagnostics systems operations from 1993 to 1994. Mr. White joined Abbott in 1984. He received both his bachelor's degree in mechanical engineering and M.B.A. degree from Stanford University. He serves on the board of trustees of The Culver Educational Foundation, The Field Museum in Chicago, and Northwestern University. He serves as a director of Motorola Inc.**

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## The Board of Directors and its Committees

### The Board of Directors

The board of directors held seven meetings in 2007. The average attendance of all incumbent directors at board and committee meetings in 2007 was 96 percent. Abbott encourages its board members to attend the annual shareholders meeting. Last year, all of Abbott's directors attended the annual shareholders meeting.

The board has determined that each of the following directors and director nominees is independent in accordance with the New York Stock Exchange listing standards: R. S. Austin, W. M. Daley, W. J. Farrell, H. L. Fuller, W. A. Osborn, D. A. L. Owen, B. Powell Jr., W. A. Reynolds, R. S. Roberts, S. C. Scott III, W. D. Smithburg, and G. F. Tilton. In addition, the board also determined that J. M. Greenberg, who served on the board during the year, was independent under those standards. To determine independence, the board applied the categorical standards attached as Exhibit A to this proxy statement. The board also considered whether a director has any other material relationships with Abbott or its subsidiaries and concluded that none of these directors had a relationship that impaired the director's independence. This included consideration of the fact that some of the directors are officers or serve on boards of companies or entities to which Abbott sold products or made contributions or from which Abbott purchased products and services during the year. In making its determination, the board relied on both information provided by the directors and information developed internally by Abbott.

The chairman of the nominations and governance committee acts as lead director to facilitate communication with the board and presides over regularly conducted executive sessions of the independent directors or sessions where the chairman of the board is not present. It is the role of the lead director to review and approve matters, such as agenda items, schedule sufficiency, and, where appropriate, information provided to other board members. The lead director is chosen by and from the independent members of the board of directors, and serves as the liaison between the chairman and the independent directors; however, all directors are encouraged to, and in fact do, consult with the chairman on each of the above topics as well. The lead director, and each of the other directors, communicates regularly with the chairman and chief executive officer regarding appropriate agenda topics and other board related matters.

### Committees of the Board of Directors

The board of directors has five committees established in Abbott's bylaws: the executive committee, audit committee, compensation committee, nominations and governance committee, and public policy committee. Each of the members of the audit committee, compensation committee, nominations and governance committee, and public policy committee is independent.

The executive committee, whose members are M. D. White, chairman, R. S. Austin, H. L. Fuller, W. A. Reynolds, and W. D. Smithburg, did not hold any meetings in 2007. This committee may exercise all the authority of the board in the management of Abbott, except for matters expressly reserved by law for board action.

The audit committee, whose members are R. S. Austin, chair, D. A. L. Owen, S. C. Scott III, W. D. Smithburg, and G. F. Tilton, held six meetings in 2007. The committee is governed by a written charter. This committee assists the board of directors in fulfilling its oversight responsibility with respect to Abbott's accounting and financial reporting practices and the audit process, the quality and integrity of Abbott's financial statements, the independent auditors' qualifications, independence and performance, the performance of Abbott's internal audit function and internal auditors, and certain areas of legal and regulatory compliance. Each of the members of the audit committee is financially literate, as required of audit committee members by the New York Stock Exchange. The board of directors has determined that R. S. Austin, the committee's chair, is an "audit committee financial expert." A copy of the report of the audit committee is on page 40.

The compensation committee, whose members are W. D. Smithburg, chairman, W. M. Daley, W. J. Farrell, H. L. Fuller, and B. Powell Jr., held three meetings in 2007. The committee is governed by a written charter. This committee assists the board of directors in carrying out the board's responsibilities relating to the compensation of Abbott's executive officers and directors. The compensation committee annually reviews the compensation paid to the members of the board and gives its recommendations to the full board regarding both the amount of director compensation that should be paid and the allocation of that compensation between equity-based awards and cash. In recommending director compensation, the compensation committee takes comparable director fees into account and reviews any arrangement that could be viewed as indirect director compensation. The processes and procedures used for the consideration and determination of executive compensation are described in the section of the proxy captioned, "Compensation Discussion and Analysis." This committee also reviews, approves, and administers the incentive compensation plans in which any executive officer of Abbott participates and all of Abbott's equity-based plans. It may

delegate the responsibility to administer and make grants under these plans to management, except to the extent that such delegation would be inconsistent with

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8

applicable law or regulation or with the listing rules of the New York Stock Exchange. The compensation committee has engaged Hewitt Associates LLC, as its independent compensation consultant to provide counsel and advice on executive and non-employee director compensation matters and has instructed Hewitt to provide information and advice regarding the peer groups against which performance and pay should be examined, the financial metrics to be used to assess Abbott's relative performance, the competitive long-term incentive practices in the market place, and compensation levels relative to market practice. A copy of the report of the compensation committee is on page 16.

The nominations and governance committee, whose members are H. L. Fuller, chairman, W. J. Farrell, D. A. L. Owen, W. A. Reynolds, and R. S. Roberts, held two meetings in 2007. The committee is governed by a written charter. This committee assists the board of directors in identifying individuals qualified to become board members and recommends to the board the nominees for election as directors at the next annual meeting of shareholders, recommends to the board the persons to be elected as executive officers of Abbott, develops and recommends to the board the corporate governance guidelines applicable to Abbott, and serves in an advisory capacity to the board and the chairman of the board on matters of organization, management succession plans, major changes in the organizational structure of Abbott, and the conduct of board activities. The process used by this committee to identify a nominee to serve as a member of the board of directors depends on the qualities being sought. Board members should have backgrounds that when combined provide a portfolio of experience and knowledge that will serve Abbott's governance and strategic needs. Board candidates will be considered on the basis of a range of criteria, including broad-based business knowledge and relationships, prominence and excellent reputations in their primary fields of endeavor, as well as a global business perspective and commitment to good corporate citizenship. Directors should have demonstrated experience and ability that is relevant to the board of directors' oversight role with respect to Abbott's business and affairs.

The public policy committee, whose members are W. A. Reynolds, chair, R. S. Austin, W. M. Daley, B. Powell Jr., and R. S. Roberts held two meetings in 2007. The committee is governed by a written charter. This committee assists the board of directors in fulfilling its oversight responsibility with respect to Abbott's public policy, certain areas of legal and regulatory compliance, and governmental affairs and healthcare compliance issues that affect Abbott by discharging the responsibilities set forth in its charter.

### **Communicating with the Board of Directors**

You may communicate with the board of directors by writing a letter to the chairman of the board, to the chairman of the nominations and governance committee, who acts as the lead director at the meetings of the independent directors, or to the independent directors c/o Abbott Laboratories, 100 Abbott Park Road, D-364, AP6D, Abbott Park, Illinois 60064-6400 Attention: corporate secretary. The general counsel and corporate secretary regularly forwards to the addressee all letters other than mass mailings, advertisements, and other materials not relevant to Abbott's business. In addition, directors regularly receive a log of all correspondence received by the company that is addressed to a member of the board and may request any correspondence on that log.

### **Corporate Governance Materials**

Abbott's corporate governance guidelines, outline of directorship qualifications, director independence standards, code of business conduct and the charters of Abbott's audit committee, compensation committee, nominations and governance committee, and public policy committee are all available in the corporate governance section of Abbott's investor relations Web site ([www.abbottinvestor.com](http://www.abbottinvestor.com)) or by sending a request for a paper copy to: Abbott Laboratories, 100 Abbott Park Road, Dept. 362, AP6D2, Abbott Park, Illinois 60064-6048, attn. Investor Relations.

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9

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### **Director Compensation**

Abbott employees are not compensated for serving on the board or board committees. Abbott's non-employee directors are compensated for their service under the Abbott Laboratories Non-Employee Directors' Fee Plan and the Abbott Laboratories 1996 Incentive Stock Program.

The following table sets forth a summary of the non-employee directors' 2007 compensation.

14

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Name	Fees Earned or Paid in Cash (\$ (1))	Stock Awards (\$ (2))	Option Awards (\$ (3))	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (5))	All Other Compensation (\$)	Total (\$)
R. S. Austin	\$ 104,668	\$ 97,979	\$ 0	\$ 0	\$ 6,225	\$ 208,872
W. M. Daley	90,668	97,979	0	0	11,419	200,066
W. J. Farrell	90,668	97,979	0	4,967	12,049	205,663
H. L. Fuller	102,668	97,979	0	0	41,571 <sup>(6)</sup>	242,218
J. M. Greenberg	32,668	0	93,209 <sup>(4)</sup>	14,496	43,987 <sup>(6)</sup>	184,360
D. A. L. Owen	96,668	97,979	0	0	31,225 <sup>(6)</sup>	225,872
B. Powell Jr.	90,668	97,979	0	0	95,801 <sup>(6)</sup>	284,448
W. A. Reynolds	102,668	97,979	0	6,075	91,530 <sup>(6)</sup>	298,252
R. S. Roberts	90,668	97,979	0	5,297	42,702 <sup>(6)</sup>	236,646
S. C. Scott III	68,000	97,979	0	0	1,125	167,104
W. D. Smithburg	108,668	97,979	0	0	122,606 <sup>(6)</sup>	329,253
G. F. Tilton	68,000	97,979	0	0	1,333	167,312

(1) Under the Abbott Laboratories Non-Employee Directors' Fee Plan, effective as of the 2007 annual shareholders meeting non-employee directors earn \$8,000 for each month of service as a director and \$1,000 for each month of service as a chairman of a board committee. The chairman of the audit committee receives \$1,500 for each month of service as a chairman of that committee and the other members of the audit committee receive \$500 for each month of service as a committee member.

Fees earned under the Abbott Laboratories Non-Employee Directors' Fee Plan are paid in cash to the director, paid in the form of non-qualified stock options (based on an independent appraisal of their fair value), deferred (as a non-funded obligation of Abbott), or paid currently into an individual grantor trust established by the director. The distribution of deferred fees and amounts held in a director's grantor trust generally commences when the director reaches age 65, or upon retirement from the board of directors. The director may elect to have deferred fees and fees deposited in trust credited to either a guaranteed interest account at the prime rate plus 2.25 percentage points or to a stock equivalent account that earns the same return as if the fees were invested in Abbott stock. If necessary, Abbott contributes funds to a director's trust so that as of year end the stock equivalent account balance (net of taxes) is not less than seventy-five percent of the market value of the related Abbott common stock at year end. Abbott pays the director for any tax owed on the income earned by the trust or any supplemental contributions to the trust by Abbott.

(2) The amounts reported in this column represent Abbott's expense recognized in 2007 for restricted share unit awards and were calculated in accordance with Financial Accounting Standards Board Statement No. 123(R), "Share-Based Payment." Abbott determines the grant date fair value of stock awards by multiplying the number of restricted shares granted by the average of the high and low market prices of an Abbott common share on the date of grant.

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In addition to the fees described in footnote 1, the Abbott Laboratories 1996 Incentive Stock Program provides that each non-employee director elected to the board of directors at the annual shareholder meeting receives stock equivalent units having a value of \$98,000 (rounded down). In 2007, this was 1,730 units. The non-employee directors receive cash payments equal to the dividends paid on the Abbott shares covered by the units at the same rate as other shareholders. Upon termination, retirement from the board, death, or a change in control of Abbott, a non-employee director will receive one Abbott common share for each restricted share unit outstanding under the Incentive Stock Program. The amounts reported in this column also represent the grant date fair value of the award.

The following restricted share units were outstanding as of December 31, 2007: R. S. Austin, 5,746; W. M. Daley, 5,746; W. J. Farrell, 3,857; H. L. Fuller, 5,746; D. A. L. Owen, 5,746; B. Powell Jr., 5,746; W. A. Reynolds, 5,746; R. S. Roberts, 5,746; S. C. Scott III, 1,730; W. D. Smithburg, 5,746; and G. F. Tilton, 1,730.

- (3) The following options were outstanding as of December 31, 2007: R. S. Austin, 6,668; H. L. Fuller, 52,710; J. M. Greenberg, 13,266; D. A. L. Owen, 31,243; W. A. Reynolds, 40,389; R. S. Roberts, 35,660; and W. D. Smithburg, 25,129.
- (4) These are replacement options that were issued to J. M. Greenberg when he paid the exercise price of previously issued options with Abbott common shares. The amount reported in this column represents Abbott's expense for stock options and was calculated in accordance with Financial Accounting Standards Board Statement No. 123(R), excluding an estimate of forfeitures related to service-based vesting conditions. The value reported in this column was determined as of the replacement option's grant date using a Black-Scholes stock option valuation model with the following assumptions: expected volatility of 19%; dividend yield between 2.2% and 2.3%; risk-free interest of 4.6%; and average life between 48 months and 72 months. The amount reported in this column also represents the grant date fair value of the award.
- (5) The totals in this column include reportable interest credited under Abbott Laboratories Non-Employee Directors' Fee Plan during the year.
- (6) The amounts reported in this column include tax payments made in connection with the director's trust established under the Abbott Laboratories Non-Employee Directors' Fee Plan, as follows: H. L. Fuller, \$32,273; J. M. Greenberg, \$14,972; B. Powell Jr., \$59,298; W. A. Reynolds, \$54,264; and W. D. Smithburg, \$84,659. Abbott's non-employee directors are eligible to participate in Abbott's charitable matching grant program, which matches the director's contributions (up to \$25,000 annually) to charities recognized by the Internal Revenue Service. These amounts also include charitable matching grant contributions, as follows: J. M. Greenberg, \$25,000; D. A. L. Owen, \$25,000; B. Powell Jr., \$25,000; W. A. Reynolds, \$24,500; R. S. Roberts, \$25,000; and, W. D. Smithburg, \$25,000.

11

### Security Ownership of Executive Officers and Directors

The table below reflects the number of common shares beneficially owned as of January 31, 2008, by each person who is currently serving or who served as a director of Abbott during 2007, by the chief executive officer, the chief financial officer, and the 5 other most highly paid executive officers (the "named officers"), and by all directors and executive officers of Abbott as a group. It also reflects the number of stock equivalent units and restricted stock units held by non-employee directors under the Abbott Laboratories Non-Employee Directors' Fee Plan.

Name	Shares Beneficially Owned (1)(2)(3)	Stock Options Exercisable within 60 days of January 31, 2008	Stock Equivalent Units
R. S. Austin	12,590	6,668	0



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<b>Name</b>	<b>Shares Beneficially Owned (1)(2)(3)</b>	<b>Stock Options Exercisable within 60 days of January 31, 2008</b>	<b>Stock Equivalent Units</b>
W. M. Daley	9,246	0	5,713
W. G. Dempsey	52,993	487,788	0
W. J. Farrell	4,857	0	0
T. C. Freyman	317,764	415,359	0
H. L. Fuller	10,946	52,710	49,823
S. R. Fussell	104,440	372,472	0
R. A. Gonzalez	208,332	527,592	0
H. A. Liepmann	159,136	367,049	0
W. A. Osborn	5,000	0	0
D. A. L. Owen	20,306	31,243	6,190
B. Powell Jr.	31,975	0	85,305
W. A. Reynolds	42,955	40,389	77,025
R. S. Roberts	17,238	35,660	1,465

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Name	Shares Beneficially Owned (1)(2)(3)	Stock Options Exercisable within 60 days of January 31, 2008	Stock Equivalent Units
S. C. Scott III	7,730	0	1,254
W. D. Smithburg	59,700	25,129	122,125
G. F. Tilton	7,080	0	1,254
J. L. Tyree	117,870	317,626	0
M. D. White	1,065,972	4,067,498	0
All directors and executive officers as a group (4)(5)	3,483,043	9,490,754	350,154

- (1) The table includes the shares held in the officers' accounts in the Abbott Laboratories Stock Retirement Trust as follows: T. C. Freyman, 19,894; S. R. Fussell, 1,297; H. A. Liepmann, 13,834; J. L. Tyree, 1,162; M. D. White, 17,836; and, all executive officers as a group, 130,627. Each officer has shared voting power and sole investment power with respect to the shares held in his account.
- (2) The table includes restricted stock units held by the non-employee directors and payable in stock upon their retirement from the board as follows: R. S. Austin, 5,746; W. M. Daley, 5,746; W. J. Farrell, 3,857; H. L. Fuller, 5,746; D. A. L. Owen, 5,746; B. Powell Jr., 5,746; W. A. Reynolds, 5,746; R. S. Roberts, 5,746; S. C. Scott III, 1,730; W. D. Smithburg, 5,746; G. F. Tilton, 1,730; and all directors as a group, 53,285.
- (3) The table includes shares pledged as security as follows: T. C. Freyman, 47,292; and, M. D. White, 200,000.
- (4) Certain executive officers of Abbott are fiduciaries of several employee benefit trusts maintained by Abbott. As such, they have shared voting and/or investment power with respect to the common shares held by those trusts. The table does not include the shares held by the trusts. As of January 31, 2008, these trusts owned a total of 48,201,655 (3.1%) of the outstanding shares of Abbott.
- (5) Excluding the shared voting and/or investment power over the shares held by the trusts described in footnote 4, the directors, director nominees, and executive officers as a group together own beneficially less than one percent of the outstanding shares of Abbott.

## Compensation Discussion and Analysis

### COMPENSATION PHILOSOPHY

The Compensation Committee has established a compensation philosophy to attract, retain and motivate executives and to align their financial rewards with shareholder returns. The following guiding principles apply:

All components of both performance and pay should be examined relative to two peer groups:

1. Primarily to direct health care competitors. This group presently includes Amgen, Bristol-Myers Squibb Company, Eli Lilly and Company, Glaxo SmithKline plc, Johnson & Johnson, Merck & Company, Inc., Novartis, Pfizer, Inc., Schering-Plough Corporation and Wyeth.
2. Secondarily, to a select group of global, diversified high performing companies with a five-year average return on equity of 18% or higher and similar to Abbott in terms of size and/or scope of operations. This group currently includes Anheuser-Busch Companies, Inc., Bristol-Myers Squibb Company, Caterpillar, The Coca-Cola Company, Colgate-Palmolive Company, Eastman Kodak Company, Eli Lilly and Company, General Dynamics Corporation, General Mills, Inc., The Gillette Company, H.J. Heinz Company, Kellogg Company, Kimberly-Clark Corporation, Merck & Company, Inc., 3M, PepsiCo, Inc., Pfizer, Inc. and Sara Lee Corporation.

To achieve the Compensation Committee's objectives, Abbott's pay plans must serve three primary purposes. First, they must be competitive. Presently, competitive means targeting total compensation, in the aggregate (i.e., including base pay, short-term incentives, long-term incentives and benefits) in a manner that references the median of our primary health care comparison group as an initial benchmark, but varies based on individual and company performance relative to those peer groups over periods of 1, 3 and 5-years. Individual targets are equitably set on the same basis, compared to both peer groups and internal benchmarks. Secondly, pay should vary based on company and individual performance. Thirdly, they should align participant's interests with shareholders.

Specifically, base salaries are typically reviewed annually. Overall, company targets are set based on the company's business plan. Individual increases are granted based on performance (merit), and influenced by internal and external equity. The Compensation Committee focuses on those elements of pay that are driven by performance, rather than on fixed elements such as base pay.

Short-term (annual) incentive targets are determined annually. Specific performance goals supporting both the company's overall goals for the year and the contributions of each executive in his or her own area of responsibility are established. In this way, each executive's bonus is directly tied to company results, yet varies based on the individual's actual performance. Short-term incentives primarily support the setting and tracking of individual and team goals, and rewarding performance that facilitates their achievement. In the aggregate, short-term incentives should trail our peers when performance trails, match our peers when performance is at peer levels and exceed peers when performance does.

Long-term incentives are typically in the form of equity-based awards and are designed to increase executives' ownership in the company, creating direct alignment with the interests of shareholders. As with other pay elements, reference is made to the median of competitive benchmarks, but the actual awards vary based on Abbott's overall results compared to peers, the company's business plan, and individual performance. Long-term incentives serve two primary purposes. The first objective is the retention of our senior leaders, a key asset of the company. Secondly, long term incentives help to continuously align shareholder and executive interests. Accordingly, while reference is made to the competitive medians, long-term incentive awards should trail competitors when performance trails, match competitors when performance matches, and exceed competitors when performance exceeds their performance. To achieve this outcome, Abbott currently grants both non-qualified stock options and full value shares subject to vesting restrictions. The full value shares are typically granted in two forms: performance based restricted stock with a return on equity vesting threshold and traditional time-vested shares, which provide for cliff vesting to provide retention incentives for the recipient.

Post-retirement and certain other benefits are also necessary to attract and retain key executives. In the aggregate, while the practices of individual companies vary widely, these plans also reference competitive medians which are adjusted to reflect the actual performance of the individual and the company.

### HOW OUR PHILOSOPHY GUIDES SPECIFIC DECISIONS

Each named officer establishes specific written goals for each performance period, typically a calendar year. These goals establish targets which are tied with the financial, strategic and operational goals of the company and include, company and business specific targets relating to net sales, gross margin, investment results, earnings per share, and similar financial measures. The appropriate Executive Officer and the Chief Executive Officer review the goals of each executive for alignment and calibration with the overall objectives of the company. The Chief

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Executive Officer's goals are established with input from and are reviewed by the independent Board members. The Chief Executive Officer evaluates the performance and recommends the total compensation award for each named officer, other than himself. The Chief Executive Officer's performance, against these established goals, is reviewed by the Compensation Committee and, based upon that evaluation, the Committee determines the compensation of the Chief Executive

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13

Officer, with the exception of the Chief Executive Officer's base compensation, which is approved by the independent directors of the full board, following the recommendation of the Committee. The Committee also reviews the performance of the company's other executive officers, taking into consideration the Chief Executive Officer's recommendation, and determines their compensation based on that review.

### COMPENSATION COMPONENTS

Using compensation survey data from the peer groups, a range for total compensation and each of its elements base salary, annual incentive, long-term incentives and non-cash compensation is annually established by the Committee for each named officer. The Committee considered a number of alternative financial metrics to assess Abbott's relative performance. Based upon the advice of its independent compensation consultant, and its own review, the Committee determined that total shareholder return, earnings per share, return on equity, and return on net assets were appropriate performance measures. The Committee also evaluates the success of the management team as a whole and each officer's goals in the development and execution of strategic plans, the development of talent, successful progress of Abbott's diversity initiative, and the exercise of leadership within the industry and in the communities that Abbott serves.

Specific pay decisions for the named officers are described below and reflected in the Summary Compensation Table on page 17 of this proxy statement.

#### Base Pay

An overall merit budget of 4.0% was established for executive staff in 2007. This target equals the target for most of Abbott's U. S. employee population. Most executives received a 4.0% merit increase, but due to individual performance, peer comparisons both outside and inside the company, promotions, career growth and potential, individual increases varied.

#### Performance-Based Annual Cash Incentives

All named officers participate in the 1998 Abbott Laboratories Performance Incentive Plan. The Performance Incentive Plan is designed to comply with the requirements of Section 162(m) of the Internal Revenue Code of 1986 for performance-based compensation.

Each year, maximum award allocations for Performance Incentive Plan participants as a percentage of consolidated net earnings are set. For 2007, the maximum award for the Chief Executive Officer was .0015 of adjusted consolidated net earnings for the fiscal year; for the Chief Operating Officer .0010 of adjusted consolidated net earnings; and for all other Performance Incentive Plan participants .00075 of adjusted consolidated net earnings. Historically, and in 2007, the Committee exercised its discretion to deliver Performance Incentive Plan awards below the maximums.

Actual 2007 awards paid to Performance Incentive Plan participants were based on performance relative to pre-determined company and individual goals and measures. The company met or exceeded its predetermined 2007 financial goals, including consolidated net earnings, profitability, sales, returns and earnings per share. Since the company financial goals were met in 2007, that portion of each participant's award was paid accordingly.

For the individual component, each participant had a portion of his or her award determined based on goals specific to the officer's area of responsibility, which included sales, margin, returns, cash flow, and demonstrated management and leadership, as appropriate. Goal performance varied among participants in 2007 and as a result the final bonus awards differed.

#### Long-Term Incentives Equity Awards

In addition to meeting the pre-determined financial goals described above, Abbott also delivered one-year total shareholder return in the top quartile of the health care peer group. The longer term measures of three-year and five-year total shareholder returns were near and at the top, respectively, of the companies in Abbott's health care peer group. Based on the Committee's assessment of this performance, the goals of the company's long-term incentive program, each individual's relative performance against his or her pre-determined goals, current outstanding

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awards held by named officers and the recommendation of its independent compensation consultant, the Committee delivered long-term incentive awards that were, in aggregate, near the top quartile of the health care peer group.

Applying these standards, the Committee determined the value for each named officer and made the awards reported in the Summary Compensation Table as shown on page 17 of this proxy statement. Further, the Committee determined in 2007, based on changing market practice, input from its independent compensation consultant and to align with recommendations of institutional shareholders, the long-term incentive award for named officers should be in the form of 50% stock options and 50% performance-vested shares. In light of the current competitive environment for executive talent and the potential for key executive retirements, Abbott also awarded retention-restricted stock that vests on the third anniversary of the award to named officers. This retention award excluded the Chief Executive Officer and Chief Operating Officer.

Abbott's policy with respect to its annual equity award for all employees, including the Chief Executive Officer, executive officers and all other officers of the company, is to grant this award and set the grant price at the same time each year, at the Compensation Committee's regularly scheduled February meeting. These meeting dates are generally the third Friday of February and are scheduled two years in advance. In 2007, the annual grant was dated and the grant price set on February 16th. The historical practice for setting the grant price is the average of the highest and lowest trading price of a common share on the date of the grant (rounded up to the next even penny). The grant price for the 2007 annual grant was set at \$52.54. The high, low and closing price of an Abbott common share on February 16th was \$52.80, \$52.28 and \$52.49, respectively.

In establishing criteria for performance vesting shares, the Committee considered the recommendation of its independent

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14

compensation consultant, and the fact that the secondary comparison of "High-Performance Companies" is currently defined by five-year average return on equity of 18% or greater. Accordingly, performance-based stock awards granted in 2007 will be earned (vested) over a period of up to five years, with not more than one-third of the award vesting in any one year, dependent upon the company achieving an annual return on equity threshold of 18% from continuing operations adjusted for specified items per the quarterly earnings releases (which is currently above the median of Abbott's Standard Industrial Classification peer group). If the thresholds are met in three of the five years, 100% of the performance shares will vest. If the thresholds are not met in any of the five years, 100% of the performance shares will be forfeited. Outstanding restricted shares receive dividends at the same rate as all other shareholders.

### Post Termination and Other Benefits

Each of the benefits described below were chosen to support the company's objective of providing a total competitive pay program. Individual benefits do not directly affect decisions regarding other benefits or pay components, except to the extent that all benefits and pay components must, in aggregate, be competitive, as previously discussed.

### Retirement Benefits

The named officers participate in two Abbott-sponsored defined benefit plans: the Abbott Laboratories Annuity Retirement Plan and the Abbott Laboratories Supplemental Pension Plan. These plans are described in greater detail in the section of the proxy statement captioned "Pension Benefits".

Since officers' Supplemental Pension Plan benefits cannot be secured in a manner similar to qualified plans, which are held in trust, officers receive an annual cash payment equal to the increase in present value of their Supplemental Pension Plan benefit. Officers have the option of depositing these annual payments to an individually established grantor trust, net of tax withholdings. Deposited amounts may be credited with the difference between the officer's actual annual trust earnings and the rate used to calculate trust funding (currently eight percent). Amounts deposited in the individual trusts are not tax deferred. Since amounts contributed to the trust have already been taxed, Abbott remits the tax owed on the income earned by the trust or any company adjustment paid to the trust, thus preserving the parity of the benefit to those payable under the Annuity Retirement Plan. The manner in which the grantor trust will be distributed to an officer upon retirement from the company generally follows the manner elected by the officer under the Annuity Retirement Plan. Should an officer (or his spouse depending upon the pension distribution method elected by the officer under the Annuity Retirement Plan) live beyond the actuarial life expectancy age used to determine the Supplemental Pension Plan benefit and therefore exhaust the trust balance, the Supplemental Pension Plan benefit will be paid to the officer by Abbott.

### Deferred Compensation

21

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Officers of the company, like all U.S. employees, are eligible to defer a portion of annual base salary, on a pre-tax basis, to the company's qualified 401(k) plan, up to the IRS contribution limits. Officers are also eligible to defer up to 18% of their base salary, less contributions to the 401(k) plan, to a non-qualified plan. 100% of annual incentive awards earned under the company's Performance Incentive Plan are also eligible for deferral to a non-qualified plan. Officers may defer these amounts to unfunded book accounts or choose to have the amounts paid in cash on a current basis and deposited into individually established grantor trusts, net of tax withholdings. These amounts are credited annually with earnings equivalent to the average prime rate over the previous thirteen months plus 2.25 percent. Amounts deposited in the individual trusts are not tax deferred. Since amounts contributed to the trusts have already been taxed, Abbott remits the tax owed on the income earned by the trusts or any company adjustment paid to the trusts. Officers elect the manner in which the assets held in their grantor trusts will be distributed to them upon retirement or other separation from the company.

### Change in Control Arrangements

On February 16, 2007 Messrs. White, Gonzalez and Freyman informed the Compensation Committee that they would voluntarily terminate their individual change in control agreements with the Company, effective February 28, 2007.

Abbott's other executive officers have individual change in control agreements. The purpose of these agreements is to aid in retention and recruitment, encourage continued attention and dedication to assigned duties during periods involving a possible change in control of the company and to protect the earned benefits of the officer against adverse changes resulting from a change in control. The level of payments provided under the agreements is established to be consistent with market practice as confirmed by data provided the Committee by its independent compensation consultant. These arrangements are described in greater detail in the section of the proxy captioned "Potential Payments Upon Termination or Change in Control".

### Financial Planning

Named officers are eligible for up to \$10,000 of annual costs associated with estate planning advice, tax preparation and general financial planning fees. If an officer chooses to utilize this benefit, fees for services received up to the annual allocation are paid by the company and are treated as imputed income to the officer who then is responsible for payment of all taxes due on the fees paid by the company.

### Company Automobile

Named officers are eligible for use of a company-leased vehicle, with a lease term of 50 months. Seventy-five (75%) percent of the cost of the vehicle is imputed to the officer as income.

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15

### Company Aircraft

Non-business related flights on corporate aircraft are covered by time-sharing lease agreements, pursuant to which certain costs associated with those flights are reimbursed in accordance with Federal Aviation Administration regulations. Messrs. White, Gonzalez and Freyman had such agreements and reimbursed the Company. Mr. Gonzalez's agreement expired upon his retirement.

### Disability Benefit

In addition to Abbott's standard disability benefits, the named officers are eligible for a monthly long-term disability benefit, which is described in greater detail in the section of the proxy captioned, "Potential Payments Upon Termination or Change in Control."

### SHARE OWNERSHIP GUIDELINES

To further promote sustained shareholder return and to ensure the company's executives remain focused on both short and long-term objectives, the company has established share ownership guidelines. Each officer has five years from the date appointed/elected to his/her position to achieve the ownership level associated with the position. The share ownership requirements are 175,000 shares for the Chief Executive Officer; 100,000 shares for the Chief Operating Officer; 50,000 shares for Executive Vice Presidents and Senior Vice Presidents and 25,000 shares for all other officers. All named officers meet or substantially exceed the guidelines.

As provided in Abbott's Stock Incentive Program, no award may be assigned, alienated, sold or transferred otherwise than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order or as permitted by the Committee for estate planning purposes, and

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no award and no right under any award, may be pledged, alienated, attached or otherwise encumbered. All members of senior management, including the company's executive officers, and certain other employees are required to clear any transaction involving company stock with the General Counsel prior to entering into such transaction.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION

The company's performance for 2007 as described above and as reflected in the company's financial statements included strong growth in sales, earnings and shareholder returns that placed Abbott in the top quartile of the health care peer group. Accordingly, in evaluating Mr. White's overall performance, the Committee determined that Mr. White exceeded his strategic and financial goals for 2007. Therefore, in February 2008, the Committee awarded Mr. White a Performance Incentive Plan bonus of \$4,050,000 for his performance in 2007, intended to recognize his leadership in guiding the Company to top-quartile performance.

Other 2007 compensation approved for Mr. White by the Committee and Independent Directors of the Board, as appropriate, in February 2007 (the Committee's Charter requires the CEO's base salary be approved by the Independent Directors of the Board) included a base salary increase of 4.0%, the average of the company's U.S. merit increase budget, to \$1,738,000, a 550,000 share stock option grant and a 140,000 share performance vesting restricted stock award.

### COMPLIANCE

The Performance Incentive Plan and Incentive Stock Program, which are described above, are intended to comply with Internal Revenue Code Section 162(m) to ensure deductibility.

The Committee reserves the flexibility to take actions that may be based on considerations in addition to tax deductibility. The Committee believes that shareholder interests are best served by not restricting the Committee's discretion and flexibility in crafting compensation programs, even if such programs may result in certain non-deductible compensation expenses. Accordingly, the Committee may from time to time approve components of compensation for certain officers that are not deductible.

While the Committee does not anticipate there would ever be circumstances where a restatement of earnings upon which any incentive plan award decisions were based would occur, the Committee, in evaluating such circumstances, has discretion to take all actions necessary to protect the interests of shareholders up to and including actions to recover such incentive awards. Such circumstances have never occurred.

### COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board is primarily responsible for reviewing, approving and overseeing Abbott's compensation plans and practices, and works with management and the committee's independent consultant to establish Abbott's executive compensation philosophy and programs. The Committee has reviewed and discussed the Compensation Discussion and Analysis with management and has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

#### Compensation Committee

W. D. Smithburg, Chairman, W. M. Daley, W. J. Farrell, H. L. Fuller, and B. Powell Jr.

16

### Summary Compensation Table

The following table summarizes compensation awarded to, earned by, or paid to the named officers. The section of the proxy statement captioned "Compensation Discussion and Analysis - Compensation Components" describes in greater detail the information reported in this table.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$ (1)	Option Awards (\$ (2) (3)	Non-Equity Incentive Plan Compensation (\$ (4)	Change in Pension Value and Non-qualified Deferred	All Other Compensation (\$ (6)	Total (\$)
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23

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		Compensation Earnings (\$)(5)							
Miles D. White, Chairman of the Board, Chief Executive Officer and Director	2007	\$ 1,726,936	\$ 8,747,311	\$ 14,774,465	\$ 4,050,000	\$ 2,998,887	\$ 1,048,661	\$ 33,346,260	
	2006	1,661,973	10,560,151	8,479,149	4,050,000	1,308,852	855,233	26,915,358	
Thomas C. Freyman, Executive Vice President, Finance and Chief Financial Officer	2007	852,542	1,967,615	3,527,170	1,200,000	837,712	355,329	8,740,368	
	2006	812,884	1,829,920	1,269,012	1,091,000	745,382	273,281	6,021,479	
Holger A. Liepmann, Executive Vice President, Global Nutrition	2007	671,700	1,958,919	1,813,941	548,000	973,511	228,155	6,194,226	
	2006	625,962	1,686,423	1,334,455	657,000	760,795	624,063	5,688,698	
James L. Tyree, Executive Vice President, Pharmaceutical Products Group	2007	634,318	1,979,332	1,762,200	713,700	595,743	69,125	5,754,418	
Stephen R. Fussell, Senior Vice President, Human Resources	2007	454,689	2,120,508	2,230,564	480,000	338,903	125,799	5,750,463	
Richard A. Gonzalez, Former Chief Operating Officer and Director <sup>(7)</sup>	2007	951,771	7,638,582	5,906,344	1,287,000	1,020,348	349,925	17,153,970	
	2006	973,931	8,496,529	4,322,329	1,535,000	912,509	472,991	16,713,289	
William G. Dempsey, Former Executive Vice President, Pharmaceutical Products Group <sup>(8)</sup>	2007	594,779	2,288,646	2,904,516	852,300	828,974	288,993	7,758,208	
	2006	630,583	1,773,391	1,281,960	756,000	710,542	319,151	5,471,627	

(1) These amounts do not represent the value of stock grants received by the officers during the year. Rather, they represent the accounting expense Abbott recognized during the year for the restricted stock awards then held by the officer, whether granted in that year or in prior years, calculated in accordance with Financial Accounting Standards Board Statement No. 123(R), "Share Based



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Payment." These amounts were determined by multiplying the number of shares being expensed by the average of the high and low market prices of an Abbott common share on the award's date of grant, allocated over the service period of the award.

Historically, Abbott has granted performance-based restricted stock awards and retention-restricted stock awards, each of which has its own service period. The amount of expense reported with respect to an officer is a function of the composition of that officer's current and prior awards. The grant date fair value of awards made in 2007 to the officers is reported in the Grants of Plan-Based Awards table on pages 20 and 21.

(2)

These amounts include the following expense attributable to replacement stock options issued with respect to original option grants made before 2005: M. D. White, \$7,690,465 for 2007 and \$3,345,789 for 2006; T. C. Freyman, \$2,084,610 for 2007 and \$296,252 for 2006; H. A. Liepmann, \$371,381 for 2007 and \$361,695 for 2006; J. L. Tyree, \$418,820 for 2007; S. R. Fussell, \$479,664 for 2007; R. A. Gonzalez, \$2,016,584 for 2007 and \$689,129 for 2006; and, W. G. Dempsey, \$1,461,956 for 2007 and \$309,200 for 2006. Except for options outstanding that have a replacement option feature, options granted after 2004 do not include a replacement option feature. See footnote 5 to the Grants of Plan-Based Awards table on page 22 for a description of replacement options.

17

(3)

These amounts represent expense recognized during the year for outstanding stock options and were calculated in accordance with Financial Accounting Standards Board Statement No. 123(R), excluding an estimate of forfeitures related to service-based vesting conditions. Although the annual option awards vest over three years, Abbott recognized the full value of these awards as expense in 2007 as all the named officers are retirement eligible.

These amounts were determined as of the option's grant date using a Black-Scholes stock option valuation model. These amounts are being reported solely for the purpose of comparative disclosure in accordance with the Securities and Exchange Commission rules. There is no certainty that the amount determined using a Black-Scholes stock option valuation model would be the value at which employee stock options would be traded for cash. For options, other than replacement options, the assumptions are the same as those described in Note 8 entitled "Incentive Stock Program" of Abbott's Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data" in Abbott's 2007 Annual Report on Securities and Exchange Commission Form 10-K. For replacement options, the model uses the following assumptions: expected volatility of 19% for 2007 and 28% for 2006, dividend yield ranging between 2.0% and 2.3% for 2007 and 2.4% and 2.8% for 2006, risk-free interest ranging between 3.3% and 4.7% for 2007 and 4.6% and 5.0% for 2006, and an option life equal to 61% of the option's remaining term for 2007 and 2006.

(4)

This compensation is earned as a performance-based incentive bonus, pursuant to the 1998 Abbott Laboratories Performance Incentive Plan. Additional information regarding the Performance Incentive Plan can be found in the section of this proxy statement captioned, "Compensation Discussion and Analysis Compensation Components Performance-Based Annual Cash Incentives."

(5)

The plan amounts shown below are reported in this column.

For Messrs. White, Freyman, Liepmann, Gonzalez, and Dempsey, the amounts shown alongside the officer's name are for 2007 and 2006, respectively. For Messrs. Tyree and Fussell, the amount shown alongside the officer's name is for 2007.

### Abbott Laboratories Annuity Retirement Plan

M. D. White: \$4,004 / \$25,025; T. C. Freyman: \$4,106 / \$29,849; H. A. Liepmann: \$30,684 / \$31,824; J. L. Tyree: \$41,778; S. R. Fussell: \$28,679; R. A. Gonzalez: \$0 / \$30,651; and, W. G. Dempsey: \$0 / \$48,486.

### Abbott Laboratories Supplemental Pension Plan

M. D. White: \$2,521,122 / \$972,873; T. C. Freyman: \$809,653 / \$702,566; H. A. Liepmann: \$821,047 / \$642,705; J. L. Tyree: \$542,181; S. R. Fussell: \$279,913; R. A. Gonzalez: \$844,731 / \$763,682; and, W. G. Dempsey: \$597,141 / \$492,654.

### Non-Qualified Defined Contribution Plan Earnings

The totals in this column include reportable interest credited under Abbott's non-qualified defined contribution plan.

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M. D. White: \$473,761 / \$310,954; T. C. Freyman: \$23,953 / \$12,967; H. A. Liepmann: \$121,780 / \$86,266; J. L. Tyree: \$11,784; S. R. Fussell: \$30,311; R. A. Gonzalez: \$175,617 / \$118,176; and, W. G. Dempsey: \$231,833 / \$169,402.

(6)

The amounts shown below are reported in this column.

For Messrs. White, Freyman, Liepmann, Gonzalez, and Dempsey, the amounts shown alongside the officer's name are for 2007 and 2006, respectively. For Messrs. Tyree and Fussell, the amount shown alongside the officer's name is for 2007.

Earnings, Fees and Tax Payments for Non-Qualified Defined Benefit and Non-Qualified Defined Contribution Plans (net of reportable interest included in footnote 5).

M. D. White: \$851,678 / \$675,843; T. C. Freyman: \$305,338 / \$217,119; H. A. Liepmann: \$164,163 / \$485,077; J. L. Tyree: \$14,072; S. R. Fussell: \$73,920; R. A. Gonzalez: \$228,272 / \$349,822; and, W. G. Dempsey: \$249,764 / \$261,738.

Each of the named officers' awards under the 1998 Abbott Laboratories Performance Incentive Plan is paid in cash to the officer on a current basis and may be deposited into a grantor trust established by the officer, net of maximum tax withholdings. The officers have also established grantor trusts in connection with the Abbott Laboratories Supplemental Pension Plan, the Abbott Laboratories 401(k) Supplemental Plan and the 1986 Abbott Laboratories Management Incentive Plan (although none of the named officers currently receives awards under this plan). These amounts include the earnings (net of the reportable interest included in footnote (5)), fees, and tax payments paid in connection with these grantor trusts.

Employer Contributions to Defined Contribution Plans

M. D. White: \$86,347 / \$83,099; T. C. Freyman: \$42,627 / \$40,644; H. A. Liepmann: \$33,585 / \$31,298; J. L. Tyree: \$31,716; S. R. Fussell: \$22,734; R. A. Gonzalez: \$38,283 / \$48,697; and, W. G. Dempsey: \$25,135 / \$31,529.

These amounts include employer contributions to both Abbott's tax-qualified defined contribution plan and the Abbott Laboratories 401(k) Supplemental Plan. The Abbott Laboratories 401(k) Supplemental Plan permits Abbott's officers to contribute amounts in excess of the limit set by the Internal Revenue Code for employee contributions to 401(k) plans up to the excess of (i) 18% of their base salary over (ii) the amount contributed to Abbott's tax-qualified 401(k) plan. Abbott matches participant contributions at the rate of 250% of the first

18

2% of compensation contributed to the Plan. The named officers have these amounts paid to them in cash on a current basis and deposited into a grantor trust established by the officer, net of maximum tax withholdings.

Other Compensation

Non-business related flights on corporate aircraft are covered by time-sharing lease agreements, pursuant to which certain costs associated with those flights are reimbursed in accordance with Federal Aviation Administration regulations. Messrs. White and Freyman have such agreements and reimbursed Abbott for non-business flights in accordance with those agreements.

The following amounts are included in the totals in this column, which reflect Abbott's incremental cost less reimbursements for non-business related flights, M. D. White: \$103,292 / \$90,154; T. C. Freyman: \$0 / \$8,148; and R. A. Gonzalez: \$54,766 / \$43,546.

Abbott determines the incremental cost for these flights based on the direct cost to Abbott, including fuel costs, parking, handling and landing fees, catering, travel fees, and other miscellaneous direct costs.

Also included in the totals shown in the table is the cost of providing a corporate automobile less the amount reimbursed by the executive:

M. D. White: \$7,344 / \$6,137; T. C. Freyman: \$7,364 / \$7,370; H. A. Liepmann: \$22,407 / \$22,561; J. L. Tyree: 20,337; S. R. Fussell: \$19,145; R. A. Gonzalez: \$18,604 / \$23,426; and, W. G. Dempsey: \$4,094 / \$15,884.

26

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For Messrs. Liepmann, Tyree, Fussell, Gonzalez, and Dempsey costs associated with financial planning are included: H. A. Liepmann, \$8,000 / \$10,000; J. L. Tyree, \$3,000; S. R. Fussell: \$10,000; R. A. Gonzalez: \$10,000 / \$7,500; and, W. G. Dempsey: \$10,000 / \$10,000.

The named officers are also eligible to participate in an executive disability benefit described on page 36.

For Mr. Liepmann, incremental tax payments of \$75,127 in 2006 resulting from his multi-year assignment outside the United States are included.

(7) Effective September 30, 2007, R. A. Gonzalez retired as President and Chief Operating Officer and as a member of Abbott's Board of Directors.

(8) Effective August 31, 2007, W. G. Dempsey retired as Executive Vice President, Pharmaceutical Products Group. With his retirement, he forfeited 13,333 restricted shares granted in 2006 and 14,000 restricted shares granted in 2007.

19

### Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)		Estimated Future Payouts Under Equity Incentive Plan Awards Target (#)	All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Numbers of Securities Underlying Options (#)	Exercise or Base Price of Options Awards (\$/Sh.)	Closing Market Price on Grant Date	Grant Date Fair Value of Stock and Option Awards
		Target (\$)	Maximum (\$)						
M. D. White	2/16/07			140,000 <sup>(2)</sup>					\$ 7,355,600 <sup>(6)</sup>
	1/29/07					132,148 <sup>(5)</sup>	\$ 52.55	\$ 52.66	450,625 <sup>(7)</sup>
	1/29/07					44,046 <sup>(5)</sup>	52.55	52.66	198,207 <sup>(7)</sup>
	1/29/07					262,464 <sup>(5)</sup>	52.55	52.66	2,335,930 <sup>(7)</sup>
	2/16/07					550,000 <sup>(4)</sup>	52.54	52.49	7,084,000 <sup>(7)</sup>
	9/19/07					316,660 <sup>(5)</sup>	53.60	53.95	1,260,307 <sup>(7)</sup>
	9/19/07					346,704 <sup>(5)</sup>	53.60	53.95	3,113,401 <sup>(7)</sup>
	9/19/07					92,521 <sup>(5)</sup>	53.60	53.95	316,422 <sup>(7)</sup>
	9/19/07					1,890 <sup>(5)</sup>	53.60	53.95	15,573 <sup>(7)</sup>
T. C. Freyman	2/16/07			27,600 <sup>(2)</sup>					1,450,104 <sup>(6)</sup>
	2/16/07				21,000 <sup>(3)</sup>				1,103,340 <sup>(6)</sup>
	1/29/07					20,882 <sup>(5)</sup>	52.55	52.66	129,050 <sup>(7)</sup>
	1/29/07					26,572 <sup>(5)</sup>	52.55	52.66	236,491 <sup>(7)</sup>
	1/29/07					33,180 <sup>(5)</sup>	52.55	52.66	319,192 <sup>(7)</sup>
	1/31/07					27,848 <sup>(5)</sup>	53.19	53.00	139,797 <sup>(7)</sup>
	2/16/07					112,000 <sup>(4)</sup>	52.54	52.49	1,442,560 <sup>(7)</sup>
	3/01/07					2,012 <sup>(5)</sup>	54.62	53.78	7,143 <sup>(7)</sup>
	3/27/07					36,250 <sup>(5)</sup>	57.24	56.60	280,938 <sup>(7)</sup>

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	8/08/07		16,384 <sup>(5)</sup>	54.30	56.30	151,061 <sup>(7)</sup>
	11/13/07		2,036 <sup>(5)</sup>	54.67	55.11	16,675 <sup>(7)</sup>
	11/13/07		23,665 <sup>(5)</sup>	54.67	55.11	178,671 <sup>(7)</sup>
	11/30/07		56,835 <sup>(5)</sup>	57.00	57.51	356,355 <sup>(7)</sup>
	12/11/07		25,602 <sup>(5)</sup>	58.90	58.09	213,521 <sup>(7)</sup>
	12/11/07		10,318 <sup>(5)</sup>	58.90	58.09	55,716 <sup>(7)</sup>
H. A. Liepmann	2/16/07	27,600 <sup>(2)</sup>				1,450,104 <sup>(6)</sup>
	2/16/07		21,000 <sup>(3)</sup>			1,103,340 <sup>(6)</sup>
	2/16/07		112,000 <sup>(4)</sup>	52.54	52.49	1,442,560 <sup>(7)</sup>
	3/09/07		10,067 <sup>(5)</sup>	53.40	54.39	48,422 <sup>(7)</sup>
	3/09/07		7,530 <sup>(5)</sup>	53.40	54.39	45,858 <sup>(7)</sup>
	3/09/07		16,187 <sup>(5)</sup>	53.40	54.39	144,226 <sup>(7)</sup>
	3/09/07		11,000 <sup>(5)</sup>	53.40	54.39	106,260 <sup>(7)</sup>
	12/07/07		1,719 <sup>(5)</sup>	58.15	58.22	11,105 <sup>(7)</sup>
	12/07/07		1,731 <sup>(5)</sup>	58.15	58.22	15,510 <sup>(7)</sup>
J. L. Tyree	2/16/07	20,400 <sup>(2)</sup>				1,071,816 <sup>(6)</sup>
	8/27/07	5,400 <sup>(2)</sup>				281,556 <sup>(6)</sup>
	2/16/07		17,000 <sup>(3)</sup>			893,180 <sup>(6)</sup>
	8/27/07		4,000 <sup>(3)</sup>			208,560 <sup>(6)</sup>
	2/16/07		83,000 <sup>(4)</sup>	52.54	52.49	1,069,040 <sup>(7)</sup>
	2/20/07		22,388 <sup>(5)</sup>	52.49	52.58	212,686 <sup>(7)</sup>
	8/22/07		15,473 <sup>(5)</sup>	52.36	52.14	83,400 <sup>(7)</sup>
	8/22/07		5,111 <sup>(5)</sup>	52.36	52.14	44,261 <sup>(7)</sup>
	8/27/07		9,712 <sup>(5)</sup>	52.53	52.01	78,473 <sup>(7)</sup>
	8/27/07		22,000 <sup>(4)</sup>	52.14	52.01	274,340 <sup>(7)</sup>

20

Grants of Plan-Based Awards (continued)

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)		Estimated Future Payouts Under Equity Incentive Plan Awards Target (#)	All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Numbers of Securities Underlying Options (#)	Exercise or Base Price of Options Awards (\$/Sh.)	Closing Market Price on Grant Date	Grant Date Fair Value of Stock and Option Awards
		Target (\$)	Maximum (\$)						
S. R. Fussell	2/16/07			20,400 <sup>(2)</sup>					\$ 1,071,816 <sup>(6)</sup>
	2/16/07				17,000 <sup>(3)</sup>				893,180 <sup>(6)</sup>
	2/1/07					21,975 <sup>(5)</sup>	\$ 53.00	\$ 52.87	197,336 <sup>(7)</sup>
	2/16/07					83,000 <sup>(4)</sup>	52.54	52.49	1,069,040 <sup>(7)</sup>
	8/02/07					11,156 <sup>(5)</sup>	50.95	51.21	25,102 <sup>(7)</sup>
	8/02/07					4,549 <sup>(5)</sup>	50.95	51.21	35,755 <sup>(7)</sup>

28

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	8/07/07		5,816 <sup>(5)</sup>	53.12	54.30	52,460 <sup>(7)</sup>
	8/21/07		15,116 <sup>(5)</sup>	52.39	52.36	130,905 <sup>(7)</sup>
	9/19/07		1,762 <sup>(5)</sup>	53.60	53.95	7,013 <sup>(7)</sup>
	12/03/07		1,196 <sup>(5)</sup>	57.51	57.01	4,557 <sup>(7)</sup>
R. A. Gonzalez <sup>(8)</sup>	2/16/07	125,000 <sup>(2)</sup>				6,567,500 <sup>(6)</sup>
	1/29/07		20,839 <sup>(5)</sup>	52.55	52.66	139,830 <sup>(7)</sup>
	1/29/07		21,357 <sup>(5)</sup>	52.55	52.66	131,986 <sup>(7)</sup>
	2/16/07		302,000 <sup>(4)</sup>	52.54	52.49	3,889,760 <sup>(7)</sup>
	8/21/07		219,192 <sup>(5)</sup>	52.39	52.36	1,744,768 <sup>(7)</sup>
W. G. Dempsey <sup>(9)</sup>	2/16/07	27,600 <sup>(2)</sup>				1,450,104 <sup>(6)</sup>
	2/16/07	21,000 <sup>(3)</sup>				1,103,340 <sup>(6)</sup>
	2/02/07		44,824 <sup>(5)</sup>	52.87	52.67	278,805 <sup>(7)</sup>
	2/02/07		10,591 <sup>(5)</sup>	52.87	52.67	94,789 <sup>(7)</sup>
	2/02/07		33,282 <sup>(5)</sup>	52.87	52.67	322,170 <sup>(7)</sup>
	2/16/07		112,000 <sup>(4)</sup>	52.54	52.49	1,442,560 <sup>(7)</sup>
	2/20/07		6,744 <sup>(5)</sup>	52.49	52.58	59,077 <sup>(7)</sup>
	8/7/07		9,566 <sup>(5)</sup>	53.12	54.30	79,398 <sup>(7)</sup>
	8/7/07		14,703 <sup>(5)</sup>	53.12	54.30	132,621 <sup>(7)</sup>
	8/8/07		62,637 <sup>(5)</sup>	54.30	56.30	269,339 <sup>(7)</sup>
	8/8/07		21,146 <sup>(5)</sup>	54.30	56.30	179,318 <sup>(7)</sup>
	9/12/07		1,937 <sup>(5)</sup>	51.96	52.25	16,639 <sup>(7)</sup>
	9/19/07		1,865 <sup>(5)</sup>	53.60	53.95	7,423 <sup>(7)</sup>
	9/20/07		2,696 <sup>(5)</sup>	53.95	53.69	22,377 <sup>(7)</sup>

- (1) Each of the named officers participates in the 1998 Abbott Laboratories Performance Incentive Plan, an annual, non-equity incentive plan. The annual cash incentive award earned by the named officer in 2007 under the plan is shown in the Summary Compensation Table under the column captioned "Non-Equity Incentive Plan Compensation." No future awards will be made under the plan's 2007 annual cash incentive award. The Performance Incentive Plan is described in greater detail in the section of the proxy statement captioned, "Compensation Discussion and Analysis Compensation Components Performance-Based Annual Cash Incentives."
- (2) These are performance-based restricted stock awards that have a 5-year term and vest upon Abbott reaching a minimum return on equity target, with no more than one-third of the award vesting in any one year. In 2007, Abbott reached its minimum return on equity target and one-third of each of the awards made on February 16, 2007 vested on February 29, 2008 and one-third of the award made on August 27, 2007 will vest on August 27, 2008. The equity targets are described in the section of the proxy statement captioned, "Compensation Discussion and Analysis Compensation Components Long-Term Incentives Equity Awards." In the event of a grantee's death or disability or a change in control of Abbott, as defined in the Abbott Laboratories 1996 Incentive Stock Program, these awards are deemed fully earned. Outstanding restricted shares receive dividends at the same rate as all other shareholders.
- (3) These amounts represent the number of shares of retention restricted stock granted in 2007. These retention awards vest on the third anniversary of the award. Outstanding restricted shares receive dividends at the same rate as all other shareholders.
- (4) One-third of the shares covered by these options are exercisable after one year; two-thirds after two years; and all after three years. The options vest in the event of the grantee's death or disability or a change in control of Abbott. Under the Abbott Laboratories 1996 Incentive Stock Program,

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these options have an exercise price equal to the average of the high and low market prices (rounded-up to the next even penny) of an Abbott common share on the date of grant. These options do not contain a replacement option feature.

- (5) These are replacement options. When the exercise price of an option with a replacement option feature is paid (or, in the case of a non-qualified stock option, when the option's exercise price or the withholding taxes resulting on exercise of that option are paid) with Abbott common shares held by the named officer, a replacement option may be granted for the number of shares used to make that payment. Abbott uses the closing price of an Abbott common share on the business day before the exercise to determine the number of shares required to exercise the related option and the exercise price of the replacement option. The replacement option is exercisable in full six months after the date of grant, and has a term expiring on the expiration date of the original option. Other terms and conditions of the replacement option award are the same in all material respects to those applicable to the original grant.
- (6) Abbott determines the grant date fair value of stock awards by multiplying the number of restricted shares granted by the average of the high and low market prices of an Abbott common share on the grant date.
- (7) These values were determined as of the option's grant date using a Black-Scholes stock option valuation model. For options, other than replacement options, the model uses the assumptions described in Note 8, entitled "Incentive Stock Program" of Abbott's Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplemental Data" in Abbott's 2007 Annual Report on Securities and Exchange Commission Form 10-K. For replacement options, the model uses the following assumptions: expected volatility of 19%, dividend yield ranging between 2.0% and 2.3%, risk-free interest ranging between 3.3% and 4.7%, and an option life equal to 61% of the option's remaining term.
- (8) Effective September 30, 2007, R. A. Gonzalez retired as President and Chief Operating Officer and as a member of Abbott's Board of Directors.
- (9) Effective August 31, 2007, W. G. Dempsey retired as Executive Vice President, Pharmaceutical Products Group.

22

### Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the outstanding equity awards held by the named officers at year-end.

Name	Option Awards (1)					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)

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M. D. White			21,266 <sup>(2)</sup>	\$	1,194,086
			92,666 <sup>(2)</sup>	\$	5,203,196
			140,000 <sup>(2)</sup>		7,861,000
2,875		\$	34.7727		2/12/08
1			40.5618		9/14/08
10,128			42.4978		2/11/09
558,628			45.4488		2/08/11
37,046			47.8829		2/12/08
131,125			47.8829		2/10/10
675,674			53.6250		2/14/12
293,867	146,933 <sup>(2)</sup>		46.3400		2/17/15
224,097			44.6000		2/10/10
146,000	292,000 <sup>(2)</sup>		44.1600		2/16/16
41,579			47.1000		2/10/10
273,778			47.1000		2/13/13
132,148			52.5500		2/12/08
44,046			52.5500		9/14/08
262,464			52.5500		2/13/13
	550,000 <sup>(2)</sup>		52.5400		2/15/17
	316,660 <sup>(2)</sup>		53.6000		2/11/09
	346,704 <sup>(2)</sup>		53.6000		2/19/14
	92,521 <sup>(2)</sup>		53.6000		9/14/08
	1,890 <sup>(2)</sup>		53.6000		2/13/13

See footnotes on pages 30 and 31.

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T. C.  
Freyman

3,100<sup>(2)</sup> \$ 174,065

			21,000 <sup>(2)</sup>	1,179,150
				19,066 <sup>(2)</sup> \$ 1,070,556
				27,600 <sup>(2)</sup> 1,549,740
95,764		\$ 53.6250		2/14/12
42,534	21,266 <sup>(2)</sup>	46.3400		2/17/15
27,667	55,333 <sup>(2)</sup>	44.1600		2/16/16
20,882		52.5500		2/10/10
26,572		52.5500		2/13/13
33,180		52.5500		2/19/14
27,848		53.1900		2/11/09
	112,000 <sup>(2)</sup>	52.5400		2/15/17
2,012		54.6200		2/12/08
36,250		57.2400		2/08/11
	16,384 <sup>(2)</sup>	54.3000		2/19/14
	2,036 <sup>(2)</sup>	54.6700		2/13/13
	23,665 <sup>(2)</sup>	54.6700		2/13/13
	56,835 <sup>(2)</sup>	57.0000		2/08/11
	25,602 <sup>(2)</sup>	58.9000		2/13/13
	10,318 <sup>(2)</sup>	58.9000		2/10/10

See footnotes on pages 30 and 31.

24

H. A.  
Liepmann

3,100<sup>(2)</sup> \$ 174,065

			21,000 <sup>(2)</sup>	1,179,150
				17,666 <sup>(2)</sup> \$ 991,946
				27,600 <sup>(2)</sup> 1,549,740

32



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13,228		\$ 45.4488	2/08/11
15,960		44.6124	7/08/11
3,965		52.2529	2/10/10
53,201		53.6250	2/14/12
822		33.2314	2/13/13
16,672		41.0317	2/19/14
26,601		38.6258	3/30/14
42,534	21,266 <sup>(2)</sup>	46.3400	2/17/15
17,954		42.9400	2/13/13
27,667	55,333 <sup>(2)</sup>	44.1600	2/16/16
17,395		42.9000	2/13/13
	112,000 <sup>(2)</sup>	52.5400	2/15/17
10,067		53.4000	2/11/09
7,530		53.4000	2/10/10
16,187		53.4000	2/13/13
11,000		53.4000	2/19/14
	1,719 <sup>(2)</sup>	58.1500	2/08/11
	1,731 <sup>(2)</sup>	58.1500	2/19/14

See footnotes on pages 30 and 31.

25

J. L. Tyree		1,733 <sup>(2)</sup>	\$ 97,308
		1,366 <sup>(2)</sup>	76,701
		10,000 <sup>(2)</sup>	561,500
		17,000 <sup>(2)</sup>	954,550
		4,000 <sup>(2)</sup>	224,600
			17,666 <sup>(2)</sup> \$ 991,946

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			20,400 <sup>(2)</sup>	1,145,460
			5,400 <sup>(2)</sup>	303,210
12,768		\$ 42.4978		2/11/09
22,876		45.4488		2/08/11
15,960		48.1225		5/31/11
42,561		53.6250		2/14/12
2,792		41.9500		2/13/13
1,562		46.4200		2/13/13
23,200	11,600 <sup>(2)</sup>	46.3400		2/17/15
14,811		45.6600		2/13/13
19,333	9,667 <sup>(2)</sup>	48.6600		4/30/15
10,697		42.8300		2/13/13
27,667	55,333 <sup>(2)</sup>	44.1600		2/16/16
3,782		47.9600		2/13/13
	83,000 <sup>(2)</sup>	52.5400		2/15/17
22,388		52.4900		2/19/14
	15,473 <sup>(2)</sup>	52.3600		2/10/10
	5,111 <sup>(2)</sup>	52.3600		2/19/14
	9,712 <sup>(2)</sup>	52.5300		2/13/13
	22,000 <sup>(2)</sup>	52.1400		8/26/17

See footnotes on pages 30 and 31.

				26
S. R. Fussell			1,366 <sup>(2)</sup>	\$ 76,701
			1,733 <sup>(2)</sup>	97,308
			10,000 <sup>(2)</sup>	561,500
			17,000 <sup>(2)</sup>	954,550

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			17,666 <sup>(2)</sup> \$	991,946
			20,400 <sup>(2)</sup>	1,145,460
28,485		\$ 42.4978		2/11/09
3,065		32.6111		2/10/10
53,202		45.4488		2/08/11
42,561		53.6250		2/14/12
3,050		33.2314		2/13/13
2,454		41.0317		2/19/14
5,724		43.2500		2/10/10
19,334	9,666 <sup>(2)</sup>	46.3400		2/17/15
23,200	11,600 <sup>(2)</sup>	48.3200		5/31/15
10,642		48.3300		2/10/10
13,194		43.0000		2/10/10
27,667	55,333 <sup>(2)</sup>	44.1600		2/16/16
2,885		47.8200		2/10/10
11,636		47.8200		2/13/13
21,975		53.0000		2/13/13
	83,000 <sup>(2)</sup>	52.5400		2/15/17
	11,156 <sup>(2)</sup>	50.9500		2/12/08
	4,549 <sup>(2)</sup>	50.9500		2/13/13
	5,816 <sup>(2)</sup>	53.1200		2/19/14
	15,116 <sup>(2)</sup>	52.3900		2/19/14
	1,762 <sup>(2)</sup>	53.6000		2/11/09
	1,196 <sup>(2)</sup>	57.5100		2/11/09

See footnotes on pages 30 and 31.

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R. A.  
Gonzalez

66,666<sup>(2)</sup> \$ 3,743,296

			16,666 <sup>(2)</sup>	935,796
			125,000 <sup>(2)</sup>	7,018,750
2,875		\$ 34.7727		2/12/08
2,353		42.4978		2/11/09
57,200		45.4488		2/08/11
48,145		49.8095		2/12/08
3,761		49.8095		2/10/10
478,824		53.6250		2/14/12
19,814		51.0594		2/12/08
25,353		51.0594		2/10/10
2,454		41.0317		2/19/14
208,800	104,400 <sup>(2)</sup>	46.3400		2/17/15
2,142		46.6500		2/10/10
37,256		46.6500		2/13/13
103,334	206,666 <sup>(2)</sup>	44.1600		2/16/16
71,191		42.6400		2/13/13
20,839		52.5500		7/31/10
21,357		52.5500		2/10/10
	302,000 <sup>(2)</sup>	52.5400		2/15/17
	219,192 <sup>(2)</sup>	52.3900		2/13/13

See footnotes on pages 30 and 31.

28

W. G.  
Dempsey

17,666<sup>(2)</sup> \$ 991,946

			27,600 <sup>(2)</sup>	1,549,740
25,566		\$ 50.3827		2/10/10

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95,764		53.6250	2/14/12
42,534	21,266 <sup>(2)</sup>	46.3400	2/17/15
27,667	55,333 <sup>(2)</sup>	44.1600	2/16/16
44,824		52.8700	2/10/10
10,591		52.8700	2/13/13
33,282		52.8700	2/19/14
	112,000 <sup>(2)</sup>	52.5400	2/15/17
6,744		52.4900	2/13/13
	9,566 <sup>(2)</sup>	53.1200	2/13/13
	14,703 <sup>(2)</sup>	53.1200	2/19/14
	62,637 <sup>(2)</sup>	54.3000	2/11/09
	21,146 <sup>(2)</sup>	54.3000	2/13/13
	1,937 <sup>(2)</sup>	51.9600	2/19/14
	1,865 <sup>(2)</sup>	53.6000	2/11/09
	2,696 <sup>(2)</sup>	53.9500	2/13/13

See footnotes on pages 30 and 31.

29

Footnotes to Outstanding Equity Awards table:

- (1) Except as noted, these options are fully vested.
- (2) The vesting dates of outstanding unexercisable stock options and unvested restricted stock awards at December 31, 2007 are as follows:

Option Awards

Stock Awards

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Name	Number of Unexercised Shares Remaining from Original Grant	Number of Option Shares Vested 2008	Number of Option Shares Vested 2009	Number of Option Shares Vested 2010	Number of Restricted Shares	Number of Restricted Shares Vesting Date Vested 2008	Number of Restricted Shares Vesting Date Vested 2009	Number of Restricted Shares Vesting Date Vested 2010
M. D. White	146,933	146,933	2/18		21,266	21,266	2/18	
	292,000	146,000	2/17	146,000	2/17	92,666	(a)	
	550,000	183,334	2/16	183,333	2/16	183,333	2/16	140,000
	316,660	316,660	3/20					
	346,704	346,704	3/20					
	92,521	92,521	3/20					
	1,890	1,890	3/20					
T. C. Freyman	21,266	21,266	2/18		3,100	3,100	2/18	
	55,333	27,666	2/17	27,667	2/17	21,000		21,000
	112,000	37,334	2/16	37,333	2/16	37,333	2/16	19,066
	16,384	16,384	2/9			27,600	(b)	
	2,036	2,036	5/14					
	23,665	23,665	5/14					
	56,835	56,835	6/1					
	25,602	25,602	6/12					
	10,318	10,318	6/12					
H. A. Liepmann	21,266	21,266	2/18		3,100	3,100	2/18	
	55,333	27,666	2/17	27,667	2/17	21,000		21,000
	112,000	37,334	2/16	37,333	2/16	37,333	2/16	17,666
	1,719	1,719	6/8			27,600	(b)	
	1,731	1,731	6/8					

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J. L. Tyree	11,600	11,600	2/18			1,733	1,733	2/18	
	9,667	9,667	5/1			1,366	1,366	5/1	
	55,333	27,666	2/17	27,667	2/17	10,000			10,000 5/1
	83,000	27,667	2/16	27,666	2/16	27,667	2/16	17,000	17,000 2/16
	15,473	15,473	2/23			4,000			4,000 8/27
	5,111	5,111	2/23			17,666		(a)	
	9,712	9,712	2/28			20,400		(b)	
	22,000	7,334	8/27	7,333	8/27	7,333	8/27	5,400	(c)

30

Option Awards

Stock Awards

Name	Number of Unexercised Shares Remaining from Original Grant	Number of Option Shares Vesting Date Vested 2008	Number of Option Shares Vesting Date Vested 2009	Number of Option Shares Vesting Date Vested 2010	Number of Restricted Shares	Number of Restricted Shares Vesting Date Vested 2008	Number of Restricted Shares Vesting Date Vested 2009	Number of Restricted Shares Vesting Date Vested 2010
S. R. Fussell	9,666	9,666	2/18			1,366	1,366	2/18
	11,600	11,600	6/1			1,733	1,733	6/1
	55,333	27,666	2/17	27,667	2/17	10,000		10,000 6/1
	83,000	27,667	2/16	27,666	2/16	27,667	2/16	17,000 2/16
	11,156	11,156	2/3			17,666		(a)
	4,549	4,549	2/3			20,400		(b)
	5,816	5,816	2/8					
	15,116	15,116	2/22					

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	1,762	1,762	3/20					
	1,196	1,196	6/4					
R. A. Gonzalez	104,400	104,400	2/18			66,666		(a)
	206,666	103,333	2/17	103,333	2/17	16,666		(d)
	302,000	100,667	2/16	100,666	2/16	100,667	2/16	125,000 (b)
	219,192	219,192	2/22					
W. G. Dempsey	21,266	21,266	2/18			17,666		(a)
	55,333	27,666	2/17	27,667	2/17	27,600		(b)
	112,000	37,334	2/16	37,333	2/16	37,333	2/16	
	9,566	9,566	2/8					
	14,703	14,703	2/8					
	62,637	62,637	2/9					
	21,146	21,146	2/9					
	1,937	1,937	3/13					
	1,865	1,865	3/20					
	2,696	2,696	3/21					

- (a) These shares were granted on February 17, 2006 and have a 5-year term, with no more than one-third of the award vesting in any one year upon Abbott reaching a minimum return on equity target, measured at the end of the relevant year. In both 2007 and 2006, Abbott reached its minimum return on equity target and one-third of each of these awards vested on February 17, 2008 and one-third vested on February 17, 2007.
- (b) These shares were granted on February 16, 2007 and have a 5-year term, with no more than one-third of the award vesting in any one year upon Abbott reaching a minimum return on equity target, measured at the end of the relevant year. In 2007, Abbott reached its minimum return on equity target and one-third of each of these awards vested on February 17, 2008.
- (c) These shares were granted on August 27, 2007 and have a 5-year term with no more than one-third of the award vesting in any one year upon Abbott achieving a minimum return on equity target, measured at the end of the relevant year. In 2007, Abbott reached its minimum return on equity target and one-third of this award will vest on August 27, 2008.
- (d) These shares were granted on March 27, 2006 and have a 5-year term, with no more than one-third of the award vesting in any one year upon Abbott reaching a minimum return on equity target, measured at the end of the relevant year. In both 2007 and 2006, Abbott reached its minimum return on equity target and one-third of this award will vest on March 27, 2008 and one-third vested on



March 27, 2007.

31

**Option Exercises and Stock Vested**

The following table summarizes for each named officer the number of shares the officer acquired on the exercise of stock options and the number of shares the officer acquired on the vesting of stock awards in 2007:

Name	Option Awards		Stock Awards	
	Number of Shares Acquired On Exercise (#)	Value Realized On Exercise (\$)	Number of Shares Acquired On Vesting (#)	Value Realized On Vesting (\$)
M. D. White	1,498,712	\$ 20,959,049	322,601	\$ 16,975,326
T. C. Freyman	367,923	4,021,419	45,634	2,400,579
H. A. Liepmann	73,853	784,722	37,934	2,006,381
J. L. Tyree	95,547	1,009,076	41,434	2,194,266
S. R. Fussell	86,072	1,313,885	30,434	1,607,320
R. A. Gonzalez	1,021,086	13,447,301	257,601	13,608,990
W. G. Dempsey	486,807	4,984,860	61,701	3,234,211

32

**Pension Benefits**

The named officers participate in two Abbott-sponsored defined benefit pension plans: the Abbott Laboratories Annuity Retirement Plan, a tax-qualified pension plan; and the Abbott Laboratories Supplemental Pension Plan, a non-qualified supplemental pension plan. Abbott has adopted the Supplemental Pension Plan to provide the portion of the Annuity Retirement Plan benefit that cannot be paid from the Annuity Retirement Plan due to the pay and benefit amount limitations set by the Internal Revenue Code. The Supplemental Pension Plan also includes a benefit feature Abbott uses to attract officers who are at the mid-point of their career. This feature provides an additional benefit that is most valuable to officers who are mid-career hires and is less valuable to officers who have spent most of their career at Abbott. Except as provided in Abbott's change in control agreements, Abbott does not have a policy granting extra years of credited service under the plans.

The compensation considered in determining the pensions payable to the named officers is the compensation shown in the "Salary" and "Non-Equity Incentive Plan Compensation" columns of the Summary Compensation Table on page 17.

**Annuity Retirement Plan**

41

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The Annuity Retirement Plan covers most employees in the United States, age 21 or older and provides participants with a life annuity benefit at normal retirement equal to A plus the greater of B or C below.

- A.  
1.10% of 5-year final average earnings multiplied by years of benefit service after 2003.
- B.  
1.65% of 5-year final average earnings multiplied by years of benefit service prior to 2004 (up to 20); plus  
  
1.50% of 5-year final average earnings multiplied by years of benefit service prior to 2004 in excess of 20 (but no more than 15 additional years); less  
  
0.50% of the lesser of 3-year final average earnings (but not more than the social security wage base in any year) or the social security covered compensation level multiplied by years of benefit service.
- C.  
1.10% of 5-year final average earnings multiplied by years of benefit service prior to 2004.

The benefit for service prior to 2004 (B or C above) is reduced for the cost of preretirement surviving spouse benefit protection. The reduction is calculated using formulas based on age and employment status during the period in which coverage was in effect.

Final average earnings are the average of the 60 highest-paid consecutive calendar months of compensation (salary and non-equity incentive plan compensation) out of the last 120 months worked. The Annuity Retirement Plan covers earnings up to the limit imposed by Internal Revenue Code section 401(a)(17) and provides for a maximum of 35 years of benefit service.

Participants become fully vested in their pension benefit upon the completion of five years of service. The benefit is payable on an unreduced basis at age 65. Employees hired after 2003 who terminate prior to age 55 with at least 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 55. Employees hired prior to 2004 who terminate prior to age 50 with at least 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 50. Employees hired prior to 2004 who terminate prior to age 50 with less than 10 years of service may choose to commence their benefits on an actuarially reduced basis as early as age 55.

The Annuity Retirement Plan offers several optional forms of payment, including certain and life annuities, joint and survivor annuities, and level income annuities. The benefit paid under any of these options is actuarially equivalent to the life annuity benefit produced by the formula described above.

Employees who retire from Abbott prior to their normal retirement age may receive subsidized early retirement benefits. Employees hired after 2003 are eligible for early retirement at age 55 with 10 years of service. Employees hired prior to 2004 are eligible for early retirement at age 50 with 10 years of service or age 55 if the employee's age plus years of benefit service total 70 or more. Each of the named officers is eligible for early retirement benefits under the plan.

The subsidized early retirement reductions applied to the benefit payable for service after 2003 (A above) depend upon the participant's age at retirement. If the participant retires after reaching age 55, the benefit is reduced 5 percent per year for each year that payments are made before age 62. If the participant retires after reaching age 50 but prior to reaching age 55, the benefit is actuarially reduced from age 65.

The early retirement reductions applied to the benefit payable for service prior to 2004 (B and C above) depend upon age and service at retirement:

In general, the 5-year final average earnings portions of the benefit are reduced 3 percent per year for each year that payments are made before age 62 and the 3-year final average earnings portion of the benefit is reduced 5 percent per year for each year that payments are made before age 62.

Employees who participated in the plan before age 36 may elect "Special Retirement" on the last day of any month after reaching age 55 with age plus Seniority Service points of at least 94 or "Early Special Retirement" on the last day of any month after reaching age 55 provided their age plus Seniority Service points would reach at least 94 before age 65. Seniority service includes periods of employment prior to attaining the minimum age required to participate in the plan. If Special Retirement or Early

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Special Retirement applies, seniority service is used in place of benefit service in the formulas. The 5-year final average earnings portions of the benefit in B above are reduced  $1\frac{2}{3}$  percent for each year between ages 59 and 62 plus  $2\frac{1}{2}$  percent for each year between ages 55 and 59. The 3-year final average earnings portion of the benefit is reduced 5 percent per year for each year that payments are made before age 62. Benefit C is payable on an unreduced basis at Special Retirement and is reduced 3 percent per year for each year that payments are made before age 62, if Early Special Retirement applies.

### Supplemental Pension Plan

With the following exceptions, the provisions of the Supplemental Pension Plan are the same as those of the Annuity Retirement Plan:

Officers' 5-year final average earnings are calculated using the average of the 5 highest years of base earnings and the 5 highest years of bonus payments, such as payments under Abbott's non-equity incentive plans.

The Annuity Retirement Plan does not include amounts deferred or payments received under the Abbott Laboratories Deferred Compensation Plan in its calculation of a participant's final average earnings. To preserve the pension benefits of Deferred Compensation Plan participants, the Supplemental Pension Plan includes amounts deferred by a participant under the Deferred Compensation Plan in its calculation of final average earnings. Following their election as an officer, Abbott officers are no longer eligible to defer compensation under the Deferred Compensation Plan.

In addition to the benefits outlined above for the Annuity Retirement Plan, officers are eligible for a benefit equal to 0.6% of 5-year final average earnings for each year of service for each of the first 20 years of service occurring after the participant attains age 35. The benefit is further limited by the maximum percentage allowed under the Annuity Retirement Plan under that plan's benefit formulas (A, B and C above). The portion of this additional officer benefit attributable to service prior to 2004 is reduced 3 percent per year for each year that payments are made before age 60. The portion attributable to service after 2003 is reduced 5 percent per year for each year that payments are made before age 60 if the participant is at least age 55 at early retirement. If the participant is under age 55 at retirement, the portion attributable to service after 2003 is actuarially reduced from age 65.

The Supplemental Pension Plan provides early retirement benefits similar to those provided under the Annuity Retirement Plan. The benefits provided to officers under the Supplemental Pension Plan are not, however, reduced for the period between age 60 and age 62, unless the benefit is being actuarially reduced from age 65. Each of the named officers is eligible for early retirement benefits under the plan.

Pensions accrued under the Supplemental Pension Plan may be funded through individual trusts established on behalf of the officers who participate in the plan. Vested plan benefits accrued through December 31, 2006, to the extent not previously funded, were distributed to the participants' individual trusts and included in the participants' income in 2007.

Benefits payable under the Supplemental Pension Plan are offset by the benefits payable from the Annuity Retirement Plan. Abbott pays the officer's Supplemental Pension Plan benefits to the extent assets held in the officer's trust are insufficient.

34

### Pension Benefits

Name	Plan Name	Number Of Years Credited Service	Present Value of Accumulated Benefit (\$) <sup>(1)</sup>	Payments During Last Fiscal Year (\$)
M. D. White	Abbott Laboratories Annuity Retirement Plan	23	\$ 364,886	\$ 0

43

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	Abbott Laboratories Supplemental Pension Plan	23	13,216,784	2,246,418 <sup>(2)</sup>
T. C. Freyman	Abbott Laboratories Annuity Retirement Plan	28	462,577	0
	Abbott Laboratories Supplemental Pension Plan	28	4,849,224	1,212,778 <sup>(2)</sup>
H. A. Liepmann	Abbott Laboratories Annuity Retirement Plan	21	440,705	0
	Abbott Laboratories Supplemental Pension Plan	21	3,124,330	876,754 <sup>(2)</sup>
J. L. Tyree	Abbott Laboratories Annuity Retirement Plan	10	177,209	0
	Abbott Laboratories Supplemental Pension Plan	10	1,127,828	107,711 <sup>(2)</sup>
S. R. Fussell	Abbott Laboratories Annuity Retirement Plan	11	136,197	0
	Abbott Laboratories Supplemental Pension Plan	11	666,742	109,598 <sup>(2)</sup>
R. A. Gonzalez	Abbott Laboratories Annuity Retirement Plan	27	446,870	15,097 <sup>(3)</sup>
	Abbott Laboratories Supplemental Pension Plan	27	6,799,155	2,624,095 <sup>(2)</sup>
W. G. Dempsey	Abbott Laboratories Annuity Retirement Plan	25	513,067	20,015 <sup>(4)</sup>
	Abbott Laboratories Supplemental Pension Plan	25	4,626,163	1,609,870 <sup>(2)</sup>

(1) Abbott calculates these present values using: (i) a 6.7% discount rate, the same discount rate it uses for Financial Accounting Standards Board Statement No. 87 calculations for financial reporting purposes; and (ii) each plan's normal retirement age (age 62 for the Abbott Laboratories Annuity Retirement Plan and age 60 for officers under the Abbott Laboratories Supplemental Pension Plan). The present values shown in the table reflect postretirement mortality, based on the Financial Accounting Standards Board Statement No. 87 assumption (the RP2000 Combined Healthy table), but do not include a factor for preretirement termination, mortality, or disability.

- (2) Consistent with the distribution requirements of Internal Revenue Code Section 409A and its proposed regulations, vested Supplemental Pension Plan benefits, to the extent not previously funded, were distributed to the participants' individual grantor trusts and included in the participants' income. Amounts held in the officer's individual trust offset Abbott's obligations to the officer under the plan. During 2007, the amounts shown, less applicable tax withholdings, were deposited in such individual trusts established by the named officers.
- (3) R. A. Gonzalez retired, effective September 30, 2007, and began to receive his pension benefits.
- (4) W. G. Dempsey retired, effective August 31, 2007, and began to receive his pension benefits.
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35

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### Potential Payments Upon Termination or Change in Control

#### Potential Payments Upon Termination Generally

Abbott does not have employment agreements with the named officers.

The following summarizes the payments that the named officers would have received if their employment had terminated on December 31, 2007. If the officer's employment had terminated due to death or disability, the officer's unvested stock options and restricted shares would have vested on December 31, 2007 with values as set forth below in the section captioned, "Potential Payments Upon Change in Control." If the termination of employment was due to disability, then the following named officers also would have received, in addition to Abbott's standard disability benefits, a monthly long-term disability benefit in the amount of \$168,750 for M. D. White, \$50,000 for T. C. Freyman, \$22,833 for H. A. Liepmann, \$29,738 for J. L. Tyree, and \$20,000 for S. R. Fussell. This long-term disability benefit would continue for up to 18 months following termination of employment. It ends if the officer retires, recovers, dies or ceases to meet eligibility criteria. Finally, the following one-time deposits would have been made under the Abbott Laboratories Supplemental Pension Plan for each of the following named officers, respectively, M. D. White, \$5,344,364, T. C. Freyman, \$2,505,860, H. A. Liepmann, \$1,363,882; J. L. Tyree, \$1,059,653, and S. R. Fussell, \$774,959. As each of the named officers who was employed by Abbott on December 31, 2007 is eligible to retire, each of these officers would be eligible to begin to receive the pension benefits described on pages 33 to 34.

#### Potential Payments Upon Change in Control

Messrs. White and Freyman do not have change in control agreements with Abbott.

Abbott has change in control arrangements with the rest of its management team, in the form of change in control agreements for Abbott officers and a change in control plan for other key management personnel. The agreements with Messrs. Liepmann, Tyree, and Fussell are described below.

The agreements with Messrs. Liepmann, Tyree, and Fussell continue in effect until December 31, 2010, and at the end of each year will automatically be extended through the third year thereafter unless Abbott notifies the officer that the agreement will not be extended. The agreements also automatically extend for two years following any change in control (see below) that occurs while they are in effect. The agreements provide that if the officer is terminated other than for cause or permanent disability or if the officer elects to terminate employment for good reason (good reason includes, a significant adverse change in the executive's position, duties, or authority; the company's failure to pay the executive's compensation or a reduction in the executive's base pay or benefits; or the relocation of the company's principle executive offices to a location that is more than thirty-five miles from the location of the offices at the time of the change in control) during a potential change in control (see below) or within two years following a change in control of Abbott (including termination by the officer for any reason during the thirty-day window period which begins six months after the date of a change in control), the officer is entitled to receive a lump sum payment equal to three times the officer's annual salary and bonus (assuming for this purpose that all target performance goals have been achieved or, if higher, based on the average bonus for the last three years), plus any unpaid bonus owing for any completed performance period and the pro rata bonus for any current bonus period (based on the highest of the bonus assuming achievement of target performance, the average bonus for the past three years, or in the case of the unpaid bonus for any completed performance period, the actual bonus earned). Bonus payments include payments made under the Performance Incentive Plan. The officer will also receive up to three years of additional employee benefits (including welfare benefits, outplacement services and tax and financial counseling for three years and the value of three more years of pension accruals),

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and payment of any excise taxes imposed under section 4999 of the Internal Revenue Code and other related taxes for which the officer is responsible as a result of receiving payments and benefits in connection with a change in control. The agreements also limit the conduct for which awards under Abbott's incentive stock programs can be terminated and generally permit options to remain exercisable for the remainder of their term. Independent compensation consultants confirm that the level of payments provided under the agreements is consistent with current market practice. For purposes of the agreements, the term "change in control" includes the following events: any person becoming the beneficial owner of Abbott securities representing 20% or more of the outstanding voting power (not including an acquisition directly from Abbott and its affiliates); a change in the majority of the members of the Board of Directors whose appointment was approved by a vote of at least two-thirds of the incumbent directors; and the consummation of certain mergers or similar corporate transactions involving Abbott. A "potential change in control" under the agreements would include, among other things, Abbott's entry into an agreement that would result in a change in control.

If a change in control had occurred on December 31, 2007, immediately followed by one of the covered circumstances described above, Messrs. Liepmann, Tyree, and Fussell would have been entitled to receive the following payments and benefits under the change in control agreements:

H. A. Liepmann, Cash termination payments \$4,220,000; Additional Supplemental Pension Plan benefits \$3,953,665; Welfare and fringe benefits \$105,000; Excise tax reimbursements \$2,823,673.

J. L. Tyree, Cash termination payments \$4,879,800; Additional Supplemental Pension Plan benefits \$3,686,901; Welfare and fringe benefits \$105,000; Excise tax reimbursements \$3,101,104.

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36

S. R. Fussell, Cash termination payments \$3,292,800; Additional Supplemental Pension Plan benefits \$1,716,391; Welfare and fringe benefits \$105,000; Excise tax reimbursements \$2,135,505.

To determine the amount of the officer's excise tax reimbursement, Abbott has assumed that the named officer pays taxes at the highest marginal tax rate and that the price of Abbott shares was equal to the closing price of an Abbott common share on December 31, 2007.

### Accelerated Vesting of Equity Awards

Under the Abbott Laboratories 1996 Incentive Stock Program, upon a change in control, all outstanding stock options, restricted stock and restricted stock units vest, including performance-based restricted shares, which are deemed earned in full. If a change in control had occurred on December 31, 2007:

Mr. White would have vested (1) in an aggregate of 1,746,708 unvested stock options with a value of \$8,860,319, and (2) in an aggregate of 253,932 restricted shares with a value equal to \$14,258,282.

Mr. Freyman would have vested (1) in an aggregate of 323,439 unvested stock options with a value of \$1,344,730 and (2) in an aggregate of 70,766 restricted shares with a value equal to \$3,973,511.

Mr. Liepmann would have vested (1) in an aggregate of 192,049 unvested stock options with a value of \$1,276,382, and (2) in an aggregate of 69,366 restricted shares with a value equal to \$3,894,901.

Mr. Tyree would have vested (1) in an aggregate of 211,896 unvested stock options with a value of \$1,350,665, and (2) in an aggregate of 77,565 restricted shares with a value equal to \$4,355,275.

Mr. Fussell would have vested (1) in an aggregate of 199,194 unvested stock options with a value of \$1,309,342, and (2) in an aggregate of 68,165 restricted shares with a value equal to \$3,827,465.

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The value of stock options shown is based on the excess of the closing price of a share of Abbott common stock on December 31, 2007 over the exercise price of such options, multiplied by the number of unvested stock options held by the named officer. The value of restricted shares shown is determined by multiplying the number of restricted shares that would vest as of December 31, 2007 and the closing price of a share of Abbott common stock on December 31, 2007.

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37

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### Approval Process for Related Person Transactions

It is Abbott's policy that the nominations and governance committee review, approve or ratify any transaction in which Abbott participates and in which any related person has a direct or indirect material interest if such transaction involves or is expected to involve payments of \$120,000 or more in the aggregate per fiscal year. Related person transactions requiring review by the nominations and governance committee pursuant to this policy are identified in:

questionnaires annually distributed to Abbott's directors and officers,

certifications submitted annually by Abbott officers related to their compliance with Abbott's Code of Business Conduct, or

communications made directly by the related person to the chief financial officer or general counsel.

In determining whether to approve or ratify a related person transaction, the nominations and governance committee will consider the following items, among others:

the related person's relationship to Abbott and interest in the transaction;

the material facts of the transaction, including the aggregate value of such transaction or, in the case of indebtedness, the amount of principal involved;

the benefits to Abbott of the transaction;

if applicable, the availability of other sources of comparable products or services;

an assessment of whether the transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally;

whether a transaction has the potential to impair director independence; and

whether the transaction constitutes a conflict of interest.

This process is included in the nominations and governance committee's written charter, which is available on the corporate governance section of Abbott's investor relations Web site ([www.abbottinvestor.com](http://www.abbottinvestor.com)). Abbott did not have any related person transactions in 2007 requiring nominations and governance committee approval under this policy.

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38

47

**Ratification of Deloitte & Touche LLP as Auditors (Item 2 on Proxy Card)**

Abbott's bylaws provide that the audit committee shall appoint annually a firm of independent registered public accountants to serve as auditors. In October 2007, the audit committee appointed Deloitte & Touche LLP to act as auditors for 2008. Deloitte & Touche LLP has served as Abbott's auditors since 2002.

Although the audit committee has sole authority to appoint auditors, it would like to know the opinion of the shareholders regarding its appointment of Deloitte & Touche LLP as auditors for 2008. For this reason, shareholders are being asked to ratify this appointment. If the shareholders do not ratify the appointment of Deloitte & Touche LLP as auditors for 2008, the audit committee will take that fact into consideration, but may, nevertheless, continue to retain Deloitte & Touche LLP.

**The board of directors recommends a vote FOR ratification of the appointment of Deloitte & Touche LLP as auditors for 2008.**

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting and will be given the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

**Audit Fees and Non-Audit Fees**

The following table presents fees for professional audit services by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (the "Deloitte Entities") for the audit of Abbott's annual financial statements for the years ended December 31, 2007 and December 31, 2006, and fees billed for other services rendered by the Deloitte Entities during these periods.

	<b>2007</b>	<b>2006</b>
Audit fees: (1)	\$ 15,409,000	\$ 13,966,000
Audit related fees: (2)	21,000	36,000
Tax fees: (3)	1,428,000	1,697,000
All other fees: (4)		
<b>Total</b>	<b>\$ 16,858,000</b>	<b>\$ 15,699,000</b>

- (1) The Deloitte Entities billed or will bill Abbott for professional services rendered for the audit of Abbott's annual financial statements, the review of Abbott's financial statements included in Abbott's quarterly reports, and the audits of Abbott's internal control over financial reporting, statutory and subsidiary audits, the review of documents filed with the Securities and Exchange Commission, and certain accounting consultations in connection with the audits.
- (2) Audit related fees include: accounting consultations and audits in connection with proposed acquisitions and divestitures, and consultations related to Abbott's internal control over financial reporting.
- (3) Tax fees consist principally of professional services rendered by the Deloitte Entities for tax compliance and tax planning and advice including assistance with tax audits and appeals, and tax advice related to mergers and acquisitions.
- (4) No fees for other service were incurred in 2007 or 2006.

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Auditor**

The audit committee has established policies and procedures to pre-approve all audit and permissible non-audit services performed by the Deloitte Entities.



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Prior to engagement of the independent registered public accounting firm for the next year's audit, management will submit a schedule of all proposed services expected to be rendered during that year for each of four categories of services to the audit committee for approval.

Prior to engagement, the audit committee pre-approves these services by category of service. The fees are budgeted and the audit committee requires the independent registered public accounting firm and management to report actual fees versus the budget periodically by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, the audit committee requires specific pre-approval before engaging the independent registered public accounting firm.

The audit committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report any pre-approval decisions to the audit committee at its next scheduled meeting.

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39

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### Report of the Audit Committee

Management is responsible for Abbott's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on the effectiveness of internal control over financial reporting. The audit committee reviews these processes on behalf of the board of directors. In this context, the committee has reviewed and discussed the audited financial statements contained in the 2007 Annual Report on Form 10-K with Abbott's management and its independent registered public accounting firm.

The committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended.

The committee has received the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as amended, and has discussed with the independent registered public accounting firm their independence. The committee has also considered whether the provision of the services described on page 39 under the caption "Audit Fees and Non-Audit Fees" is compatible with maintaining the independence of the independent registered public accounting firm.

Based on the review and discussions referred to above, the committee recommended to the Board of Directors that the audited financial statements be included in Abbott's Annual Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission.

#### Audit Committee

R. S. Austin, Chair, D. A. L. Owen, S. C. Scott III, W. D. Smithburg and G. F. Tilton

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### Section 16(a) Beneficial Ownership Reporting Compliance

One report for Olivier Bohuon reporting the vesting of performance-based restricted stock units was filed late and one report for Robert B. Hance reporting the exercise of stock options was filed late by Abbott.

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### Shareholder Proposals

Two shareholder proposals have been received. Abbott is advised that the proposals will be presented for action at the Annual Meeting. The proposed resolutions and the statements made in support thereof are presented below.

**The board of directors recommends that you vote AGAINST the proposals.**

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### Shareholder Proposal on Access to Medicines (Item 3 on Proxy Card)

The Christian Brothers Investment Services, Inc., 90 Park Avenue, 29<sup>th</sup> Floor, New York, NY 10016, and eighteen other proponents have informed Abbott that they intend to present the following proposal at the meeting. Abbott will provide the proponents' names and addresses to any shareholder who requests that information and, if provided by a proponent to Abbott, the number of Abbott common shares held by that proponent.

*Resolved:* Shareholders request that the board amend the company's human rights policy to address the right to access to medicines and report to shareholders on the plan for implementation of such a policy by December 31, 2008.

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### Proponent's Statement in Support of Shareholder Proposal

According to the United Nations High Commissioner for Human Rights, "The increased presence of business in most spheres of modern society has created new societal expectations regarding its appropriate role and responsibilities, including in the area of human rights. There is a growing acknowledgement, endorsed by many business leaders, that business enterprises in virtually all sectors can have a significant impact on human rights and a correspondingly crucial role to play in supporting and promoting human rights";

The Universal Declaration of Human Rights laid the foundations for the international legal framework for the right to health. The right to health has been codified in numerous legally binding international and regional human rights treaties.

The UN Committee on Economic, Social and Cultural Rights' General Comment No. 14 on the "Right to the Highest Attainable Standard of Health" recognizes that the private business sector has responsibilities regarding the realization of the right to health.

UN Special Rapporteur Paul Hunt drafted human rights guidelines for pharmaceutical companies in relation to access to medicines. Mr. Hunt states that: "access to medicines is a central feature of the right to the highest attainable standard of health." However, "almost 2 billion people lack access to essential medicines. Improving access to existing medicines could save 10 million lives each year, 4 million of them in Africa and South-East Asia. Access to medicines is characterized by profound global inequity. 15% of the world's population consumes over 90% of the world's pharmaceuticals."

Access to medicines is at the core of Abbott's business. Many investors are convinced that pharmaceutical companies should be pursuing and reporting on access to medicines strategy and performance, which could have material impact on long-term shareholder value. Commercial advantages, such as enhanced corporate reputation and market opportunities, may accrue to our company by adopting a human rights policy that addresses access to medicines.

Abbott's website states that "Abbott believes in the dignity of every human being and respects individual rights as set forth in the Universal Declaration of Human Rights." However, while Article 25 of the Declaration states that "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services," Abbott's human rights policy lacks reference to health and the principle of access to medicine.

As the *UN Special Rapporteur Report* (September 2006) noted, "Although a number of pharmaceutical companies report on their corporate citizenship, few appear to have carefully examined their human rights policies through the lens of the right to the highest attainable standard of health. This is a missed opportunity because all pharmaceutical companies...would find it beneficial to adopt a rights-sensitive approach to their businesses."

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### Board of Directors' Statement in Opposition to the Shareholder Proposal on Access to Medicines (Item 3 on Proxy Card)

The proponents' proposal requesting that the Board of Directors amend Abbott's human rights policy to address access to medicines is unnecessary and offers no incremental benefit to shareholders.

Abbott's position on access to medicines is well known. As Abbott has publicly stated in several forums, we believe that all people should have access to quality health care, and we participate in numerous programs to promote the underlying principle of getting medicines to those in need.

The Company's position on the need for affordable access to medicines is described in our annual Global Citizenship report and on our Web site, www.abbott.com. Abbott has been named to the Dow Jones Sustainability Index for the past three years, in part, in recognition of our efforts in the area of access to medicines.

The Board of Directors believes that the proponents' request to amend Abbott's human rights policy to address "access to medicines" is duplicative of information we currently provide to shareholders and therefore offers no incremental benefit to shareholders.

## **The board of directors recommends that you vote AGAINST the proposal.**

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41

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### **Shareholder Proposal on Advisory Vote (Item 4 on Proxy Card)**

The Unitarian Universalist Association of Congregations, 25 Beacon Street, Boston, MA 02108, owner of 100 Abbott common shares has informed Abbott that it intends to present the following proposal at the meeting.

RESOLVED, that shareholders of Abbott Laboratories request the board of directors to adopt a policy that provides shareholders the opportunity at each annual shareholder meeting to vote on an advisory resolution, proposed by management, to ratify the compensation of the named executive officers ("NEOs") set forth in the proxy statement's Summary Compensation Table (the "SCT") and the accompanying narrative disclosure of material factors provided to understand the SCT (but not the Compensation Discussion and Analysis). The proposal submitted to shareholders should make clear that the vote is non-binding and would not affect any compensation paid or awarded to any NEO.

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### **Proponent's Statement in Support of Shareholder Proposal**

We believe that existing U.S. corporate governance arrangements, including SEC rules and stock exchange listing standards, do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast to U.S. practice, in the United Kingdom, public companies allow shareholders to cast an advisory vote on the "directors' remuneration report," which discloses executive compensation. Such a vote isn't binding, but gives shareholders a clear voice that could help shape senior executive compensation. A recent study of executive compensation in the U.K. before and after the adoption of the shareholder advisory vote there found that CEO cash and total compensation became more sensitive to negative operating performance after the vote's adoption. (Sudhakar Balachandran et al., "Solving the Executive Compensation Problem through Shareholder Votes? Evidence from the U.K." (Oct. 2007).)

Currently U.S. stock exchange listing standards require shareholder approval of equity-based compensation plans; those plans, however, set general parameters and accord the compensation committee substantial discretion in making awards and establishing performance thresholds for a particular year. Shareholders do not have any mechanism for providing ongoing feedback on the application of those general standards to individual pay packages.

Similarly, performance criteria submitted for shareholder approval to allow a company to deduct compensation in excess of \$1 million are broad and do not constrain compensation committees in setting performance targets for particular senior executives. Withholding votes from compensation committee members who are standing for reelection is a blunt and insufficient instrument for registering dissatisfaction with the way in which the committee has administered compensation plans and policies in the previous year.

Accordingly, we urge Abbott Laboratories's board to allow shareholders to express their opinion about senior executive compensation by establishing an annual referendum process. The results of such a vote could provide Abbott Laboratories with useful information about shareholders' views on the company's senior executive compensation, as reported each year, and would facilitate constructive dialogue between shareholders and the board.

We urge shareholders to vote for this proposal.

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### **Board of Directors' Statement in Opposition to the Shareholder Proposal on Advisory Vote (Item 4 on Proxy Card)**

The proponent's proposal to provide shareholders with an advisory vote on compensation offers no incremental benefit to shareholders and is not in the best interests of Abbott.

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The fundamental principle of corporate governance is to provide shareholders with an independent oversight body to govern a company for the benefit of its shareholders. Abbott's independent Board of Directors is responsible for all aspects of governance, including compensation for executives as well as Abbott's equity-based plans for all of Abbott's employees. Abbott has extremely robust governance practices, which include executive compensation programs that are closely aligned with shareholder interests and annual grants of stock with performance vesting requirements.

An advisory vote would ask shareholders to endorse or reject compensation decisions without the benefit of all the relevant information available to the Board of Directors or to the Compensation Committee members, or the benefit of their expertise. The Compensation Committee, composed entirely of independent directors, is responsible for bringing its expertise to the process of reviewing, approving and overseeing Abbott's compensation plans and practices. The Committee determines executive compensation, only after considering a multitude of factors, including the strategic and financial objectives of Abbott and the performance of the individuals involved. In this process, the Committee uses comparative market data from dozens of other companies and retains consultants to provide expert advice on appropriate compensation variables and levels.

The Compensation Committee has determined that an executive compensation program designed around various elements of compensation, which includes base salaries, incentive bonuses, and various performance-based equity awards, best meets its dual objectives of retaining highly talented executives and aligning compensation with shareholder returns. This program promotes the best interests of shareholders.

The advisory vote called for by the proponent will not enhance the Company's governance practices, improve accountability or

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42

communication with shareholders. The Company has established procedures to provide shareholders with a means to communicate directly with Board and Committee members on any issue, including executive compensation. Additionally, the Company also has in place various accountability mechanisms, such as its majority voting requirements to ensure that shareholder opinions are heard.

For the foregoing reasons, the Board of Directors believes that an advisory vote is not in the best interests of Abbott's shareholders and is unnecessary given Abbott's existing governance practices.

### **The board of directors recommends that you vote AGAINST the proposal.**

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43

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#### **Other Matters**

In 2007, a shareholder derivative action was filed in the United States District Court for the Northern District of Illinois against Abbott and Abbott's then current directors alleging that these directors breached their fiduciary responsibilities in connection with oversight of regulatory compliance with Food and Drug Administration regulations which allegedly caused unspecified injury or damage to the Company. Plaintiff seeks an unspecified amount of monetary damages for all losses Abbott suffered stemming from the alleged breach of fiduciary duty, reimbursement of his legal fees and costs, and various other forms of relief. As required by its articles of incorporation, Abbott has advanced defense costs on behalf of the directors named in this lawsuit.

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#### **Date for Receipt of Shareholder Proposals for the 2009 Annual Meeting Proxy Statement**

Shareholder proposals for presentation at the 2009 Annual Meeting must be received by Abbott no later than November 19, 2008 and must otherwise comply with the applicable requirements of the Securities and Exchange Commission to be considered for inclusion in the proxy statement and proxy for the 2009 meeting.

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#### **Procedure for Recommendation and Nomination of Directors and Transaction of Business at Annual Meeting**

52

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A shareholder may recommend persons as potential nominees for director by submitting the names of such persons in writing to the chairman of the nominations and governance committee or the secretary of Abbott. Recommendations should be accompanied by a statement of qualifications and confirmation of the person's willingness to serve. A nominee who is recommended by a shareholder following these procedures will receive the same consideration as other comparably qualified nominees.

A shareholder entitled to vote for the election of directors at an Annual Meeting and who is a shareholder of record on:

the record date for that Annual Meeting,

the date the shareholder provides timely notice to Abbott, and

the date of the Annual Meeting,

may directly nominate persons for director by providing proper timely written notice to the secretary of Abbott.

That notice must include the name, age, business address, residence address and principal occupation or employment of the nominee, the class and number of shares of Abbott owned by the nominee and any other information relating to the nominee that is required to be disclosed in solicitations for proxies pursuant to the Securities Exchange Act. In addition, the notice must include the name and record address of the nominating shareholder and the class and number of shares of Abbott owned by the nominating shareholder.

A shareholder of record on the record date for an Annual Meeting of Shareholders, the date the shareholder provides timely notice to Abbott, and on the date of the Annual Meeting of Shareholders may properly bring business before the Annual Meeting by providing timely written notice to the secretary of Abbott. For each matter the shareholder proposes to bring before the Annual Meeting, the notice must include a brief description of the business to be discussed, the reasons for conducting such business at the Annual Meeting, the name and record address of the shareholder proposing such business, the class and number of shares of Abbott owned by the shareholder and any material interest of the shareholder in such business.

To be timely, written notice either to directly nominate persons for director or to bring business properly before the Annual Meeting must be received at Abbott's principal executive offices not less than ninety days and not more than one hundred twenty days prior to the anniversary date of the preceding Annual Meeting. If the Annual Meeting is called for a date that is not within twenty-five days before or after such anniversary date, notice by the shareholder must be received not later than the close of business on the tenth day following the day on which such notice of the date of the Annual Meeting was mailed or made public in a press release or in a filing with the Securities and Exchange Commission, whichever occurs first.

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### General

It is important that proxies be returned promptly. Shareholders are urged, regardless of the number of shares owned, to vote their shares. Most of Abbott's shareholders may vote their shares by telephone or the Internet. Shareholders who wish to vote by mail should sign and return their proxy card in the enclosed business reply envelope. Shareholders who vote by telephone or the Internet do not need to return their proxy card.

The Annual Meeting will be held at Abbott's headquarters, 100 Abbott Park Road, located at the intersection of Route 137 and Waukegan Road, Lake County, Illinois. Admission to the meeting will be by admission card only. A shareholder planning to attend the meeting should promptly complete and return the reservation form. Reservation forms must be received before April 18, 2008. An admission card admits only one person. A shareholder may request two admission cards, but a guest must be accompanied by a shareholder.

By order of the board of directors.

LAURA J. SCHUMACHER  
SECRETARY

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**DIRECTOR INDEPENDENCE STANDARD**

No director qualifies as "independent" unless the Board affirmatively determines that the director has no material relationship with Abbott or its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with Abbott or any of its subsidiaries). In making this determination, the Board shall consider all relevant facts and circumstances, including the following standards:

A director is not independent if the director is, or has been within the last three years, an employee of Abbott or its subsidiaries, or an immediate family member is, or has been within the last three years, an executive officer of Abbott or its subsidiaries.

A director is not independent if the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from Abbott or its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), and other than amounts received by an immediate family member for service as an employee (other than an executive officer).

A director is not independent if (A) the director or an immediate family member is a current partner of a firm that is Abbott's internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on Abbott or its subsidiaries' audit within that time.

A director is not independent if the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the present executive officers of Abbott or its subsidiaries at the same time serves or served on that company's compensation committee.

A director is not independent if the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Abbott or its subsidiaries for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

A director is not independent if the director is an executive officer of a charitable organization that received charitable contributions (other than matching contributions) from Abbott and its subsidiaries in the preceding fiscal year that are in excess of the greater of \$1 million or 2% of such charitable organization's consolidated gross revenues.

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A-1

**Abbott Laboratories**  
**100 Abbott Park Road**  
**Abbott Park, Illinois 60064-6400 U.S.A.**

**Notice of Annual Meeting  
of Shareholders  
and Proxy Statement**

**Meeting Date**  
**April 25, 2008**

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**YOUR VOTE IS IMPORTANT!**

Please sign and promptly return your proxy

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in the enclosed envelope or vote your shares by telephone or using the Internet.

**Reservation Form for Annual Meeting**


I am a shareholder of Abbott Laboratories and plan to attend the Annual Meeting to be held at Abbott's headquarters, 100 Abbott Park Road, located at the intersection of Route 137 and Waukegan Road, Lake County, Illinois at 9:00 a.m. on Friday, April 25, 2008.

Please send me an admission card for each of the following persons.

Name _____		Name _____	
Please print name of shareholder		Please print name of guest	
Address _____		Address _____	
City _____		City _____	
State _____	Zip Code _____	State _____	Zip Code _____
Phone Number(____) _____		Phone Number (____) _____	

**If you plan to attend the meeting, please complete and return the Reservation Form directly to Abbott Laboratories, Annual Meeting Ticket Requests, D-0383 AP6D, 100 Abbott Park Road, Abbott Park, Illinois 60064-6048. Due to space limitations, Reservation Forms must be received before April 18, 2008. An admission card, along with a form of photo identification, admits one person. A shareholder may request two admission cards, but a guest must be accompanied by a shareholder.**

**To avoid a delay in the receipt of your admission card, do not return this form with your proxy card or mail it in the enclosed business envelope.**

Using a **black ink** pen, mark your votes with an **X** as shown in  this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

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IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

**Telephone and Internet Voting Instructions** You can vote by telephone **OR** Internet! Available 24 hours a day, 7 days a week! Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

### To vote using the Telephone (within U.S. and Canada)

Call toll free 1-800-652-VOTE (8683) in the United States or Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the simple instructions provided by the recorded message.

### To vote using the Internet

Go to the following web site: [www.investorvote.com](http://www.investorvote.com)

Enter the information requested on your computer screen and follow the simple instructions.

**The Board of Directors recommends that you vote FOR Items 1 and 2.**

#### 1. Election of 13 Directors

Nominees: (01) R.S. Austin, (02) W.M. Daley, (03) W.J. Farrell, (04) H.L. Fuller, (05) W.A. Osborn, (06) D.A.L. Owen, (07) B. Powell Jr., (08) W.A. Reynolds, (09) R.S. Roberts, (10) S.C. Scott III, (11) W.D. Smithburg, (12) G.F. Tilton and (13) M.D. White

To Vote FOR All Nominees       To WITHHOLD Vote From All Nominees

For, except vote withheld from the above nominee(s)

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#### 2. Ratification of Deloitte & Touche LLP as auditors      For      Against      Abstain

**The Board of Directors recommends that you vote AGAINST Items 3 and 4.**

#### 3. Shareholder Proposal Access to Medicines      For      Against      Abstain

#### 4. Shareholder Proposal Advisory Vote      For      Against      Abstain

**Authorized Signatures Sign Here This section must be completed for your instructions to be executed.**

Each joint tenant should sign; executors, administrators, trustees, etc. should give full title and, where more than one is named, a majority should sign. **Please read other side before signing.**

Date (mm/dd/yyyy) Please print date below.

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Signature 1 Please keep signature within the box.

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Signature 2 Please keep signature within the box.

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IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION,  
DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

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**Proxy Abbott Laboratories**

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**SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned, revoking previous proxies, acknowledges receipt of the Notice and Proxy Statement dated March 19, 2008, in connection with the Annual Meeting of Shareholders of Abbott Laboratories to be held at 9:00 a.m. on April 25, 2008, at the corporation's headquarters, and hereby appoints MILES D. WHITE and LAURA J. SCHUMACHER, or either of them, proxy for the undersigned, with power of substitution, to represent and vote all shares of the undersigned upon all matters properly coming before the Annual Meeting or any adjournments thereof.

If the undersigned is a participant in the Abbott Laboratories Stock Retirement Plan, then this card also instructs the plan's Investment Committee to vote as specified at the 2008 Annual Meeting of Shareholders, and any adjournments thereof, all shares of Abbott Laboratories held in the undersigned's plan account upon the matters indicated and in their discretion upon such other matters as may properly come before the meeting.

**INSTRUCTIONS: This proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted FOR Items 1 and 2 and AGAINST Items 3 and 4 and in accordance with the judgment of the proxy holders on any other matters that are properly brought before the meeting.**

**(Important Please sign and date on other side.)**

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