

ABBOTT LABORATORIES
Form DEF 14A
March 12, 2002

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SCHEDULE 14A INFORMATION

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

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Check the appropriate box:

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

ABBOTT LABORATORIES

(Name of Registrant as Specified In Its Charter)

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(3) Filing Party:

(4) Date Filed:

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

Cover:

Catalin Stoian is a resident of Flower House, a group home for orphaned children with HIV/AIDS in Romania. Catalin also receives care from the new Romanian-American Children's Center that provides medical treatment for approximately 1,000 children living with HIV. He is also one of the many children receiving a lifetime donation of Kaletra®, Abbott's newest protease inhibitor drug. Grants from Abbott and the Abbott Laboratories Fund's Step Forward program, in partnership with the Baylor College of Medicine, support all of these initiatives in Romania.

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

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 26, 2002, at 9:00 a.m. for the following purposes:

To elect fourteen 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 Arthur Andersen LLP as auditors of Abbott for 2002 (Item 2 on the proxy card); and

To transact such other business as may properly come before the meeting, including consideration of the shareholder proposal on HIV/AIDS-TB-Malaria, if such proposal is presented at the meeting (Item 3 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 Item 3 on the proxy card.

The close of business February 27, 2002, has been fixed as the record date for determining the shareholders entitled to receive notice of and to vote at the Annual Meeting.

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 19, 2002. An admission card admits no more than two people.

By order of the board of directors.

JOSE M. DE LASA

Secretary

March 12, 2002

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 26, 2002, 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 12, 2002.

Information about the Annual Meeting

Who Can Vote

Shareholders of record at the close of business on February 27, 2002 will be entitled to notice of and to vote at the Annual Meeting. As of January 31, 2002, Abbott had 1,556,593,143 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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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 14 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 14 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 Arthur Andersen LLP as auditors, or the approval of the 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 Arthur Andersen LLP as auditors and AGAINST the shareholder proposal.

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 Georgeson Shareholder Communications Inc. to aid in the solicitation of proxies, at an estimated cost of \$17,500 plus reimbursement for reasonable out-of-pocket expenses.

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 Security Ownership

On January 31, 2002, the Abbott Laboratories Stock Retirement Trust, c/o Abbott Laboratories, 100 Abbott Park Road, Abbott Park, Illinois 60064-6400, held 90,459,030 of Abbott's common shares (approximately 5.8 percent of the outstanding common shares). These shares were held for the individual accounts of approximately 37,600 employees and other plan participants who participate in the Abbott Laboratories Stock Retirement Plan. The Stock Retirement Trust is administered by both a trustee and three co-trustees. The trustee of the Trust is Putnam Fiduciary Trust Company. The co-trustees are T. C. Freyman, G. W. Linder, and T. M. Wascoe, officers of Abbott. The voting power with respect to the shares owned by the Trust is held by and shared between the co-trustees and the participants. The co-trustees must solicit voting instructions from the participants and follow the voting instructions they receive. The co-trustees may use their own discretion with respect to those shares for which no voting instructions are received. The individual participants have investment power over these shares, as provided by the terms of the Trust. The Trust Agreement is of unlimited duration. The co-trustees are also fiduciaries for certain other employee benefit trusts maintained by Abbott and have shared voting and/or investment power with respect to the 3,153,928 common shares (approximately .2 percent of the outstanding shares of Abbott) held by those trusts.

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

Fourteen 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.

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Nominees for Election as Directors

Roxanne S. Austin

Age 41

Director since 2000

*President and Chief Operating Officer, DIRECTV, Inc., El Segundo, California
(Digital Satellite Television Service Provider)*

Mrs. Austin was elected president and chief operating officer of DIRECTV, Inc. in June 2001. Mrs. Austin also serves as executive vice president of Hughes Electronics Corporation and is a member of its executive committee. 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 and Touche. Mrs. Austin earned her B.B.A. degree in accounting from the University of Texas at San Antonio. She is a member of Financial Executives International, the California State Society of Certified Public Accountants, and the American Institute of Certified Public Accountants, and serves on the board of trustees of the California Science Center. Mrs. Austin serves on the board of directors of DirectTv Latin America and PanAmSat Corporation.

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H. Laurance Fuller

Age 63

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 J. P. Morgan Chase and Co., Motorola, Inc., Security Capital Group, Inc., and the Rehabilitation Institute of Chicago, and a trustee of The Orchestral Association and Cornell University.

Richard A. Gonzalez

Age 48

Director since 2001

President and Chief Operating Officer, Medical Products Group, Abbott Laboratories

Mr. Gonzalez was elected Abbott's president and chief operating officer, medical products group in 2001. He served as executive vice president, medical products from 2000 to 2001, as senior vice president, hospital products from 1998 to 2000, and as vice president, Abbott HealthSystems division from 1995 to 1998. Mr. Gonzalez joined Abbott in 1977. He received his bachelor's degree in biochemistry from the University of Houston and his master's degree in biochemistry from the University of Miami. He serves on the board of directors of the Lyric Opera of Chicago, the John G. Shedd Aquarium and the Advanced Medical Technology Association (AdvaMed). He is also Chairman of AdvaMed's Technology and Regulation Committee.

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Jack M. Greenberg

Age 59

Director since 2000

*Chairman and Chief Executive Officer, McDonald's Corporation, Oak Brook, Illinois
(Developer, Operator, and Franchisor of a Worldwide System of Restaurants)*

Mr. Greenberg has served as chairman of McDonald's Corporation since May 1999 and also as its chief executive officer since August 1998. He served as McDonald's president from August 1998 to May 1999, and as its vice-chairman from December 1991 to 1998. Mr. Greenberg also served as chairman (from October 1996) and chief executive officer (from July 1997) of McDonald's USA until August 1998. Mr. Greenberg has been a member of McDonald's board of directors since 1982. Mr. Greenberg is a graduate of DePaul University's School of Commerce and School of Law. He is a member of the American Institute of Certified Public Accountants, the Illinois CPA Society and the Chicago Bar Association. Mr. Greenberg is a member of the Council of the World Economic Forum and is a director of The Allstate Corporation. He is also a member of the board of trustees of Ronald McDonald House Charities, DePaul University, the Field Museum, and the Chicago Symphony Orchestra.

David A. Jones

Age 70

Director since 1982

Chairman, Humana Inc., Louisville, Kentucky (Health Plan Business)

Mr. Jones is co-founder of Humana Inc. and served as chairman and chief executive officer since its organization in 1961 until he retired as chief executive officer on December 1, 1997. On August 3, 1999, Mr. Jones resumed his responsibilities as chief executive officer and held that position until February 3, 2000, when he resumed the position of chairman.

Jeffrey M. Leiden, M.D., Ph.D.

Age 46

Director since 1999

President and Chief Operating Officer, Pharmaceutical Products Group, Abbott Laboratories

Dr. Leiden was elected Abbott's president and chief operating officer, pharmaceutical products group in 2001. He served as executive vice president, pharmaceuticals and chief scientific officer from 2000 to 2001. From July 1999 until July 2000, Dr. Leiden was Elkan R. Blout Professor of Biological Sciences, Harvard School of Public Health and Professor of Medicine, Harvard Medical School. Prior to July 1999, he was the Frederick H. Rawson Professor of Medicine and Pathology and Chief of the Section of Cardiology at the University of Chicago. He is currently a member of the American Society of Clinical Investigation and the American Association of Physicians and serves on the board of directors of the Ravinia Festival, the Museum of Science and Industry, and the Keystone Symposia. In 2001, he was elected a fellow of the American Academy of Arts and Sciences and a member of the Institute of Medicine of the National Academy of Sciences.

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The Rt. Hon. Lord Owen CH

Age 63

Director since 1996

Physician, Politician, and Businessman, London, United Kingdom

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. Lord Owen was Secretary for Foreign and Commonwealth Affairs from 1977 to 1979 and Minister of Health from 1974 to 1976. He is executive chairman of Middlesex Holdings p.l.c.

Boone Powell Jr.

Age 65

Director since 1985

Retired Chairman, Baylor Health Care System, Dallas, Texas

Mr. Powell has been associated with Baylor University Medical Center since 1980 when he was named president and chief executive officer. Mr. Powell retired from his position as Chairman of Baylor Health Care System on August 1, 2001. 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.

Addison Barry Rand

Age 57

Director since 1992

Former Chairman and Chief Executive Officer, Avis Group Holdings, Inc., Garden City, New York (Automotive Transportation and Vehicle Management Services)

Mr. Rand served as chairman and chief executive officer of Avis Group Holdings, Inc. from November 1999 to March 2001. He served as executive vice president of Worldwide Operations, Xerox Corporation (a document processing, products and services company), from 1992 through 1998. Mr. Rand earned a bachelor's degree from American University and master's degrees in business administration and management sciences from Stanford University. He has also been awarded several honorary doctorate degrees. Mr. Rand serves as a director of Agilent Technologies and AT&T Wireless Services, Inc. He is also a member of the board of directors of the Urban Family Institute and a member of the Board of Trustees for Howard University. In 1993, he was elected to the National Sales/Marketing Hall of Fame.

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W. Ann Reynolds, Ph.D.

Age 64

Director since 1980

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

In 1997, Dr. Reynolds was appointed president of The University of Alabama at Birmingham. From 1990 to 1997, she served as chancellor of The City University of New York. Prior to that, Dr. Reynolds served as chancellor of The California State University, chief academic officer of Ohio State University and associate vice chancellor for research and dean of the graduate college of the University of Illinois Medical Center. 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., Maytag Corporation, and Owens Corning.

Roy S. Roberts

Age 62

Director since 1998

Retired Group Vice President, North American Vehicle Sales, Service and Marketing, General Motors Corporation, Detroit, Michigan (Manufacturer of Motor Vehicles)

Mr. Roberts was elected group vice president for North American Vehicle Sales, Service and Marketing of General Motors Corporation in October 1998 and served in that position until April 2000 when he retired. 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; on the National Board of Directors for the Boy Scouts of America; and on the National Board of The College Fund/UNCF.

William D. Smithburg

Age 63

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 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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John R. Walter

Age 55

Director since 1990

Retired President and Chief Operating Officer, AT&T Corporation, Basking Ridge, New Jersey (Telecommunications Company); and Former Chairman and Chief Executive Officer, R. R. Donnelley & Sons Company, Chicago, Illinois (Printing Company)

Mr. Walter served as president and chief operating officer of AT&T Corporation from October 1996 to July 1997. Prior to that time, he was chairman, president and chief executive officer of R. R. Donnelley & Sons Company, a printing company. He was elected chairman of the board and chief executive officer in 1989 and president in 1987. He holds a bachelor's degree from Miami University of Ohio. Mr. Walter serves as a director of Deere & Company, Jones Lang LaSalle, Inc., Manpower, Inc., Applied Graphics Technologies and SNP Corporation of Singapore. He is a trustee of the Chicago Symphony Orchestra and Northwestern University, as well as a director of Evanston Northwestern Healthcare.

Miles D. White

Age 46

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 Field Museum

in Chicago, the Joffrey Ballet of Chicago and The Culver Educational Foundation, and on the board of directors of Evanston Northwestern Healthcare.

Committees of the Board of Directors

The board of directors, which held six meetings in 2001, has five committees established in Abbott's bylaws: the executive committee, audit committee, compensation committee, nominations and board affairs committee, and public policy committee.

The executive committee, whose members are M. D. White, chairman, H. L. Fuller, D. A. Jones, W. A. Reynolds, and W. D. Smithburg, did not hold any meetings in 2001. 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 W. A. Reynolds, chairman, R. S. Austin, D. A. L. Owen, B. Powell Jr., and J. R. Walter, held four meetings in 2001. This committee provides advice and assistance regarding accounting, auditing, and financial reporting practices of Abbott. Each year, it recommends to the board a firm of independent public accountants to serve as auditors. The audit committee reviews with such auditors the scope and results of their audit, fees for services, and independence in servicing Abbott. The committee also meets with Abbott's internal auditors to evaluate the effectiveness of the work they perform. The committee is governed by a written charter adopted by the board of directors. Each of the members of the audit committee is independent and financially literate, as required of audit committee members by the New York Stock Exchange. A copy of the report of the audit committee is on pages 17 and 18.

The compensation committee, whose members are H. L. Fuller, chairman, J. M. Greenberg, B. Powell Jr., A. B. Rand, and W. D. Smithburg, held two meetings in 2001. This committee is responsible for setting and administering the policies and programs that govern both annual compensation and stock ownership programs. A copy of the report of the compensation committee is on pages 11 and 12.

The nominations and board affairs committee, whose members are D. A. Jones, chairman, J. M. Greenberg, D. A. L. Owen, A. B. Rand, and R. S. Roberts, held two meetings in 2001. This committee develops general criteria regarding the qualifications and selection of board members and officers, recommends candidates for such positions to the board of directors, advises the board of directors with respect to the conduct of board activities, and assists the board in the evaluation of the board's own performance and the performance of the chairman of the board and chief executive officer. A shareholder may recommend persons as potential nominees for director by complying with the procedures on page 20.

The public policy committee, whose members are W. D. Smithburg, chairman, D. A. Jones, W. A. Reynolds, R. S. Roberts, and J. R. Walter, held three meetings in 2001. This committee has an advisory role with respect to public policy, regulatory, and governmental affairs issues that affect Abbott.

The average attendance of all directors at board and committee meetings in 2001 was 98 percent.

Compensation of Directors

Abbott employees are not compensated for serving on the board or board committees. Non-employee directors are compensated under the Abbott Laboratories Non-Employee Directors' Fee Plan in the amounts of \$6,667 for each month of service as director and \$667 for each month of service as a chairman of a board committee.

Fees earned under this 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 market value), or deferred (as a non-funded obligation of Abbott or paid into a grantor trust established by the director) until payments commence (generally at age 65 or upon retirement from the board of directors). If the fees are deferred, the director may elect to have the fees

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credited to a stock equivalent account under which the fees accrue the same return they would have earned if invested in Abbott common shares. Interest is accrued annually on deferred fees not credited to a stock equivalent account.

Under the Abbott Laboratories 1996 Incentive Stock Program, each non-employee director who is elected to the board of directors at the annual shareholder meeting receives a restricted stock award with a fair market value on the date of the award closest to, but not exceeding \$65,000. In 2001, this was 1,429 shares. The non-employee directors are entitled to vote these shares and receive all dividends paid on the shares. The shares are nontransferable prior to termination, retirement from the board, death, or a change in control of Abbott.

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Security Ownership of Executive Officers and Directors

The table below reflects the number of common shares beneficially owned by the chief executive officer and the four other most highly paid executive officers (the "named officers"), the directors, and all directors and executive officers of Abbott as a group as of January 31, 2002. It also reflects the number of equivalent stock units held by non-employee directors under the Abbott Laboratories Non-Employee Directors' Fee Plan.

Name	Shares Beneficially Owned, Excluding Options (1)(2)	Equivalent Stock Units
Roxanne S. Austin	2,429	0
Christopher B. Begley	221,300	0
William G. Dempsey	141,512	0
H. Laurance Fuller	30,219	39,523
Richard A. Gonzalez	121,312	0
Jack M. Greenberg	2,429	0
David A. Jones	297,199	107,480
Jeffrey M. Leiden, M.D., Ph.D.	78,544	0
The Lord Owen CH	9,271	5,060
Boone Powell Jr.	31,072	62,886
Addison Barry Rand	16,922	0
W. Ann Reynolds, Ph.D.	30,692	61,585
Roy S. Roberts	7,077	0
William D. Smithburg	48,701	91,160

John R. Walter	23,161	25,668
Miles D. White	363,191	0
All directors and executive officers as a group (3)(4)	2,375,676	393,362

- (1) The table excludes unexercised option shares which are exercisable within 60 days after January 31, 2002, as follows: R. S. Austin, 6,267; C. B. Begley, 291,997; W. G. Dempsey, 244,557; H. L. Fuller, 29,477; R. A. Gonzalez, 299,740; J. M. Greenberg, 6,267; J. M. Leiden, 133,334; D. A. L. Owen, 13,409; W. A. Reynolds, 30,161; R. S. Roberts, 17,561; W. D. Smithburg, 28,305; J. R. Walter, 27,149; M. D. White, 1,349,090; and all directors and executive officers as a group, 4,226,021.
- (2) The table includes the shares held in the officers' accounts in the Abbott Laboratories Stock Retirement Trust as follows: C. B. Begley, 13,040; W. G. Dempsey, 9,093; R. A. Gonzalez, 15,488; J. M. Leiden, 196; M. D. White, 12,287; and, all executive officers as a group, 177,827. Each officer has shared voting power and sole investment power with respect to the shares held in his account.
- (3) As described under "Information Concerning Security Ownership" on page 3, 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, 2002, these trusts owned a total of 93,612,958 (6.0%) of the outstanding shares of Abbott.
- (4) Excluding the shared voting and/or investment power over the shares held by the trusts described in footnote 3, the directors and executive officers as a group together own beneficially less than one percent of the outstanding shares of Abbott.

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Executive Compensation

Report of the Compensation Committee

The Compensation Committee of the board of directors is composed entirely of directors who have never been employees of the corporation. The committee is responsible for setting and administering the policies and programs that govern annual compensation, long-term incentives and stock ownership programs.

The foundation of the executive compensation program is based on principles designed to align compensation with the corporation's business strategy, values and management initiatives. The program:

- Integrates compensation programs which link total shareholder return with both the corporation's annual and long-term strategic planning and measurement processes.

- Supports a performance-oriented environment that rewards actual performance that is related to both goals and performance of the corporation as compared to that of industry performance levels.

- Helps attract and retain key executives who are critical to the long-term success of the corporation.

The key components of the compensation program are base salary, annual incentive award, and long-term incentive awards comprised of equity participation. These components are administered with the goal of providing total compensation that is competitive in the marketplace, recognizes meaningful differences in individual performance, offers the opportunity to earn above average rewards when merited by individual

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and corporate performance and links management's interest in the company with the interest of all shareholders.

The marketplace is defined by comparing the corporation to a group of major corporations with similar characteristics, including industry and technology emphasis. These companies are included in the Standard and Poor's® Health Care-500 Index. A select group of non-healthcare companies chosen for size and performance comparability to the corporation is used as a secondary source of comparison.

Using compensation survey data from the comparison groups, a target for total compensation and each of its elements—base, incentive and long-term equity-based compensation—is established. The intent is to deliver total compensation that will be in the upper range of pay practices of peer companies when merited by the corporation's performance. To achieve this objective, a substantial portion of executive pay is delivered through performance-related variable compensation programs which are based upon achievement of the corporation's goals. Each year the committee reviews the elements of executive compensation to ensure that the total compensation program, and each of its elements, meets the overall objectives discussed above.

In 2001, total compensation was paid to executives based on individual performance and on the extent to which the business plans for the corporation and their areas of responsibility were achieved or exceeded. Performance goals were substantially met or exceeded and, therefore, compensation was paid accordingly. Base compensation was determined by an assessment of each executive's performance, current salary in relation to the salary range designated for the job, experience and potential for advancement as well as by the performance of the corporation. While many aspects of performance can be measured in financial terms, the committee also evaluated the success of the management team in areas of performance that cannot be measured by traditional accounting tools, including the development and execution of strategic plans, the development of management and employees, and the exercise of leadership within the industry and in the communities that Abbott serves. All of these factors were collectively taken into account by management and the compensation committee in determining the appropriate level of base compensation and annual increases.

The Abbott Performance Incentive Plan (PIP) and Management Incentive Plan (MIP) are designed to reward executives when the corporation achieves certain financial objectives and when each executive's area of responsibility meets its predetermined goals. These goals include financial elements such as consolidated net earnings, profitability, total sales and earnings per share, and non-financial elements such as the achievement of selected strategic goals and the successful development of human resources, including Abbott's diversity initiative. Each year, individual base award allocations are established for PIP participants as a percentage of consolidated net earnings. For 2001, each PIP participant's final award allocation was based on the committee's overall assessment of each participant's achievement of the predetermined goals discussed above.

Each year, individual incentive targets are established for MIP participants based on competitive survey data from the group of companies discussed above. As noted above, awards are paid at levels commensurate with performance of the company relative to peer group companies. Under the MIP, 40% of a participant's target incentive award is attributable to corporate performance.

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The remainder of the incentive award is based on the committee's overall assessment of each participant's achievement of the predetermined goals discussed above.

To motivate and reward its executives and managers and to directly align key employee and shareholder interests, the corporation has provided long-term incentives in the form of equity participation for many years. Grants of stock options, replacement stock options and restricted stock awards are important parts of this relationship. To ensure this objective is achieved, executives follow fixed stock ownership guidelines.

Targeted award ranges for stock options and restricted stock opportunities are determined taking into account competitive practice among the comparison companies noted above. Equity participation targets are set based on established salary ranges and level of performance. As noted above, the target ranges are established such that equity awards are appropriately scaled to the performance of the company within its peer group.

Actual individual awards are determined based on the established competitive target range and the committee's overall assessment of individual performance. The committee considers the amounts of options and restricted stock previously granted and the aggregate size of current awards in deciding to award additional options and restricted stock.

In 2001, the committee granted Mr. White, the corporation's Chairman and Chief Executive Officer, a base salary increase of 4.0%. As reflected in the corporation's financial statements, Abbott's performance in 2001 included an 18.5% growth in sales, and a 5.6% growth in diluted earnings per share, excluding certain non-recurring charges. In addition, the committee noted that Abbott's stock price in 2001 increased by 15.1% in a

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difficult year for both the industry and the stock market in general. In light of this performance and their overall assessment of his performance, particularly the successful integration of the Knoll acquisition, the committee determined to award Mr. White a bonus, a stock option grant and an award of restricted stock.

It is the committee's policy to establish and maintain compensation programs for executive officers which operate in the best interests of the corporation and its stockholders in achieving the corporation's long-term business objectives. To that end, the committee continues to assess the impact of the Omnibus Budget Reconciliation Act of 1993 on its executive compensation strategy and takes action to assure that appropriate levels of deductibility are maintained.

Compensation Committee

H. L. Fuller, chairman, J. M. Greenberg, B. Powell Jr., A. B. Rand, and W. D. Smithburg.

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Summary Compensation Table

The following table summarizes compensation earned in 2001, 2000 and 1999 by the named officers.

Name and Principal Position	Year	Annual Compensation			Long-term Compensation		All Other Compensation (\$)(2)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Award(s) (\$)(1)	Securities Underlying Options/ SARs (#)	
Miles D. White Chairman of the Board, Chief Executive Officer and Director	2001	\$1,445,662	\$2,100,000	\$104,247	\$2,089,000	525,000 223,302(3)	\$68,719
	2000	1,390,961	1,800,000	68,881	0	450,000	63,946
	1999	1,306,731	800,000	40,662	0	350,000 89,895(3)	55,087
Richard A. Gonzalez President and Chief Operating Officer, Medical Products Group and Director	2001	593,754	642,000	50,938	0	250,000 89,723(3)	28,642
	2000	469,673	517,000	32,351	767,188	120,000 26,571(3)	22,017
	1999	366,346	315,000	20,026	0	70,000 10,012(3)	17,043
Jeffrey M. Leiden, M.D., Ph.D. President and Chief Operating Officer, Pharmaceutical Products Group and Director(4)	2001	619,569	700,000	17,837	0	250,000	7,200
	2000	276,346	555,000	114,340(5)	3,182,813	150,000	0
Christopher B. Begley Senior Vice President, Hospital Products	2001	430,384	425,000	108,171	0	100,000 58,905(3)	20,373
	2000	356,354	353,000	70,630	0	90,000 33,502(3)	16,290
	1999	296,154	222,700	42,148	759,960	38,000 93,301(3)	12,410

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		Annual Compensation			Long-term Compensation		
William G. Dempsey	2001	437,723	525,000	69,359	0	100,000	20,897
Senior Vice President,						100,942(3)	
International Operations	2000	399,154	435,000	37,618	0	90,000	18,453
						37,759(3)	
	1999	322,404	220,000	16,372	0	70,000	13,673
						17,859(3)	

(1) The number and value of restricted shares held as of December 31, 2001, respectively, were as follows:

M. D. White - 100,000 / \$5,575,000;
 R. A. Gonzalez - 60,000 / \$3,345,000;
 J. M. Leiden - 75,000 / \$4,181,250;
 C. B. Begley - 40,000 / \$2,230,000;
 and W. G. Dempsey - 40,000 / \$2,230,000.

The officers receive all dividends paid on these shares.

(2) These amounts are employer contributions made to the Stock Retirement Plan and made or accrued with respect to the 401(k) Supplemental Plan.

(3) These options are replacement stock options. They are described in the table captioned "Options Granted in Last Fiscal Year" on page 14.

(4) In July 2000, J. M. Leiden was elected Abbott's chief scientific officer and in August was elected its executive vice president, pharmaceuticals. During the first six months of 2000, he served as a non-employee director of Abbott and received \$30,000 in fees and stock subject to certain restrictions on transfer having a market value of approximately \$52,000 as compensation for that service. The table does not include these amounts. The compensation of Abbott's non-employee directors is described under "Compensation of Directors" on page 9.

(5) This amount includes \$52,257 in reimbursed relocation expenses in addition to those provided under Abbott's standard relocation policy.

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[Stock Options](#)

The following tables summarize the named officers' stock option activity during 2001.

Options Granted in Last Fiscal Year

Name	Individual Grants			Potential Gain at Assumed Annual Rates of Stock Price Appreciation for Option Term (1):		
	Number of Securities Underlying Options/ SARs Granted (#)(2)	% of Total Options/ SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh.)	Expiration Date	5% (\$)	10% (\$)
Miles D. White	525,000(3)	2.3%	\$48.36	02/08/11	\$15,967,006	\$40,463,527

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Individual Grants					Potential Gain at Assumed Annual Rates of Stock Price Appreciation for Option Term (1):	
Replacement Options:	2,445	0.0%	50.95	04/09/02	4,983	9,966
	4,018	0.0%	50.95	06/04/02	10,236	20,472
	15,719	0.1%	50.95	04/15/03	73,681	150,566
	7,353	0.0%	50.95	06/30/04	61,220	128,991
	35,719	0.2%	50.95	02/13/07	584,094	1,316,223
	34,816	0.2%	50.95	02/12/08	686,488	1,588,630
	123,232	0.5%	50.95	02/10/10	3,322,461	8,122,339
Richard A. Gonzalez	250,000(3)	1.1%	48.36	02/08/11	7,603,336	19,268,346
Replacement Options:	19,456	0.1%	48.73	02/13/07	322,442	731,510
	21,485	0.1%	48.73	02/10/10	577,221	1,421,722
	45,247	0.2%	53.00	02/12/08	863,785	1,977,724
	3,535	0.0%	53.00	02/10/10	93,606	226,305
Jeffrey M. Leiden, M.D., Ph.D.	250,000(3)	1.1%	48.36	02/08/11	7,603,336	19,268,346
Christopher B. Begley	100,000(3)	0.4%	48.36	02/08/11	3,041,334	7,707,339
Replacement Options:	33,973	0.1%	49.71	02/11/08	687,510	1,602,191
	24,932	0.1%	49.71	02/09/10	683,299	1,682,999
William G. Dempsey	100,000(3)	0.4%	48.36	02/08/11	3,041,334	7,707,339
Replacement Options:	44,557	0.2%	49.38	02/12/08	895,712	2,087,391
	6,104	0.0%	53.61	12/01/06	92,497	205,051
	5,235	0.0%	53.61	02/13/07	82,911	184,898
	21,019	0.1%	53.61	02/12/08	405,880	929,304
	24,027	0.1%	53.61	02/10/10	643,551	1,555,876
Gain for all Shareholders at Assumed Rates for Appreciation (4):					\$54,503,192,940	\$138,121,791,952

- (1) These amounts assume hypothetical appreciation rates of 5% and 10% over the term of the option, as required by the SEC, and are not intended to forecast the appreciation of the stock price. No gain to the named officers will occur unless the price of Abbott's common shares exceeds the options' exercise price.
- (2) These options contain a replacement option feature. When the option's exercise price 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 shares of Abbott's common stock, a replacement option is granted for the number of shares used to make that payment. The replacement option has an exercise price equal to the fair market value of Abbott's common stock on the date the replacement option is granted, is exercisable in full six months after the date of grant, and has a term expiring on the expiration date of the original option.
- (3) One-third of the shares covered by these options are exercisable after one year; two-thirds after two years; and all after three years.
- (4) Amounts were determined using total shares outstanding at December 31, 2001 of 1,554,530,292 and a December 31, 2001 closing market price of \$55.75 per share.

Aggregated Option/SAR Exercises in Last Fiscal Year and Year-end Option/SAR Values

Number of Securities Underlying Unexercised Options/SARs at	Value of Unexercised In-the-Money Options/ SARs at Year-end (\$)
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Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities	Value of Unexercised
			Underlying Unexercised Options/SARs at Year-end (#)	In-the-Money Options/SARs at Year-end (\$)
			Exercisable/Unexercisable	Exercisable/Unexercisable
Miles D. White	284,581	\$4,824,105	907,424 / 941,666	\$9,420,035 / \$11,423,243
Richard A. Gonzalez	109,626	1,802,459	163,073 / 402,115	2,011,645 / 3,764,721
Jeffrey M. Leiden, M.D., Ph.D.	0	0	50,000 / 350,000	654,500 / 3,156,500
Christopher B. Begley	70,000	958,700	215,997 / 177,666	2,382,219 / 2,203,023
William G. Dempsey	161,529	3,147,308	157,890 / 239,718	1,764,758 / 2,368,360

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Pension and Retirement Arrangements

Abbott and certain subsidiaries maintain a defined benefit pension plan known as the Abbott Laboratories Annuity Retirement Plan covering most employees in the United States, age 21 or older. Pension benefits are generally based on service and eligible earnings for the 60 consecutive months within the final 120 months of employment for which eligible earnings were highest. Pension benefits are partially offset for Social Security benefits.

The following table shows the estimated annual benefits payable to employees upon normal retirement. The amounts shown are computed on a straight life annuity basis without giving effect to Social Security offsets and include supplemental benefits under a nonqualified supplemental pension plan.

Pension Plan Table

Remuneration	Years of Service				
	15	20	25	30	35
\$ 900,000	\$ 303,750	\$ 405,000	\$ 472,500	\$ 499,500	\$ 499,500
1,100,000	371,250	495,000	577,500	610,500	610,500
1,300,000	438,750	585,000	682,500	721,500	721,500
1,500,000	506,250	675,000	787,500	832,500	832,500
1,700,000	573,750	765,000	892,500	943,500	943,500
1,900,000	641,250	855,000	997,500	1,054,500	1,054,500
2,100,000	708,750	945,000	1,102,500	1,165,500	1,165,500
2,300,000	776,250	1,035,000	1,207,500	1,276,500	1,276,500
2,500,000	843,750	1,125,000	1,312,500	1,387,500	1,387,500
2,700,000	911,250	1,215,000	1,417,500	1,498,500	1,498,500
2,900,000	978,750	1,305,000	1,522,500	1,609,500	1,609,500

The compensation considered in determining the pensions payable to the named officers is the compensation shown in the "Salary" and "Bonus" columns of the Summary Compensation Table on page 13. Pensions accrued under the Annuity Retirement Plan are funded through the Abbott Laboratories Annuity Retirement Trust, established on behalf of all participants in that plan. Pensions accrued under the nonqualified supplemental pension plan with present values exceeding \$100,000 are funded through individual trusts established on behalf of the officers who participate in that plan. During 2001, the following amounts, less applicable tax withholdings, were deposited in such individual trusts established on behalf of the named officers: M. D. White, \$118,131; R. A. Gonzalez, \$47,830; C. B. Begley, \$25,785; and W. G. Dempsey, \$54,741. As of December 31, 2001, the years of service credited under the Plan for the named officers were as follows: M. D. White - 17; R. A. Gonzalez - 21; J. M. Leiden - 1; C. B. Begley - 15; and W. G. Dempsey - 19.

Key Employee Retention

Abbott has change in control arrangements with 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 the named officers are described below.

The agreements with the named officers continue in effect until December 31, 2004, 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 that occurs while they are in effect. The agreements provide that if the officer is terminated other than for specified reasons or if the officer elects to terminate employment under certain circumstances during a potential change in control or within two years following a change in control of Abbott, 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 (both based on the highest of the actual bonus earned, the bonus assuming achievement of target performance, or the average bonus for the past three years). The officer will also receive up to three years of additional employee benefits (including the value of three more years of pension accruals), payment of a portion of any excise taxes and other related taxes and payments for which the officer is responsible as a result of the agreement, and reimbursement of certain legal, tax and audit fees. The agreements also limit the conduct for which awards under Abbott's stock incentive 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.

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Under the agreements, a "change in control" occurs on the earliest of the following dates:

The date any entity or person (including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934) becomes the beneficial owner of, or obtains voting control over, 20% or more of the outstanding common shares of Abbott.

The date on which Abbott (A) merges or consolidates with or into another corporation, or merges another corporation into Abbott, in which Abbott is not the continuing or surviving corporation or pursuant to which any common shares of Abbott are converted into cash, securities of another corporation, or other property, other than a merger or consolidation of Abbott in which holders of common shares immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation or its parent corporation immediately after the merger as immediately before, or (B) sells or otherwise disposes of substantially all of Abbott's assets.

The date on which there has been a change in a majority of the board of directors of Abbott within a 12-month period unless the nomination for election by Abbott's shareholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 12-month period.

A potential change in control occurs if Abbott enters into an agreement which would result in a change in control, Abbott or anyone else publicly announces an intent to take or consider actions which would constitute a change in control, any person or group acquires beneficial ownership of 10% or more of Abbott's common shares, or Abbott's board adopts a resolution that a potential change in control exists.

Abbott's stock incentive programs provide that, as of the date of a change in control, all outstanding stock options and limited stock appreciation rights become fully exercisable and the terms and conditions of any outstanding restricted stock awards are deemed satisfied. The stock incentive programs use a definition of change in control that is generally similar to the definition used in the agreements except that a change in control is triggered when an entity or person becomes the beneficial owner of, or obtains voting control over, 30% or more of the outstanding common shares of Abbott.

Performance Graph

The following graph compares the change in Abbott's cumulative total shareholder return on its common shares with the Standard and Poor's® 500 Stock Index and the Standard and Poor's® Health Care-500 Index.

Selection of Independent Public Accountants (Item 2 on Proxy Card)

Abbott's bylaws provide that, upon the recommendation of the audit committee, the board of directors shall appoint annually a firm of independent public accountants to serve as auditors and that such appointment shall be submitted for ratification by the shareholders at the Annual Meeting. In October 2001, the board appointed Arthur Andersen LLP to act as auditors for the current year. This firm has served as Abbott's auditors since 1963.

The board and audit committee have been monitoring and have reviewed, in detail, the press coverage regarding Arthur Andersen LLP in its role as auditors of Enron Corp. In addition, the audit committee has discussed this and other matters with senior representatives of Arthur Andersen LLP. The audit committee has concluded, based on information available to date, that such matters should not impair the ability of that firm to provide quality and independent audit services to Abbott and, therefore, recommends that Arthur Andersen LLP should serve as Abbott's independent public accountants for 2002. The board and audit committee will continue to closely monitor and evaluate any further developments in this matter.

Abbott also maintains an internal auditing function that evaluates and formally reports on the adequacy and effectiveness of internal accounting controls, policies and procedures. The audit committee, which meets at least four times a year, has unrestricted access to Abbott's internal audit function. The committee meets privately with the head of internal audit several times each year.

The board of directors recommends a vote FOR ratification of the selection of Arthur Andersen LLP as independent public accountants for 2002.

Representatives of Arthur Andersen 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 b