

GOVERNANCE GUIDELINES

- [I. Director Independence and Qualifications](#)
 - [II. Director Responsibilities](#)
 - [III. Board and Committee Meetings](#)
 - [IV. Board Committees](#)
 - [V. Director Access to Management and Independent Advisors](#)
 - [VI. Director Compensation and Indemnification](#)
 - [VII. Director Orientation and Continuing Education](#)
 - [VIII. Management Evaluation and Succession](#)
 - [IX. Annual Performance Evaluation of the Board](#)
 - [X. Stock Ownership Guidelines](#)
 - [XI. Code of Business Conduct](#)
 - [Exhibit A: Abbott Laboratories Outline for Directorship Qualifications](#)
-

I. Director Independence and Qualifications

INDEPENDENCE.

A majority of the directors shall meet the New York Stock Exchange listing standards for independence, as such requirements are interpreted by the board in its business judgment. All of the members of the audit committee, compensation committee, the nominations and governance committee, and the public policy committee shall be independent.

QUALIFICATIONS.

The qualifications for Abbott's directors are set forth in the Outline for Directorship Qualifications, which is attached as Exhibit A.

CHANGE IN AFFILIATION.

Directors are expected to report to the chairman of the board and the chairman of the nominations and governance committee when they experience a significant change in their business or professional affiliation or responsibility and offer to resign from the board. The nominations and governance committee, in consultation with the chairman of the board, will determine whether the director continues to adequately meet the requirements for service on the board of directors and whether or not to accept the resignation.

LIMIT ON THE NUMBER OF OTHER DIRECTORSHIPS.

Directors are expected to devote sufficient time to fulfill their responsibilities as directors in accordance with the criteria set forth in the Outline for Directorship Qualifications. Accordingly, directors may serve on the board of directors of other public companies, but shall limit such service to a reasonable number of companies that would not conflict with their responsibilities as Abbott directors.

NEW DIRECTORSHIPS.

Directors are expected to inform the chairman of the board and the chairman of the nominations and governance committee of any public company directorships that they have been offered before accepting that directorship. In addition, no director shall serve on the board of directors of any Abbott competitor.

TERM LIMITS.

Abbott's directors are not subject to term limits because the board of directors has determined that the knowledge, expertise and continuity provided by those directors who have experience with Abbott and who continue to meet the qualifications set forth in the Outline for Directorship Qualifications are valuable to Abbott.

TENURE.

A non-management director may only continue to serve as a director until directors are elected at the annual shareholders' meeting immediately following the director's 72nd birthday.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER.

The board of directors believes that it is important to retain the flexibility to allocate the responsibilities of the offices of chairman of the board and chief executive officer in any manner that it determines to be in the best interests of Abbott. The board of directors specifically reserves the right to vest the responsibilities of chairman of the board and chief executive officer in the same individual and currently believes that it is in Abbott's best interests for the chief executive officer to serve as the chairman of the board.

[top of page](#)

II. Director Responsibilities

PREPARATION FOR AND ATTENDANCE AT MEETINGS.

Directors are expected to prepare adequately for and regularly attend the annual shareholders meeting and meetings of the board of directors and board committees on which they serve.

SPECIAL MEETINGS.

Recognizing that situations arise requiring prompt board action, directors shall make themselves available for special meetings and shall promptly return documents requiring their signature. Directors shall receive prompt notification of such special meetings.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST.

Directors must disclose to the rest of the members of the board of directors any potential conflict of interest they may have with respect to a matter under discussion and, if appropriate, recuse themselves from board discussions of the matter and/or refrain from voting on a matter on which they may have a conflict.

BOARD REVIEW.

The board of directors shall review and, where appropriate, approve fundamental operating, financial, risk management and other corporate strategies, as well as major plans and objectives and shall monitor the effectiveness of management policies and decisions, including the execution of strategies.

PUBLIC STATEMENTS.

Absent unusual circumstances, Abbott's senior management, as opposed to individual directors, provide the public voice of Abbott.

LEAD DIRECTOR.

The independent directors shall appoint from among their number a lead director. The lead director shall:

- preside at all meetings of the board at which the chairman is not present, including executive sessions of the independent directors;
- serve as liaison between the chairman and the independent directors;
- review matters such as meeting agendas, meeting schedules to assure that there is sufficient time for discussion of all agenda items, and, where appropriate, information sent to the board;
- have authority to call meetings of the independent directors; and
- if requested by major shareholders, ensure that he or she is available for consultation and direct communication.

[top of page](#)

III. Board and Committee Meetings

MEETINGS.

The board of directors generally meets at least six times a year, on dates selected by the chairman of the board. Directors will be given as much advance notice of meeting dates as reasonably practicable.

AGENDA.

The chairman of the board, with input from the lead director and in consultation with the other board members, shall set the agenda for meetings of the board of directors. The chairman of the board, with input from the lead director and in consultation with the chairman of each committee, shall set the agenda for the meetings of the applicable committee. Directors and committee members may suggest agenda items and may raise other matters at meetings.

EXECUTIVE SESSIONS.

The independent directors generally meet at least twice a year in regularly scheduled executive sessions and may hold such additional executive sessions as they determine necessary or appropriate. The lead director shall normally preside at these executive sessions.

[top of page](#)

IV. Board Committees

AUDIT, NOMINATIONS AND GOVERNANCE, COMPENSATION, AND PUBLIC POLICY COMMITTEES.

The board of directors shall at all times have an audit committee, a nominations and governance committee, a compensation committee, and a public policy committee. All of the members of these committees shall be independent. Each of these committees shall operate in accordance with applicable law, its charter, and the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange. Current board practice is that the chairmen of these committees should not serve in such capacity for more than five consecutive years.

EXECUTIVE COMMITTEE.

The board of directors shall also have an executive committee with the power to act on behalf of the board of directors, except for powers reserved to the full board of directors pursuant to Illinois law, Abbott's by-laws or any standing board resolution. The chairman of the board shall be the chairman of the executive committee. A majority of these members shall be independent.

OTHER COMMITTEES.

The board of directors may also establish such other committees as it deems appropriate and delegate to those committees any authority permitted by applicable law and Abbott's by-laws as the board of directors sees fit, other than the responsibilities delegated to the audit committee, nominations and governance committee, and compensation committee in their charters or reserved to the full board of directors.

[top of page](#)

V. Director Access to Management and Independent Advisors

ACCESS TO ABBOTT'S MANAGEMENT.

Each director shall have complete access to Abbott's management. Abbott's management will make itself available to answer the directors' questions about Abbott between meetings.

INDEPENDENT ADVISORS.

The board of directors and board committees may engage and consult with financial, legal, or other independent advisors at Abbott's expense.

[top of page](#)

VI. Director Compensation and Indemnification

ROLE OF THE COMPENSATION COMMITTEE.

Each year, in accordance with the terms of its charter, the compensation committee shall review the compensation paid to the members of the board of directors and give its recommendations to the board of directors regarding both the amount of director compensation that should be paid and the allocation of that compensation between equity-based awards and cash.

DIRECTOR COMPENSATION GUIDELINES.

The compensation committee shall establish director compensation guidelines and review them as appropriate. In recommending director compensation, the compensation committee shall take comparable director fees into account and review any arrangement that could be viewed as indirect director compensation, including substantial charitable contributions made to organizations with which a director is affiliated and any consulting contracts with, or other indirect compensation to, a director.

INDEMNIFICATION.

In accordance with the terms of its articles of incorporation, Abbott shall indemnify the members of the board of directors to the fullest extent permitted by law.

[top of page](#)

VII. Director Orientation and Continuing Education

DIRECTOR ORIENTATION.

Following their election, every newly elected member of the board of directors shall participate in an orientation program established by Abbott. This orientation program shall include presentations designed to familiarize directors with Abbott and its strategic plans, its significant financial, accounting and risk management issues, its Code of Business Conduct, compliance programs and other controls, its senior management, and its internal and independent auditors. The program shall also address procedures of the board of directors, directors' responsibilities, the board's Corporate Governance Guidelines and board committee charters.

CONTINUING EDUCATION.

The board of directors encourages its members to participate in continuing education programs sponsored by universities, stock exchanges or other organizations or consultants specializing in director education. Directors may attend continuing education programs at Abbott's expense.

[top of page](#)

VIII. Management Evaluation and Succession

EVALUATION OF CHIEF EXECUTIVE OFFICER AND OTHER MANAGEMENT.

The nominations and governance committee shall annually report to the board of directors on its evaluation of the chief executive officer's performance. The board of directors shall review this report, including discussing it outside the presence of the management directors, to satisfy itself that the chief executive officer is providing the long-term and short-term leadership that the board of directors deems necessary for Abbott. In addition, the nominations and

governance committee, with the input of the chief executive officer, shall conduct an annual assessment of the performance and development of Abbott's other senior management.

SUCCESSION PLANNING.

Succession planning for Abbott's senior management positions is critical to Abbott's long-term success. The nominations and governance committee shall annually review Abbott's succession plans and report on them to the board of directors. The nominations and governance committee shall also identify potential successors for the chief executive officer position, although this does not mean that it must at all times have selected a particular individual as the designated successor chief executive officer. The chief executive officer shall participate in this process by providing the nominations and governance committee with recommendations or evaluations of potential successors and identifying any development plans that the chief executive officer recommends for such individuals. The chief executive officer is expected to recommend to the board of directors on an ongoing basis one or more successors in the event of an unexpected inability of the chief executive officer to continue to serve.

[top of page](#)

IX. Annual Performance Evaluation of the Board

SELF-EVALUATION BY THE BOARD OF DIRECTORS.

Each year, the board of directors will conduct a self-evaluation to determine whether it and its committees are functioning effectively. The nominations and governance committee shall be responsible for seeking comments from all directors and reporting its evaluation of board and committee performance to the board of directors on an annual basis. The full board of directors will discuss the evaluation report to determine what, if any, action should be undertaken to improve board and board committee performance.

STATEMENT OF PRINCIPLES.

These Corporate Governance Guidelines are a statement of principles and intent. The board of directors reserves the right, unless otherwise required by law or the rules of the New York Stock Exchange or the Securities and Exchange Commission, to make exceptions to these guidelines where it believes such action is warranted due to special circumstances and is in the best interest of Abbott.

EVALUATION OF THE CORPORATE GOVERNANCE GUIDELINES.

The board of directors recognizes that these Corporate Governance Guidelines must continue to evolve to meet the changing needs of Abbott and its shareholders and changing requirements. The board of directors, with the assistance of its nominations and governance committee, will periodically review these Corporate Governance Guidelines to determine whether any changes are appropriate.

[top of page](#)

X. Stock Ownership Guidelines

STOCK OWNERSHIP FOR DIRECTORS.

Directors are encouraged to make a substantial investment in Abbott stock. Accordingly, the board of directors has set minimum stock ownership guidelines for directors. Each director is required to own 5,000 shares within five years of joining the board or as soon thereafter as practicable. Restricted stock units awarded to a director under the Abbott Laboratories 1996 Incentive Stock Program will be included in the target goal.

STOCK OWNERSHIP FOR OFFICERS.

Officers are encouraged to make a substantial investment in Abbott stock. Accordingly, the board of directors has set minimum stock ownership guidelines for officers in the following amounts:

- Chairman and Chief Executive Officer – 175,000 shares;
- Presidents and Chief Operating Officer – 100,000 shares;
- Executive and Senior Vice Presidents – 50,000 shares; and
- Vice Presidents – 25,000 shares.

Ownership of the target number of shares includes stock owned directly by the officer, shares held in the officer's name in the Abbott Laboratories Stock Retirement Plan, restricted shares and stock beneficially owned by the officer through trusts, dividend reinvestment plans, and similar arrangements. Each officer is expected to attain his/her ownership target within five years of appointment to the position of Vice President, Executive or Senior Vice President, President and Chief Operating Officer, and Chairman and Chief Executive Officer, respectively.

[top of page](#)

XI. Code of Business Conduct

Directors shall adhere to the principles of Abbott's Code of Business Conduct as it applies to directors. Those obligations of the directors are described below.

FAIR DEALING.

Directors shall deal honestly and ethically with Abbott and on Abbott's behalf in all matters.

AVOIDING CONFLICTS OF INTEREST.

Directors shall avoid actual or apparent conflicts with Abbott's interests.

As stated in Part II of these Corporate Governance Guidelines, directors must disclose to the rest of the members of the board of directors any potential conflict of interest they may have with respect to a matter under discussion and, if appropriate, recuse themselves from board discussions of, and/or refrain from voting on, a matter on which they may have a conflict.

Subject to the New York Stock Exchange listing standards for independence, a non-management director may own a significant financial interest in any firm or corporation which does or seeks to do business with Abbott, or which is a competitor of Abbott. However, such director must remove himself or herself from any board discussion or other activity that directly impacts the relationship between Abbott and such firm or corporation.

Subject to the New York Stock Exchange listing standards for independence, a non-management director may hold a directorial, managerial, employment, consulting or other position with any firm or corporation which does or seeks to do business with Abbott. Again, however, such director must remove himself or herself from any board discussion or other activity that directly impacts the relationship between Abbott and such firm or corporation.

As stated in Part I of these Guidelines, no director shall serve on the board of directors of any Abbott competitor. Subject to the New York Stock Exchange listing standards for independence, a non-management director may hold a

managerial, employment, consulting or other position with an Abbott competitor only if the board of directors determines that such position is not in conflict with this Principle.

ABBOTT OPPORTUNITIES.

Directors should advance Abbott's business interests when the opportunity to do so arises.

PROTECTION OF CONFIDENTIAL INFORMATION OF CUSTOMERS AND OTHERS.

Directors shall protect the confidential information of customers, suppliers and other parties, which they receive in their capacity as directors of Abbott.

COMPLIANCE WITH LAWS.

Directors shall comply with all laws, rules and regulations applicable to their capacity as directors of Abbott, including, among others, the insider trading laws, rules and regulations.

PROTECTION OF ABBOTT'S ASSETS.

Directors shall protect Abbott's assets, and promote their efficient and legitimate business use.

PROTECTION OF ABBOTT'S CONFIDENTIAL INFORMATION.

Directors shall protect Abbott's confidential information.

REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR.

Directors shall report violations of laws, rules, regulations or the Code of Business Conduct to the Chairman of the Board and Chief Executive Officer, the Vice President and Chief Ethics and Compliance Officer, or any other appropriate Abbott personnel.

WAIVERS.

Any waiver of the Code of Business Conduct for a director may be made only by the board of directors.

Abbott shall make prompt public disclosure, in accordance with applicable laws, rules and regulations, of any such waiver.

[top of page](#)

Exhibit A: Abbott Laboratories Outline for Directorship Qualifications

The following characteristics shall be taken into consideration when selecting nominees for the board of directors. Individual nominees do not need to satisfy all the qualifications listed below and there is no requirement that all qualifications be represented on the board.

In addition to the specific characteristics set forth below, board members should, at a minimum, 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.

1. Strong management experience, ideally with major public companies with successful multinational operations, including, but not limited to:

- A. Active or recently retired Chairmen and Chief Executive Officers.
- B. Presidents and Chief Operating Officers.
- C. Executive or Group Vice Presidents with short term potential for movement to item A or B above.

2. Other areas of experience which are desirable for representation on the Abbott board, include, but are not limited to:

- A. Medicine.
- B. Hospital Administration.
- C. Medical and Scientific Research and Development.
- D. Finance.
- E. International Business.

3. Other qualifications that would be helpful in addition to the above, include, but are not limited to:

- A. Senior level government experience.
- B. Academic administration.

4. The board shall include a range of ages and a diversity of ethnicity, gender and geography.

5. Primary characteristics required in new board candidates.

A. They must be first and foremost able and willing to represent the stockholders' short-term and long-term economic interests.

B. They must be able to contribute to the evaluation of the existing management of the Company.

C. They must also be cognizant of the responsibilities of the Company to:

- (1) Its employees.
- (2) Its customers.
- (3) Civic and social issues.
- (4) Regulatory authorities.

D. They will be willing to take the necessary time to properly prepare for board and committee meetings at a minimum based on a thorough review of the material supplied before each board meeting.

6. Primary characteristics required for renomination of incumbent directors.

A. Incumbent directors should continue to meet the general qualifications outlined above and, in addition, should abide by the following criteria:

(1) Adequate preparation for board and committee meetings, including a thorough review of and familiarity with the written materials supplied before each meeting.

(2) Participation in and contributions to board and committee discussions through useful and pertinent suggestions, questions, and comments.

(3) Providing on-going advice and counsel to management on the director's own initiative and when requested by management.

(4) Regular attendance at board and committee meetings.

(5) Maintaining an independent familiarity with the external environments in which the Corporation operates and especially in the director's own particular fields of expertise.