SYNOVUS FINANCIAL CORP
Form 10-Q
May 10, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2007
Commission File Number 1-10312

SYNOVUS FINANCIAL CORP.
(Exact name of registrant as specified in its charter)

GEORGIA	**58-1134883**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1111 Bay Avenue, Suite # 500
P.O. Box 120
Columbus, Georgia 31902
(Address of principal executive offices)
(706) 649-2311
(Registrants telephone number, including area code)

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

Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12B-2 of the Exchange Act.

Large Accelerated Filer þ Accelerated Filer o Non-Accelerated Filer o

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

Yes o No þ

Indicate the number of shares outstanding of each of the issuer s class of common stock, as of the latest practicable date.

Class	April 30, 2007
Common Stock, $1.00 Par Value	326,977,631 shares

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PART I. FINANCIAL INFORMATION
ITEM 1 FINANCIAL STATEMENTS
SYNOVUS FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

(In thousands, except share data)	**March 31, 2007**	December 31, 2006
ASSETS		
Cash and due from banks	**$ 828,916**	889,975
Interest earning deposits with banks	**35,586**	19,389
Federal funds sold and securities purchased under resale agreements	**190,514**	101,091
Trading account assets	**45,289**	15,266
Mortgage loans held for sale	**181,266**	175,042
Investment securities available for sale	**3,520,777**	3,352,357
Loans, net of unearned income	**25,223,681**	24,654,552
Allowance for loan losses	**(326,826)**	(314,459)
Loans, net	**24,896,855**	24,340,093
Premises and equipment, net	**769,271**	752,738
Contract acquisition costs and computer software, net	**371,467**	383,899
Goodwill	**681,437**	669,515
Other intangible assets, net	**54,541**	63,586
Other assets	**1,131,765**	1,091,822
Total assets	**$ 32,707,684**	31,854,773
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Deposits:		
Non-interest bearing retail and commercial deposits	**$ 3,573,323**	3,538,598
Interest bearing retail and commercial deposits	**18,194,828**	17,741,354
Total retail and commercial deposits	**21,768,151**	21,279,952
Brokered time deposits	**3,074,228**	3,014,495
Total deposits	**24,842,379**	24,294,447
Federal funds purchased and other short-term liabilities	**1,560,530**	1,572,809
Long-term debt	**1,551,856**	1,350,139
Other liabilities	**667,470**	692,019
Total liabilities	**28,622,235**	27,909,414
Minority interest in consolidated subsidiaries	**249,366**	236,709

Shareholders equity:		
Common stock $1.00 par value. Authorized 600,000,000 shares; issued 332,511,661 in 2007 and 331,213,913 in 2006; outstanding 326,850,123 in 2007 and 325,552,375 in 2006	**332,512**	331,214
Additional paid-in capital	**1,070,553**	1,033,055
Treasury stock, at cost 5,661,538 shares	**(113,944)**	(113,944)
Accumulated other comprehensive income (loss)	**6,989**	(2,129)
Retained earnings	**2,539,973**	2,460,454
Total shareholders equity	**3,836,083**	3,708,650
Total liabilities and shareholders equity	**$ 32,707,684**	31,854,773

See accompanying notes to consolidated financial statements.

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SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended March 31,	
(In thousands, except per share data)	**2007**	2006
Interest income:		
Loans, including fees	**$ 502,056**	404,850
Investment securities available for sale	**40,453**	30,711
Trading account assets	**907**	698
Mortgage loans held for sale	**2,437**	1,934
Federal funds sold and securities purchased under resale agreements	**1,478**	1,241
Interest earning deposits with banks	**568**	59
Total interest income	**547,899**	439,493
Interest expense:		
Deposits	**222,739**	140,414
Federal funds purchased and other short-term liabilities	**20,572**	16,152
Long-term debt	**18,326**	20,491
Total interest expense	**261,637**	177,057
Net interest income	**286,262**	262,436
Provision for losses on loans	**20,515**	19,549
Net interest income after provision for losses on loans	**265,747**	242,887
Non-interest income:		
Electronic payment processing services	**228,742**	220,472
Merchant acquiring services	**60,680**	63,949
Other transaction processing services	**53,123**	44,946
Service charges on deposit accounts	**26,370**	26,189
Fiduciary and asset management fees	**12,262**	11,713
Brokerage and investment banking income	**7,449**	6,947
Mortgage banking income	**7,226**	5,873
Bankcard fees	**11,880**	10,554
Securities gains (losses), net	**447**	(73)
Other fee income	**9,427**	9,283
Other operating income	**10,726**	9,522
Non-interest income before reimbursable items	**428,332**	409,375
Reimbursable items	**85,727**	82,500
Total non-interest income	**514,059**	491,875
Non-interest expense:		
Salaries and other personnel expense	**254,953**	227,758

Net occupancy and equipment expense	**92,914**	97,700
Other operating expenses	**98,557**	105,836
Non-interest expense before reimbursable items	**446,424**	431,294
Reimbursable items	**85,727**	82,500
Total non-interest expense	**532,151**	513,794
Minority interest in subsidiaries net income	**11,278**	9,740
Income before income taxes	**236,377**	211,228
Income tax expense	**89,624**	76,722
Net income	**$ 146,753**	134,506
Net income per share:		
Basic	**$ 0.45**	0.43
Diluted	**0.45**	0.43
Weighted average shares outstanding:		
Basic	**325,687**	313,639
Diluted	**329,573**	316,208

See accompanying notes to consolidated financial statements.

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SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME
(unaudited)

(In thousands, except per share data)	Shares Issued	Common Stock	Additional Paid-In Capital	Treasury Stock	Unearned Compen- sation	Accum- ulated Other Compre- hensive Income (Loss)	Retained Earnings	Total
Balance at December 31, 2005	318,301	$ 318,301	686,447	(113,944)	(3,126)	(29,536)	2,091,187	2,949,329
SAB No. 108 Adjustment to opening shareholders equity						826	3,434	4,260
Net Income							134,506	134,506
Other comprehensive income (loss), net of tax:								
Net unrealized loss on cash flow hedges						(1,101)		(1,101)
Change in unrealized losses on investment securities available for sale, net of reclassification adjustment						(12,887)		(12,887)
Gain on foreign currency translation						334		334
Other comprehensive loss						(13,654)		(13,654)
Comprehensive income								120,852
Cash dividends declared $0.20 per share							(61,246)	(61,246)
Reclassification of unearned compensation to additional paid-in capital upon adoption of SFAS No. 123(R)			(3,126)		3,126			
Issuance of non-vested stock	143	143	(143)					
Share-based compensation expense			5,182					5,182
Stock options exercised	1,024	1,024	19,434					20,458
Share-based tax benefit			2,489					2,489
Ownership change at majority-owned subsidiary			1,198					1,198
Issuance of common stock for acquisition	5,898	5,898	157,921					163,819
Balance at March 31, 2006	325,366	$ 325,366	869,402	(113,944)		(42,364)	2,167,881	3,206,341

Balance at December 31, 2006	**331,214**	**$ 331,214**	**1,033,055**	**(113,944)**	**(2,129)**	**2,460,454**	**3,708,650**
Cumulative effect of adoption of FIN No. 48						**(230)**	**(230)**
Net Income						**146,753**	**146,753**
Other comprehensive income, net of tax:							
Net unrealized gain on cash flow hedges					**1,511**		**1,511**
Change in unrealized gains (losses) on investment securities available for sale, net of reclassification adjustment					**7,694**		**7,694**
Loss on foreign currency translation					**(87)**		**(87)**
Other comprehensive income					**9,118**		**9,118**
Comprehensive income							**155,871**
Cash dividends declared $0.21 per share						**(67,004)**	**(67,004)**
Issuance of non-vested stock	**57**	**57**	**(57)**				
Share-based compensation expense			**5,711**				**5,711**
Stock options exercised	**1,179**	**1,179**	**21,939**				**23,118**
Share-based tax benefit			**4,869**				**4,869**
Ownership change at majority-owned subsidiary			**2,982**				**2,982**
Issuance of common stock for acquisition	**62**	**62**	**2,054**				**2,116**
Balance at March 31, 2007	**332,512**	**$ 332,512**	**1,070,553**	**(113,944)**	**6,989**	**2,539,973**	**3,836,083**

See accompanying notes to consolidated financial statements

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SYNOVUS FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(In thousands)	Three Months Ended March 31, 2007	2006
Cash flows from operating activities:		
Net income	$ **146,753**	134,506
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for losses on loans	**20,515**	19,549
Depreciation, amortization and accretion, net	**48,027**	49,009
Increase in interest receivable	**(7,517)**	(10,233)
Increase in interest payable	**4,183**	14,760
Equity in income of equity investments	**(2,334)**	(852)
Minority interest in subsidiaries net income	**11,278**	9,740
Increase in trading account assets	**(30,023)**	(9,726)
Originations of mortgage loans held for sale	**(394,538)**	(331,053)
Proceeds from sales of mortgage loans held for sale	**388,372**	300,281
Increase in other assets	**(41,278)**	(45,581)
Increase in other liabilities	**46,300**	66,301
Net (gains) losses on sales of available for sale investment securities	**(447)**	73
Impairment of private equity investment	**1,068**	
Impairment of developed software	**620**	
Share-based compensation	**7,339**	7,447
Decrease in accrued salaries and employee benefits	**(97,917)**	(87,977)
Other, net	**24,450**	(5,749)
Net cash provided by operating activities	**124,851**	110,495
Cash flows from investing activities:		
Net cash received for acquisition		12,186
Net increase in interest earning deposits with banks	**(16,197)**	(3,628)
Net increase in federal funds sold and other short-term liabilities	**(89,423)**	(226,755)
Proceeds from maturities and principal collections of investment securities available for sale	**217,908**	112,974
Proceeds from sales of investment securities available for sale	**7,010**	38,248
Purchases of investment securities available for sale	**(390,631)**	(208,506)
Net increase in loans	**(569,493)**	(573,639)
Purchases of premises and equipment	**(40,989)**	(29,635)
Proceeds from disposal of premises and equipment	**110**	120
Additions to other intangible assets	**7,018**	
Increase in contract acquisition costs	**(7,144)**	(9,553)
Additions to licensed computer software from vendors	**(3,884)**	(1,816)
Additions to internally developed computer software	**(3,039)**	(3,734)
Net cash used by investing activities	**(888,754)**	(893,738)

Cash flows from financing activities:		
Net increase in demand and savings deposits	**402,115**	325,137
Net increase in certificates of deposit	**145,816**	201,484
Net (decrease) increase in federal funds purchased and other short-term liabilities	**(12,279)**	424,351
Principal repayments on long-term debt	**(104,313)**	(243,527)
Proceeds from issuance of long-term debt	**307,805**	10,000
Excess tax benefit from share-based payment arrangements	**4,629**	2,269
Dividends paid to shareholders	**(63,476)**	(57,059)
Proceeds from issuance of common stock	**23,118**	20,458
Net cash provided by financing activities	**703,415**	683,113
Effect of exchange rate changes on cash and cash equivalent balances held in foreign currencies	**(571)**	31
Decrease in cash and due from banks	**(61,059)**	(100,099)
Cash and due from banks at beginning of period	**889,975**	880,886
Cash and due from banks at end of period	**$ 828,916**	780,787

See accompanying notes to consolidated financial statements.

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SYNOVUS FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles. All adjustments consisting of normally recurring accruals that, in the opinion of management, are necessary for a fair presentation of the financial position and results of operations for the periods covered by this report have been included. The accompanying unaudited consolidated financial statements should be read in conjunction with the Synovus Financial Corp. (Synovus) consolidated financial statements and related notes appearing in the 2006 Annual Report previously filed on Form 10-K. Certain prior year amounts have been reclassified to conform to the presentation adopted in 2007.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the respective balance sheets and the reported amounts of revenues and expenses for the periods presented. Actual results could differ significantly from those estimates.

Note 2 Supplemental Cash Flow Information

For the three months ended March 31, 2007 and 2006, Synovus paid income taxes (net of refunds received) of $53.6 million and $43.8 million, respectively. For the three months ended March 31, 2007 and 2006, Synovus paid interest of $256.2 million and $162.1 million, respectively.

Non-cash investing activities consisted of loans of approximately $7.8 million and $10 million, which were foreclosed and transferred to other real estate during the three months ended March 31, 2007 and 2006, respectively.

Note 3 Derivative Instruments

Synovus accounts for its derivative financial instruments as either assets or liabilities on the balance sheet at fair value through adjustments to either the hedged items, accumulated other comprehensive income, or current earnings, as appropriate. As part of its overall interest rate risk management activities, Synovus utilizes derivative instruments to manage its exposure to various types of interest rate risk. These derivative instruments consist of interest rate swaps, commitments to sell fixed-rate mortgage loans, and interest rate lock commitments made to prospective mortgage loan customers. Mortgage rate lock commitments represent derivative instruments since it is intended that such loans will be sold.

Synovus originates first lien residential mortgage loans for sale into the secondary market and generally does not hold the originated loans for investment purposes. Mortgage loans are either converted to securities or are sold to a third party servicing aggregator.

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At March 31, 2007, Synovus had commitments to fund fixed-rate mortgage loans to customers in the amount of $109.3 million. The fair value of these commitments at March 31, 2007 resulted in an unrealized loss of $612 thousand, which was recorded as a component of mortgage banking income in the consolidated statement of income. At March 31, 2007, outstanding commitments to sell fixed-rate mortgage loans amounted to approximately $178.4 million. Such commitments are entered into to reduce the exposure to market risk arising from potential changes in interest rates, which could affect the fair value of mortgage loans held for sale and outstanding commitments to originate residential mortgage loans for resale. The commitments to sell mortgage loans are at fixed prices and are scheduled to settle at specified dates that generally do not exceed 90 days. The fair value of outstanding commitments to sell mortgage loans at March 31, 2007 resulted in an unrealized gain of $234 thousand, which was recorded as a component of mortgage banking income in the consolidated statement of income.

Synovus utilizes interest rate swaps to manage interest rate risks, primarily arising from its core community banking activities. These interest rate swap transactions generally involve the exchange of fixed and floating rate interest rate payment obligations without the exchange of underlying principal amounts. Entering into interest rate derivatives potentially exposes Synovus to the risk of counterparties failure to fulfill their legal obligations including, but not limited to, potential amounts due or payable under each derivative contract. Notional principal amounts often are used to express the volume of these transactions, but the amounts potentially subject to credit risk are much smaller.

The receive fixed interest rate swap contracts at March 31, 2007 are being utilized to hedge $700 million in floating rate loans and $2.32 billion in fixed-rate liabilities. A summary of interest rate swap contracts and their terms at March 31, 2007 is shown below:

		Weighted-Average					
				Maturity			**Net**
(Dollars in	**Notional**	**Receive**	**Pay**	**In**	**Unrealized**		**Unrealized**
thousands)	**Amount**	**Rate**	**Rate(*)**	**Months**	**Gains**	**Losses**	**Gains**
Receive fixed swaps:							
Fair value hedges	$ 2,322,500	4.97%	5.11%	27	$ 32,847	(13,447)	19,400
Cash flow hedges	700,000	7.91%	8.25%	35	5,979	(1,504)	4,475
Total	$ 3,022,500	5.47%	5.65%	29	$ 38,826	(14,951)	23,875

(*) Variable pay rate based upon contract rates in effect at March 31, 2007.

Synovus designates hedges of floating rate loans as cash flow hedges. These swaps hedge against the variability of cash flows from specified pools of floating rate prime based loans. Synovus calculates effectiveness of the hedging relationship quarterly using the cumulative dollar offset method. As of March 31, 2007, cumulative ineffectiveness for Synovus portfolio of cash flow hedges represented a gain of approximately $74 thousand. Ineffectiveness from cash flow hedges is recognized in the consolidated statements of income as other operating income.

Synovus expects to reclassify from accumulated other comprehensive income approximately $718 thousand as net-of-tax expense during the next twelve months, as the related payments for interest rate swaps and amortization of deferred gains (losses) are recorded.

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Synovus designates hedges of fixed rate liabilities as fair value hedges. These swaps hedge against the change in fair market value of various fixed rate liabilities due to changes in the benchmark interest rate LIBOR. Synovus uses the short cut method of hedge accounting for fair value hedging relationships designated as hedging the change in fair value of fixed rate subordinated debt issued by Synovus. These transactions total approximately $300 million in notional principal. For all other fair value hedging relationships, Synovus measures hedge ineffectiveness quarterly using the cumulative dollar offset method. As of March 31, 2007, cumulative ineffectiveness for Synovus portfolio of fair value hedges represented a gain of approximately $603 thousand. Ineffectiveness from fair value hedges is recognized in the consolidated statements of income as other operating income.

Synovus also enters into derivative financial instruments to meet the financing and interest rate risk management needs of its customers. Upon entering into these instruments to meet customer needs, Synovus enters into offsetting positions in order to minimize the risk to Synovus. These derivative financial instruments are recorded at fair value with any resulting gain or loss recorded in current period earnings. As of March 31, 2007, the notional amount of customer related interest rate derivative financial instruments was $2.04 billion.

Synovus also enters into derivative financial instruments to meet the equity risk management needs of its customers. Upon entering into these instruments to meet customer needs, Synovus enters into offsetting positions in order to minimize the risk to Synovus. These derivative financial instruments are recorded at fair value with any resulting gain or loss recorded in current period earnings. As of March 31, 2007, the notional amount of customer related equity derivative financial instruments was $19.8 million.

Note 4 Share-Based Compensation

General Description of Share-Based Compensation Plans

Synovus long-term incentive plans authorize the Compensation Committee of the Board of Directors to grant share-based compensation to Synovus employees and non-employee directors. Synovus accounts for its share-based compensation arrangements in accordance with SFAS No. 123R, Share-Based Payment.

At December 31, 2006, Synovus had a total of 4.2 million shares of its authorized but unissued common stock reserved for future share-based grants under the Synovus Financial Corp. 2002 and 2000 Long-Term Incentive Plans (2002 and 2000 Plans). On February 15, 2007, the Board of Directors adopted the Synovus Financial Corp. 2007 Omnibus Plan (2007 Plan), subject to shareholder approval. The 2007 Plan was approved by shareholders on April 25, 2007. Due to the approval of the 2007 Plan, no further awards will be made under the 2002 and 2000 Plans. The aggregate number of shares of Synovus common stock which may be granted to participants pursuant to awards granted under the 2007 Plan may not exceed 18 million.

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Share-Based Compensation Expense

Synovus share-based compensation costs are recorded as a component of salaries and other personnel expense in the consolidated statements of income. Share-based compensation expense recognized in income is presented below:

	Three Months Ended March 31,	
(in thousands)	**2007**	**2006**
Share-based compensation expense:		
Stock options	$ 4,183	6,575
Non-vested shares	3,156	872
Total share-based compensation expense	$ 7,339	7,447

Stock Option Awards

During the three months ended March 31, 2007, Synovus granted 246,660 options to purchase shares of Synovus common stock to certain key Synovus employees at a weighted-average exercise price of $31.93. Stock options granted in 2007 generally become exercisable over a three-year period, with one-third of the total grant amount vesting on each anniversary of the grant-date, and expire ten years from the date of grant. Share-based compensation expense is recognized for plan participants on a straight-line basis over the shorter of the vesting period or the period until reaching retirement eligibility. At March 31, 2007, there were 22,204,234 options to purchase shares of Synovus common stock outstanding with a weighted-average exercise price of $23.18.

The weighted-average grant-date fair value of stock options granted during the three months ended March 31, 2007 was $7.22 as determined using the Black-Scholes-Merton option-pricing model with the following weighted-average assumptions: risk free interest rate of 4.78%, expected stock price volatility of 21.76%, dividend yield of 2.6% and an expected life of 6.0 years.

Non-Vested Shares

During the three months ended March 31, 2007, 59,194 non-transferable non-vested shares of Synovus common stock with a weighted-average grant date fair value of $31.97 were awarded to certain key employees and non-employee directors of Synovus. Non-vested shares granted in 2007 generally vest over a three-year period, with one-third of the total grant amount vesting on each anniversary of the grant-date. Share-based compensation expense is recognized for plan participants on a straight-line basis over the vesting period. At March 31, 2007, there were 685,028 non-vested shares outstanding with a weighted-average grant-date fair value of $27.58.

In addition to the non-vested shares described above, 12,677 non-transferable non-vested shares of Synovus common stock with a grant date fair value of $31.64 were awarded to a key Synovus executive under a performance-vesting schedule.

TSYS Share-Based Compensation

Total System Services, Inc. (TSYS), an 81% owned subsidiary, also grants share-based compensation to certain executives and non-employee directors in the form of options to purchase shares of TSYS common stock (TSYS stock options) or non-vested shares of TSYS

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common stock (TSYS non-vested shares).

During the three months ended March 31, 2007, TSYS awarded 241,260 non-transferable non-vested shares of TSYS common stock with a grant-date fair value of $31.37 to certain key employees and non-employee directors of TSYS. The fair value of the common stock at the date of issuance will be amortized over the shorter of the vesting period or the period until reaching retirement. TSYS did not grant any options for purchase of TSYS common stock during the three months ended March 31, 2007.

Note 5 Business Combinations

Effective on April 1, 2006, Synovus acquired all of the issued and outstanding common shares of Banking Corporation of Florida, the parent company of First Florida Bank (First Florida), headquartered in Naples, Florida. The acquisition was accounted for using the purchase method of accounting, and accordingly, the results of operations of First Florida have been included in Synovus consolidated financial statements beginning April 1, 2006.

The aggregate purchase price was $84.8 million, consisting of 2,938,791 shares of Synovus common stock valued at $80.1 million, stock options valued at $4.7 million and $24 thousand in direct acquisition costs. Synovus has completed the allocation of the purchase price of this acquisition to the respective assets acquired, including identifiable intangible assets, and liabilities assumed.

The final purchase price allocation is presented below:

(In thousands)		At April 1, 2006
Cash and due from banks	$	2,595
Federal funds sold		4,782
Investments		5,655
Loans, net		341,825
Premises and equipment		2,317
Goodwill		54,849
Core deposits premium		1,172
Other intangible assets		937
Other assets		3,655
Total assets acquired		417,787
Deposits (a)		321,283
Long-term debt		10,269
Other liabilities		1,405
Total liabilities assumed		332,957
Net assets acquired	$	84,830

(a) Includes time deposits in the amount of $231.9 million.

Effective on March 25, 2006, Synovus acquired all of the issued and outstanding common shares of Riverside Bancshares, Inc., the parent company of Riverside Bank (Riverside), headquartered in Marietta, Georgia. Concurrent with the acquisition, Riverside was merged into a subsidiary of Synovus, Bank of North Georgia. The acquisition was

accounted for using the purchase method

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of accounting, and accordingly, the results of operations of Riverside Bancshares have been included in Synovus consolidated financial statements beginning March 25, 2006.

The aggregate purchase price was $171.4 million, consisting of 5,883,426 shares of Synovus common stock valued at $159.8 million, stock options valued at $11.4 million, and $182 thousand in direct acquisition costs. Synovus has completed the allocation of the purchase price of this acquisition to the respective assets acquired, including identifiable intangible assets, and liabilities assumed.

The final purchase price allocation is presented below:

(In thousands)	At March 25, 2006
Cash and due from banks	$ 13,041
Investments	116,604
Loans, net	469,983
Premises and equipment	11,973
Goodwill	123,364
Core deposits premium	6,861
Other intangible assets	1,249
Other assets	22,389
Total assets acquired	765,464
Deposits (a)	491,739
Federal funds purchased	2,069
Securities sold under repurchase agreements	50,670
Long-term debt	37,683
Other liabilities	11,921
Total liabilities assumed	594,082
Net assets acquired	$ 171,382

(a) Includes time deposits in the amount of $176.7 million.

On July 11, 2006, TSYS completed the acquisition of Card Tech, Ltd., a privately owned London-based payments firm, and related companies. TSYS rebranded the group of companies as TSYS Card Tech. TSYS paid aggregate consideration of approximately $59.3 million, including direct acquisition costs. TSYS is in the process of allocating the purchase price to the respective assets acquired, and has preliminarily allocated approximately $32.1 million to goodwill, approximately $19.1 million to other identifiable intangible assets and the remaining amounts to other identifiable assets and liabilities acquired.

Pro forma information related to the impact of these acquisitions on Synovus consolidated financial statements, assuming such acquisitions had occurred at the beginning of the periods reported, is not presented as such impact is not significant.

Note 6 Operating Segments

Synovus has two reportable segments: Financial Services and Transaction Processing Services, which is comprised of TSYS. The Financial Services segment provides financial services

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including banking, financial management, insurance, mortgage and leasing services through 39 subsidiary banks and other Synovus offices in Georgia, Alabama, South Carolina, Florida, and Tennessee. TSYS provides electronic payment processing and other related services to card-issuing institutions in the United States, and internationally. All inter-segment services provided are charged at the same rates as those charged to unaffiliated customers. Such services are included in the results of operations of the respective segments and are eliminated to arrive at consolidated totals.

Segment information as of and for the three months ended March 31, 2007 and 2006, respectively, is presented in the following table:

(*In thousands*)		Financial Services	TSYS (a)	Eliminations	Consolidated
Interest income	**2007**	**$ 547,899**	**3,398**	**(3,398)(b)**	**$ 547,899**
	2006	439,493	1,520	(1,520)(b)	439,493
Interest expense	**2007**	**264,950**	**85**	**(3,398)(b)**	**261,637**
	2006	178,544	33	(1,520)(b)	177,057
Net interest income	**2007**	**282,949**	**3,313**		**286,262**
	2006	260,949	1,487		262,436
Provision for losses on loans	**2007**	**20,515**			**20,515**
	2006	19,549			19,549
Net interest income after provision	**2007**	**262,434**	**3,313**		**265,747**
for losses on loans	2006	241,400	1,487		242,887
Total non-interest income	**2007**	**87,503**	**433,293**	**(6,737)(c)**	**514,059**
	2006	83,064	414,406	(5,595)(c)	491,875
Total non-interest expense	**2007**	**194,797**	**344,091**	**(6,737)(c)**	**532,151**
	2006	178,946	340,443	(5,595)(c)	513,794
Income before income taxes	**2007**	**155,140**	**92,515**	**(11,278)(d)**	**236,377**
	2006	145,518	75,450	(9,740)(d)	211,228
Income tax expense	**2007**	**54,733**	**34,891**		**89,624**
	2006	51,757	24,965		76,722
Net income	**2007**	**100,407**	**57,623**	**(11,278)(d)**	**146,753**
	2006	93,761	50,485	(9,740)(d)	134,506
Total assets	**2007**	**31,335,305**	**1,639,803**	**(267,424)(e)**	**32,707,684**
	2006	27,937,727	1,401,328	(177,878)(e)	29,161,177

(a) Includes equity in income of equity

investments which is included in non-interest income.

(b) Interest on TSYS cash deposits with the Financial Services segment.

(c) Principally, electronic payment processing and other services provided by TSYS to the Financial Services segment.

(d) Minority interest in TSYS and GP Network Corporation (a TSYS subsidiary).

(e) Primarily TSYS cash deposits with the Financial Services segment.

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Segment information for the changes in the carrying amount of goodwill for the three months ended March 31, 2007 is shown in the following table:

(In thousands)	Financial Services	TSYS	Total
Balance as of December 31, 2006	$ 536,178	133,337	669,515
Goodwill adjusted during period	3,419(1)(2)	8,503(3)	11,922
Impairment losses			
Balance as of March 31, 2007	**$ 539,597**	**141,840**	**681,437**

(1) Synovus acquired all of the issued and outstanding shares of GLOBALT, Inc. on May 31, 2002. The terms of the merger agreement provide for contingent consideration based on a percentage of a multiple of earnings before interest, income taxes, depreciation and other adjustments, as defined in the agreement (EBTDA), for each of the three years ended December 31, 2004, 2005 and 2006. The contingent consideration was payable by February 15th of each year subsequent to

the respective calendar year for which the EBTDA calculation was made. The fair value of the contingent consideration was recorded as an addition to goodwill. During the first quarter of 2007, Synovus recorded additional contingent consideration of $1.9 million, which was based on 14% of a multiple of GLOBALT s EBTDA for the year ended December 31, 2006. Contingent consideration of $585 thousand and $226 thousand was paid during the three months ended March 31, 2006 and 2005, respectively, based on 7% and 4% of a multiple of GLOBALT s EBTDA for the years ended December 31, 2005 and 2004, respectively.

(2) Goodwill adjusted during

the three months ended March 31, 2007 includes $1.3 million resulting from finalization of the allocation of the purchase prices for the Riverside acquisition on March 25, 2006, and $259 thousand resulting from the First Florida acquisition on April 1, 2006. See note 5 for additional information regarding these acquisitions.

(3) Goodwill adjusted during the three months ended March 31, 2007 includes $5.5 million resulting from the finalization of the allocation of the purchase prices for TSYS acquisition of TSYS Card Tech on July 11, 2006, and a $2.5 million currency translation adjustment related to TSYS Card Tech. The remaining $472 thousand addition to goodwill is due

to legal fees incurred in conjunction with the acquisition of TSYS Card Tech and TSYS Managed Services.

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Intangible assets (excluding goodwill) net of accumulated amortization as of March 31, 2007 and December 31, 2006, respectively, are presented in the table below.

(In thousands)		**March 31, 2007**	December 31, 2006
Purchased trust revenues	$	**2,573**	2,643
Core deposit premiums		**25,978**	27,099
Employment contracts / non-competition agreements		**75**	150
Acquired customer contracts		**2,962**	5,029
Intangibles associated with the acquisition of minority interest in TSYS		**6,381**	6,577
Customer relationships		**14,877**	20,275
Other		**1,695**	1,813
Total carrying value	$	**54,541**	63,586

Note 7 Income Taxes

Synovus files income tax returns in the U.S. Federal jurisdiction and various state and foreign jurisdictions, and is subject to examinations by these taxing authorities unless statutory examination periods lapse. Synovus U.S. Federal income tax return is filed on a consolidated basis. Most state and foreign income tax returns are filed on a separate entity basis. Synovus is no longer subject to U.S. Federal income tax examinations by the Internal Revenue Service (IRS) for years before 2004, and with few exceptions, is no longer subject to income tax examinations from state and local or foreign authorities for years before 2001. There is currently no Federal tax examination in progress; however, a number of tax examinations are in progress by the relevant state tax authorities.

Synovus adopted the provisions of Financial Accounting Standards Board (FASB) interpretation No. 48, Accounting for Income Taxes an interpretation of FASB Statement 109 (FIN 48) as of January 1, 2007. FIN 48 establishes a single model to address accounting for uncertain tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 provides a two-step process in the evaluation of a tax position. The first step is recognition. A company determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including a resolution of any related appeals or litigation processes, based upon the technical merits of the position. The second step is measurement. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Upon adoption as of January 1, 2007, Synovus recognized a $607 thousand increase in the liability for uncertain tax positions, with a corresponding decrease in minority interest of $377 thousand and a decrease in retained earnings of $230 thousand as a cumulative effect adjustment. During the three months ended March 31, 2007, Synovus increased its state income tax expense by a net amount of approximately $1.2 million (net of the Federal tax benefit) in response to new information impacting the potential resolution of uncertain tax positions, subsequent to the adoption of FIN 48.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (1):

(in thousands)	
Balance at January 1, 2007	$ 16,485
Current activity:	
Additions based on tax positions related to current year	574
Additions for tax positions of prior years	2,974
Reductions for tax positions of prior years	(1,159)
Settlements	
Balance at March 31, 2007	$ 18,874

(1) Unrecognized State tax benefits are not adjusted for the Federal tax impact

Synovus recognizes accrued interest and penalties related to unrecognized income tax benefits as a component of income tax expense. Accrued interest and penalties on unrecognized tax benefits totaled $3.4 million and $4.3 million as of January 1, 2007 and March 31, 2007, respectively. The total amount of unrecognized income tax benefits as of January 1, 2007 that, if recognized, would affect the effective tax rate is $13.4 million (net of the Federal benefit on State tax issues) which includes interest of $2.2 million.

Note 8 Dividends per Share

Dividends declared per share for the three months ended March 31, 2007 were $0.2050, up 5.1% from $0.1950 for the same period in 2006.

Note 9 Guarantees and Indemnifications

TSYS has entered into processing and licensing agreements with clients that include intellectual property indemnification clauses. TSYS generally agrees to indemnify its clients, subject to certain exceptions, against legal claims that TSYS services or systems infringe on certain third party patents, copyrights or other proprietary rights. In the event of such a claim, TSYS is generally obligated to hold the client harmless and pay for related losses, liabilities, costs and expenses, including, without limitation, court costs and reasonable attorney s fees. TSYS has not made any indemnification payments in relation to these indemnification clauses.

Synovus has not recorded a liability for guarantees or indemnities in the accompanying consolidated balance sheets since the maximum amount of potential future payments under such guarantees and indemnities is not determinable.

Note 10 Recently Adopted Accounting Pronouncements

In February 2006, the FASB issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments (SFAS No. 155). SFAS No. 155 amends SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, and SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. SFAS No. 155 resolves issues addressed in Statement 133 Implementation Issue No. D1, Application of Statement 133 to Beneficial Interests in Securitized Financial Assets. SFAS No. 155 eliminates the exemption from applying SFAS No. 133 to interests in securitized financial assets so that similar instruments are accounted for similarly regardless of the form of the instruments. SFAS No. 155 also permits election of fair value measurement at acquisition, at issuance, or when a previously recognized financial instrument is subject to a re-measurement event, on an instrument-by-instrument basis. The provisions of this statement are effective for all financial instruments

acquired or issued after the beginning of the entity s first fiscal year that begins after September 15, 2006. Synovus adopted SFAS No. 155 effective January 1, 2007. The impact of adoption of SFAS No. 155 was not material to Synovus financial position, results of operations or cash flows.

In March 2006, the FASB issued SFAS No. 156, Accounting for Servicing of Financial Assets (SFAS No. 156). SFAS No. 156 amends SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, with respect to the accounting for separately recognized servicing assets and servicing liabilities. SFAS No. 156 requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract in certain situations and requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value, if practicable. The provisions of this statement are effective as of the beginning of the first fiscal year that begins after September 15, 2006. Synovus adopted SFAS No. 156 effective January 1, 2007. The impact of adoption of SFAS No. 156 was not material to Synovus financial position, results of operations or cash flows.

In September 2006, the EITF reached a consensus on EITF Issue No. 06-5, Accounting for Purchases of Life Insurance Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4 (EITF 06-5). EITF 06-5 requires that a determination of the amount that could be realized under an insurance contract should (1) consider any additional amounts beyond cash surrender value included in the contractual terms of the policy and (2) be based on an assumed surrender at the individual policy or certificate level, unless all policies or certificates are required to be surrendered as a group. EITF 06-5 is effective for fiscal periods beginning after December 15, 2006. Synovus adopted EITF 06-05 effective January 1, 2007. The impact of adoption of EITF 06-05 was not material to Synovus financial position, results of operations or cash flows.

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ITEM 2 MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

The following financial review provides a discussion of Synovus financial condition, changes in financial condition, and results of operations.

About Our Business

Synovus is a diversified financial services holding company, based in Columbus, Georgia, with more than $32 billion in assets. Synovus operates two business segments: the Financial Services segment and the Transaction Processing Services segment. The Financial Services segment provides integrated financial services including banking, financial management, insurance, mortgage, and leasing services through 39 subsidiary banks and other Synovus offices in five southeastern states. At March 31, 2007, our subsidiary banks ranged in size from $80.2 million to $5.8 billion in total assets. The Transaction Processing Services segment provides electronic payment processing services through our 81% owned subsidiary Total System Services, Inc. (TSYS), one of the world s largest companies for outsourced payment services. Our ownership in TSYS gives us a unique business mix: for the first three months of 2007, 54% of our consolidated revenues and 32% of our net income came from TSYS.

Our Key Financial Performance Indicators

In terms of how we measure success in our business, the following are our key financial performance indicators:

Financial Services

Loan Growth	Credit Quality
Core Deposit Growth	Fee Income Growth
Net Interest Margin	Expense Management

TSYS

Revenue Growth	Expense Management

2007 Financial Performance Highlights

Consolidated

Net income of $146.8 million, up 9.1%, for the three months ended March 31, 2007 as compared to the same period in 2006.

Diluted earnings per share of $0.45 for the three months ended March 31, 2007, up 4.7% over the same period a year ago.

Financial Services

Net income growth: 7.1% for the three months ended March 31, 2007, over the corresponding period in the prior year.

Net interest margin: 4.10% for the three months ended March 31, 2007, as compared to 4.32% for the same period in 2006.

Loan growth: 12.5% increase from March 31, 2006 (11.0% excluding acquisitions).

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Credit quality:

Non-performing assets ratio of 0.68%, compared to 0.50% at December 31, 2006 and 0.45% at March 31, 2006.

Past dues over 90 days and still accruing interest as a percentage of total loans of 0.11%, compared to 0.14% at December 31, 2006 and 0.08 % at March 31, 2006.

Total past dues still accruing interest as a percentage of total loans of 0.60% compared to 0.62% at December 31, 2006 and 0.51% at March 31, 2006.

Net charge-off ratio of 0.13% for the three months ended March 31, 2007 compared to 0.27% for the three months ended March 31, 2006 and 0.26% for the year ended December 31, 2006.

Core deposit (total deposits less brokered time deposits) growth: 12.3% increase from March 31, 2006 and 10.8% increase excluding acquisitions.

Fee income: up 5.3% for the three months ended March 31, 2007, compared to the corresponding period in the prior year.

Non-interest expenses up by 8.9% for the three months ended March 31, 2007 over the corresponding period in the prior year (up 5.9% excluding acquisitions).

TSYS

Revenue growth before reimbursable items: 4.3% for the three months ended March 31, 2007 over the corresponding period in the prior year.

Expense growth before reimbursable items: 0.1% for the three months ended March 31, 2007 over the corresponding period in the prior year.

Net income growth: 13.7% for the three months ended March 31, 2007, over the corresponding period in the prior year.

Other highlights at TSYS include:

TSYS completed the Capital One conversion in the first quarter of 2007.

TSYS signed a contract extension with Spira de México, S.A. de C.V. to continue processing its consumer-credit portfolio.

TSYS PRIME card and merchant management system was chosen by Norway s largest financial services group, DnB NOR Bank ASA, to manage the fast-growing cards portfolio of its market-leading credit-card operator.

In the merchant-processing arena, TSYS renewed agreements with Sage Payment Solutions and Moneris Solutions, and signed new agreements with Clearent and National Processing Company.

2007 Earnings Outlook

Synovus expects 2007 diluted earnings per share to be in the range of $1.96 to $1.98, based in part upon the following assumptions:

Stable short-term interest rates.

Annual net interest margin near the first quarter of 2007 level of 4.10%.

Loan growth of approximately 10%.

A stable credit environment.

TSYS net income within its range of guidance.

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Critical Accounting Policies

The accounting and financial reporting policies of Synovus conform to U.S. generally accepted accounting principles and to general practices within the banking and electronic payment processing industries. Synovus has identified certain of its accounting policies as critical accounting policies. In determining which accounting policies are critical in nature, Synovus has identified the policies that require significant judgment or involve complex estimates. The application of these policies has a significant impact on Synovus financial statements. Synovus financial results could differ significantly if different judgments or estimates are applied in the application of these policies.

Synovus critical accounting policies are described in the Financial Review section of Synovus 2006 Annual Report on Form 10-K. There have been no material changes to Synovus critical accounting policies, estimates, and assumptions, or the judgments affecting the application of these estimates and assumptions in 2007.

Business Combinations

Refer to Note 5 of the Notes to Consolidated Financial Statements (unaudited) for a discussion of business combinations.

Balance Sheet

During the first three months of 2007, total assets increased $852.9 million. The more significant increases consisted of loans, net of unearned income, up $569.1 million, federal funds sold and securities purchased under resale agreements up $89.4 million, and investment securities available for sale up $168.4 million.

Providing the necessary funding for the balance sheet growth during the first three months of 2007, the core deposit base (total deposits excluding brokered time deposits) grew $488.2 million, brokered time deposits grew $59.7 million, federal home loan bank advances (a component of long-term debt) increased $197.3 million, and shareholders equity increased $127.4 million.

Trading Account Assets

The trading account assets portfolio is substantially comprised of mortgage-backed securities which are bought and held principally for sale and delivery to correspondent and retail customers of Synovus. Trading account assets are reported on the consolidated balance sheets at fair value, with unrealized gains and losses included in other operating income on the consolidated statements of income.

Loans

At March 31, 2007, loans outstanding were $25.22 billion, an increase of $2.80 billion, or 12.5%, over March 31, 2006. Excluding the impact of the First Florida acquisition which was completed during the second quarter of 2006, total loans grew by $2.46 billion, or 11.0%. On a sequential quarter basis, total loans outstanding grew by $569.1 million or 9.4% annualized.

Total loans as of March 31, 2007 for the five southeastern state areas in which Synovus banks are located include loans by state of: Georgia $13.35 billion, South Carolina $3.71 billion, Alabama -

$3.57 billion, Florida $3.49 billion, and Tennessee $1.10 billion. As a percentage of the total loan portfolio, loans by state at March 31, 2007, December 31, 2006, and March 31, 2006 were: Georgia   52.9%, 52.8%, and 53.7%, South Carolina   14.7%, 14.5%, and 14.0%, Alabama   14.2%, 14.5%, and 14.6%, Florida   13.8%, 13.9%, and 13.2%, and Tennessee   4.4%, 4.3%, and 4.5%, respectively.

At March 31, 2007, total loans in the Atlanta market were $4.97 billion, or 19.7% of the total loan portfolio, and increased $722.6 million, or 17.0%, over the same period in the prior year. The Atlanta market included commercial real estate (CRE) loans of $3.01 billion and commercial and industrial (C&I) loans of $1.58 billion at March 31, 2007. Compared to March 31, 2006, CRE loans and C&I loans in the Atlanta market increased by $544.3 million, or 22.1%, and $159.0 million, or 11.2%, respectively. On a sequential quarter basis, Atlanta market loans grew at an annualized rate of 6.2%, and CRE loans and C&I loans grew at annualized rates of 9.1% and 2.9%, respectively.

Total loans in coastal markets were $3.48 billion, representing 13.8% of the total loan portfolio at March 31, 2007. Compared to March 31, 2006, total loans in coastal markets increased by $518.2 million, or 17.5%, including increases of $286.7 million, or 19.5%, for CRE loans and $188.2 million, or 17.4%, for C&I loans. Excluding the acquisition of First Florida, total loans in coastal markets grew by $176.4 million, or 5.9%, over March 31, 2006. On a sequential quarter basis, loans in coastal markets grew at an annualized rate of 7.1%, CRE loans decreased at an annualized rate of 4.4%, and C&I loans grew at an annualized rate of 25.9%.

Total loans in other markets (excluding the Atlanta and coastal markets) at March 31, 2007 were $16.77 billion, or 66.5% of the total loan portfolio, and increased $1.56 billion, or 10.3%, over the same period in the prior year. Compared to March 31, 2006, CRE loans increased by $743.8 million, or 12.6%, while C&I loans increased by $588.8 million, or 8.7%. On a sequential quarter basis, loans in other markets grew at annualized rates of 10.8%, and CRE loans and C&I loans grew at annualized rates of 18.1% and 7.5%, respectively.

Loans for land acquisition grew by $114.1 million, or 33.0% annualized, from December 31, 2006. A significant portion of this increase relates to non-residential land acquired for retail shopping centers. The annualized rate of growth for the residential portion of land acquisitions (excluding retail shopping centers) was approximately 14.0%, much of which occurred in some of our stronger markets in South Carolina, Huntsville, Alabama and Nashville, Tennessee where demand is strong and supply is limited.

Loans for residential development increased by $142.4 million, or 28.4% annualized, while loans for commercial development declined by $9.6 million, or 4.5% annualized, from December 31, 2006. During the three months ended March 31, 2007, residential utilization rates were approximately 71.0% and commercial construction utilization rates were approximately 68.0%.

At March 31, 2007, Synovus maintained a conservative position for its real estate loan portfolio, with estimated loan to value ratios of 39% for land loans, 61% for acquisition and development loans, 76% for commercial construction, and 73% for residential construction.

Synovus continues to better balance the mix of its loan growth. As part of Synovus   commercial banking strategy, our goal is to grow commercial and industrial loans by 10% for the year. During the three months ended March 31, 2007, this category grew by 9.0%, annualized, compared to December 31, 2006.

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Retail loans at March 31, 2007 total $3.68 billion, representing 14.5% of the total loan portfolio. Total retail loans grew by 8.6% on a year over year basis and 2.0% on a sequential quarter basis, led principally by growth in home equity loans. Credit card balances are up slightly over the prior year following the normal seasonal decline in the first quarter of 2007.

Credit Quality

The non-performing assets ratio was 0.68% at March 31, 2007 compared to 0.50% at December 31, 2006 and 0.45% at March 31, 2006. Total non-performing assets were $170.5 million at March 31, 2007, up $48.0 million from December 31, 2006. The majority of the increase in non-performing assets was in the residential development, residential construction, and land acquisition categories. We believe that these credits are well secured with ample loan to value ratios which should limit the risk of losses on these credits.

The net charge-off ratio for the three months ended March 31, 2007 was 0.13% compared to 0.27% for the same period of 2006 and 0.26% for the year ended December 31, 2006.

Past due levels remained favorable, with total loans past due (and still accruing interest) at 0.60% of loans. Loans over 90 days past due and still accruing interest at March 31, 2007 were $27.4 million, or 0.11% of total loans, compared to 0.14% at December 31, 2006 and 0.08% at March 31, 2006. These loans are in the process of collection, and management believes that sufficient collateral value securing these loans exists to cover contractual interest and principal payments on the loans. Management further believes the resolution of these delinquencies will not cause a material increase in non-performing assets.

The allowance for loan losses is $326.8 million, or 1.30% of net loans, at March 31, 2007 compared to $314.5 million, or 1.28% of net loans, at December 31, 2006. The allowance to non-performing loans coverage was 235.48% at March 31, 2007, compared to 325.45% at December 31, 2006.

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The provision for losses on loans was $20.5 million for the three months ended March 31, 2007 compared to $19.5 million for the three months ended March 31, 2006. For the three months ended March 31, 2007, total provision expense covered net charge-offs by 2.52 times compared to 1.36 times for the same period a year ago.

(*Dollars in thousands*)	**March 31, 2007**	December 31, 2006
Non-performing loans	**$ 138,790**	$ 96,622
Other real estate	**31,710**	25,923
Non-performing assets	**$ 170,500**	$ 122,545
Loans over 90 days past due and still accruing	**$ 27,414**	$ 34,495
As a % of loans	**0.11%**	0.14%
Allowance for loan losses	**$ 326,826**	$ 314,459
Allowance for loan losses as a % of loans	**1.30%**	1.28%
As a % of loans and other real estate:		
Non-performing loans	**0.55%**	0.39%
Other real estate	**0.13**	0.11
Non-performing assets	**0.68%**	0.50%
Allowance to non-performing loans	**235.48%**	325.45%

Management continuously monitors non-performing and past due loans, to prevent further deterioration regarding the condition of these loans. Management believes non-performing loans and loans past due over 90 days and still accruing include all material loans where known information about possible credit problems of borrowers causes management to have serious doubts as to the collectibility of amounts due according to the contractual terms of the loan agreement.

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The following table shows the composition of the loan portfolio and non-performing loans (classified by loan type) as of March 31, 2007.

(Dollars in thousands) **Loan Type**	**Total Loans**	**% of Total Loans Outstanding**	**Total Non-performing Loans**	**% of Total Non-performing Loans**
Multi-Family	$ 519,219	2.1%	$ 388	0.3%
Hotels	661,985	2.6	1,270	0.9
Office Buildings	852,973	3.4	4,388	3.2
Shopping Centers	742,344	2.9		
Commercial Development	866,920	3.5		
Other Investment Property	529,394	2.1	414	0.3
Total Investment Properties	4,172,835	16.6	6,460	4.7
1-4 Family Construction	2,404,235	9.5	17,530	12.6
1-4 Family Perm /Mini-Perm	1,145,235	4.5	10,773	7.8
Residential Development	2,178,573	8.7	21,155	15.2
Total 1-4 Family Properties	5,728,043	22.7	49,458	35.6
Land Acquisition	1,516,526	6.0	15,800	11.4
Total Commercial Real Estate	11,417,404	45.3	71,718	51.7
Commercial, Financial, and Agricultural	6,055,447	24.0	38,629	27.8
Owner-Occupied	4,122,498	16.4	15,501	11.2
Total Commercial and Industrial	10,177,945	40.4	54,130	39.0
Home Equity	1,401,898	5.6	4,888	3.5
Consumer Mortgages	1,518,168	6.0	6,004	4.3
Credit Cards	273,462	1.1		
Other Retail Loans	483,412	1.8	2,050	1.5
Total Retail	3,676,940	14.5	12,942	9.3
Unearned Income	(48,608)	(0.2)		
Total	$ 25,223,681	100.0%	$ 138,790	100.0%

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The following table compares the composition of the loan portfolio at March 31, 2007, December 31, 2006, and March 31, 2006.

(Dollars in thousands) **Loan Type**	**Total Loans** **March 31, 2007**	**Dec. 31, 2006**	**March 31, 2007 vs. Dec. 31, 2006 % change (1)**	**Total Loans** **March 31, 2006**	**March 31, 2007 vs. March 31, 2006 % change (2)**
Multi-Family	$ 519,219	$ 505,586	10.9%	$ 542,363	(4.3)%
Hotels	661,985	643,180	11.9	715,033	(7.4)
Office Buildings	852,973	881,658	(13.2)	819,304	4.1
Shopping Centers	742,344	764,924	(12.0)	704,257	5.4
Commercial Development	866,920	876,570	(4.5)	897,925	(3.5)
Other Investment Property	529,394	434,298	88.8	384,524	37.7
Total Investment Properties	4,172,835	4,106,216	6.6	4,063,406	2.7
1-4 Family Construction	2,404,235	2,347,025	9.9	1,851,116	29.9
1-4 Family Perm /Mini-Perm	1,145,235	1,193,895	(16.5)	1,127,194	1.6
Residential Development	2,178,573	2,036,207	28.4	1,648,332	32.2
Total 1-4 Family Properties	5,728,043	5,577,127	11.0	4,626,642	23.8
Land Acquisition	1,516,526	1,402,402	33.0	1,152,499	31.6
Total Commercial Real Estate	11,417,404	11,085,745	12.1	9,842,547	16.0
Commercial, Financial, and Agricultural	6,055,447	5,875,854	12.4	5,384,528	12.5
Owner-Occupied	4,122,498	4,080,742	4.1	3,854,881	6.9
Total Commercial and Industrial	10,177,945	9,956,596	9.0	9,239,409	10.2
Home Equity	1,401,898	1,364,030	11.3	1,214,544	15.4
Consumer Mortgages	1,518,168	1,517,849	0.1	1,407,608	7.9
Credit Cards	273,462	276,269	(4.1)	256,460	6.6
Other Retail Loans	483,412	500,757	(14.0)	506,772	(4.6)
Total Retail	3,676,940	3,658,905	2.0	3,385,384	8.6

Unearned Income	(48,608)	(46,695)	16.6	(48,492)	0.2
Total	$ 25,223,681	$ 24,654,552	9.4%	$ 22,418,848	12.5%

(1) Percentage changes are annualized.

(2) The percentage change comparison to March 31, 2006 is impacted by the First Florida acquisition, which was completed on April 1, 2006, and contributed approximately $342 million in total loans. Excluding the impact of this acquisition, the year-over-year growth is 11.0%.

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Deposits

Total deposits at March 31, 2007 were $24.84 billion, a $547.9 million increase from December 31, 2006. Total deposits excluding brokered time deposits (core deposits) increased by $488.2 million, or 9.3% on an annualized basis, from December 31, 2006. This growth was driven primarily by strong growth in money market accounts and to a lesser degree, growth in time deposits. The growth in money market deposit balances reflects a continued customer preference towards this type of product. A moderately lower rate of time deposit growth was accompanied by a reduction in promotional rate activity during the quarter.

On a sequential quarter basis, average core deposits grew at an annualized rate of 4.6%. The primary contributors to this growth were money market accounts and time deposits, which grew at an annualized rate of 7.4% and 7.9%, respectively.

Compared to a year ago, total deposits grew by 13.9%. The March 31, 2007 balance sheet includes $321.3 million in deposits added as a result of the First Florida acquisition completed on April 1, 2006. Excluding the impact of the First Florida acquisition and brokered time deposits, total deposits grew by 10.8% over the prior year. This growth was led by increases in both time deposits and money market accounts, with increases excluding the impact of acquisitions of 19.5% and 15.4%, respectively.

Capital Resources and Liquidity

Synovus has always placed great emphasis on maintaining a strong capital base and continues to exceed regulatory capital requirements. Additionally, based on internal calculations and previous regulatory exams, each of the subsidiary banks is currently in compliance with regulatory capital guidelines. Total risk-based capital was $4.46 billion at March 31, 2007, compared to $4.32 billion at December 31, 2006. The ratio of total risk-based capital to risk-weighted assets was 14.62% at March 31, 2007 compared to 14.43% at December 31, 2006. The leverage ratio was 10.80% at March 31, 2007 compared to 10.64% at December 31, 2006. The equity-to-assets ratio was 11.73% at March 31, 2007 compared to 11.64% at year-end 2006.

Synovus management, operating under liquidity and funding policies approved by the Board of Directors, actively analyzes and manages the liquidity position in coordination with the subsidiary banks. Management must ensure that adequate liquidity, at a reasonable cost, is available to meet the cash flow needs of depositors, borrowers, and creditors. Management constantly monitors and maintains appropriate levels of assets and liabilities so as to provide adequate funding sources to meet estimated customer deposit withdrawals and future loan requests. Subsidiary banks have access to overnight federal funds lines with various financial institutions, which total approximately $3.6 billion and can be drawn upon for short-term liquidity needs. Banking liquidity and sources of funds have not changed significantly since December 31, 2006.

The Parent Company requires cash for various operating needs including dividends to shareholders, acquisitions, capital infusions into subsidiaries, the servicing of debt, and the payment of general corporate expenses. The primary source of liquidity for the Parent Company is dividends from the subsidiary banks. As a short-term liquidity source, the Parent Company has access to a $25 million line of credit with an unaffiliated banking organization. Synovus had no borrowings outstanding on this line of credit at March 31, 2007.

The consolidated statements of cash flows detail cash flows from operating, investing, and

financing activities. For the three months ended March 31, 2007, operating activities provided net cash of $124.9 million, investing activities used $888.8 million, and financing activities provided $703.4 million, resulting in a decrease in cash and due from banks of $61.1 million.

Earning Assets, Sources of Funds, and Net Interest Income

Average total assets for the first three months of 2007 were $32.02 billion, up 15.2% over the first three months of 2006, or 11.6% excluding acquisitions. Average earning assets were up 15.2% in the first three months of 2007 over the same period last year, or 11.5% excluding acquisitions, and represented 88.8% of average total assets, both including and excluding acquisitions. When compared to the same period last year, average deposits increased $3.53 billion, average federal funds purchased and other short-term liabilities increased $160.0 million, average long-term debt decreased $324.3 million, and average shareholders equity increased $683.3 million. Excluding acquisitions, average deposits increased $2.73 billion, average federal funds purchased and other short-term liabilities increased $108.0 million, average long-term debt decreased $349.7 million, and average shareholders equity increased $424.4 million. This growth provided the funding for $3.18 billion growth in average net loans and $488.0 million growth in average investments, or $2.41 billion and $371.8 million, respectively, excluding the impact of acquisitions.

Net interest income for the three months ended March 31, 2007 was $286.3 million up $23.8 million, or 9.1%, over $262.4 million for the three months ended March 31, 2006. The net interest margin for the three months ended March 31, 2007 was 4.10%, down 22 basis points from 4.32% for the three months ended March 31, 2006. Compared to the three months ended March 31, 2006, earning asset yields increased by 59 basis points, principally driven by a 61 basis point increase in loan yields, which was offset by an increase of 81 basis points in the effective cost of funds. The increase in the effective cost of funds over the three months ended March 31, 2006 was primarily due to a 94 basis point increase in the cost of money market deposits and a 119 basis point increase in the cost of time deposits, excluding brokered deposits.

On a sequential quarter basis, net interest income decreased by $5.4 million, while the net interest margin decreased 10 basis points to 4.10%. The decrease in net interest income was due to the impact of two fewer calendar days in the first quarter as compared to the fourth quarter. The net interest margin decline was comprised of a one basis point decrease in the yield on earning assets and a nine basis point increase in the effective cost of funds. The margin decrease was driven by several factors, including seasonal decline in demand deposit accounts, growth mix in overall core deposits which was mainly focused on higher cost categories, continued customer preference for fixed rate loans, and higher than normal interest reversals resulting from the growth in nonperforming assets. Additionally, higher than expected levels of secured deposits required a higher level of investment securities, which, while profitable, is dilutive to the margin.

Synovus expects the net interest margin for the year to be near the first quarter level of 4.10%. Opportunities for repricing higher cost certificates of deposit and lower yielding investments should provide positive support for the margin in the second half of 2007. Competitive conditions and the potential for continued customer preference for higher yielding deposits are the primary margin challenges faced by Synovus.

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Quarterly yields earned on average interest-earning assets and rates paid on average interest-bearing liabilities for the five most recent quarters are presented below:

	2007	2006			
llars in thousands)	**First Quarter**	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
erest Earning ets					
able Investment urities	**$ 3,301,137**	3,178,852	3,025,507	3,008,122	2,823,306
ld	**4.77%**	4.51	4.39	4.21	4.08
-Exempt estment Securities	**$ 185,012**	193,737	197,024	202,676	201,432
ld	**6.84%**	6.95	6.70	6.73	6.86
ding Account ets	**$ 64,204**	34,471	53,181	47,398	37,659
ld	**5.65%**	6.67	5.30	5.72	7.42
nmercial Loans	**$21,242,921**	20,791,108	20,407,139	19,723,353	18,357,939
ld	**8.24%**	8.25	8.23	7.99	7.59
nsumer Loans	**$ 928,256**	928,521	929,964	898,210	855,079
ld	**8.01%**	7.98	7.96	7.88	7.71
rtgage Loans	**$ 1,081,760**	1,089,794	1,091,425	1,071,477	1,039,741
ld	**6.98%**	6.99	6.93	6.82	6.67
dit Card Loans	**$ 270,444**	268,705	265,120	260,010	260,251
ld	**11.17%**	10.89	10.86	10.81	10.81
me Equity Loans	**$ 1,385,012**	1,316,842	1,252,803	1,231,592	1,188,152
ld	**7.68%**	7.82	7.97	7.69	7.30
owance for Loan ses	**$ (317,977)**	(317,603)	(318,195)	(307,674)	(294,817)
ns, Net	**$24,590,415**	24,077,366	23,628,256	22,876,968	21,406,345
ld	**8.28%**	8.29	8.29	8.06	7.67
rtgage Loans Held Sale	**$ 160,482**	149,113	130,196	132,605	117,085
ld	**6.07%**	6.02	6.51	7.08	6.61
eral Funds Sold Other Short-Term estments	**$ 147,932**	120,804	155,200	139,923	118,774
ld	**5.61%**	5.40	5.32	5.07	4.42
al Interest rning Assets	**$28,449,181**	27,754,344	27,189,364	26,407,692	24,704,601
ld	**7.82%**				

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Abbott shareholders' tment	20,776	4,486	5,594	30,856	905	31
ontrolling interests in diaries	120			120		

shareholders' investment	20,896		4,486	5,594	30,976	905	31
	$ 39,497	$	12,541	$ 22,120	$ 74,158	$ 1,045	$ 75

See the accompanying notes to the unaudited pro forma condensed combined financial statements.

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Note 1 Description of the Transactions

On April 27, 2016, Abbott entered into a definitive agreement to acquire all of the outstanding shares of St. Jude Medical, Inc. ("St. Jude Medical"). Under the terms of the agreement, St. Jude Medical shareholders will receive $46.75 in cash and 0.8708 of an Abbott share for each share of St. Jude Medical stock.

Abbott expects to fund the cash portion of this transaction with a combination of medium and long-term debt and available cash. Abbott has obtained a debt commitment letter from Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A. and certain other financial institutions pursuant to which the commitment parties have agreed to provide a $17.2 billion senior unsecured bridge loan facility. The bridge facility is comprised of two tranches: (i) a $15.2 billion 364-day unsecured bridge term loan tranche and (ii) a $2.0 billion 120-day unsecured bridge term loan tranche. Abbott intends to terminate the $15.2 billion tranche when the medium and long-term debt is issued and intends to terminate the $2.0 billion tranche within 90 days of the close of the transaction.

The transaction, which has been approved by the boards of directors of St. Jude Medical and Abbott, and the St. Jude Medical shareholders, is subject to the satisfaction of customary closing conditions, including specified regulatory approvals. The transaction is expected to close in the fourth quarter of 2016. Under the terms of the merger agreement, two mergers will occur; first Vault Merger Sub, Inc., a wholly owned subsidiary of Abbott, will merge with and into St. Jude Medical, with St. Jude Medical surviving as a wholly owned subsidiary of Abbott, and promptly thereafter, St. Jude Medical will merge with and into Vault Merger Sub, LLC, a wholly owned subsidiary of Abbott, with Vault Merger Sub, LLC surviving as a wholly owned subsidiary of Abbott.

On September 16, 2016, Abbott announced that it had entered into an agreement dated September 14, 2016 to sell AMO, its vision care business, to Johnson & Johnson for $4.325 billion in cash. The Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2016 gives effect to this sale as if it had occurred on September 30, 2016. The Unaudited Pro Forma Condensed Combined Statements of Earnings for the year ended December 31, 2015 and the nine months ended September 30, 2016 give effect as if the sale had occurred on January 1, 2015.

Note 2 Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information has been derived from the historical consolidated financial statements of Abbott and St. Jude Medical and has been prepared 1) using the acquisition method of accounting with respect to the St. Jude Medical Acquisition and 2) reflecting the sale of the AMO business. Under the acquisition method, the consideration transferred to the St. Jude Medical shareholders will be measured based on the closing share price of Abbott shares on the last trading day prior to the closing date of the transaction plus the cash consideration. This may result in a merger consideration value that is different from that assumed for purposes of preparing these unaudited pro forma condensed combined financial statements. In accordance with Article 11, *Pro Forma Financial Information* of Regulation S-X, no adjustments have been made to St. Jude Medical's reported financial information for the differences in Abbott's year-end and quarter-end and the fiscal reporting periods utilized by St. Jude Medical.

The acquisition accounting is dependent upon certain valuations and other analyses that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. The final allocation of the consideration given by Abbott to the St. Jude Medical shareholders will be determined after the completion of the St. Jude Medical Acquisition and may differ materially from the allocation presented in these unaudited pro forma condensed combined financial statements.

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Note 2 Basis of Pro Forma Presentation (Continued)

On October 18, 2016, Abbott and St. Jude Medical announced an agreement to sell certain products to Terumo Corporation; the agreement is subject to regulatory approval and the completion of Abbott's acquisition of St. Jude Medical. The unaudited pro forma condensed combined financial information does not include the effects of the potential divestiture of these products. The impact of this sale is not expected to be significant to the combined company. Proceeds from the divesture will be used to reduce indebtedness.

Certain reclassifications have been made to the historical presentation of St. Jude Medical's financial information to conform to the presentation used in the unaudited pro forma condensed combined financial statements. Upon consummation of the St. Jude Medical Acquisition, further review of St. Jude Medical's financial statements may result in additional revisions to St. Jude Medical's classifications to conform to Abbott's presentation.

Except for the reclassifications to conform the presentation of the financial information, the unaudited pro forma condensed combined financial statements do not adjust for any differences in Abbott's and St. Jude Medical's accounting policies. Following consummation of the St. Jude Medical Acquisition, Abbott will conduct a review of St. Jude Medical's accounting policies. As a result of the review, Abbott may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the unaudited pro forma condensed combined financial statements. At this time, Abbott is not aware of any differences that would have a material impact on the pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements do not reflect any cost savings, operating synergies or the impact of restructuring actions that the combined company may achieve as a result of the St. Jude Medical Acquisition or the AMO sale, or the costs necessary to achieve such cost savings, operating synergies or restructuring actions.

The columns entitled "AMO" in the unaudited pro forma condensed combined statements of earnings include the revenues and costs directly attributable to the AMO business. The column entitled "AMO" in the unaudited pro forma condensed combined balance sheet reflects the net assets and liabilities related to the AMO business, the proceeds from the sale, and the after-tax gain on the sale.

Note 3 Historical St. Jude Medical

The columns entitled "St. Jude Medical" in the unaudited pro forma condensed combined statements of earnings reflect St. Jude Medical's historical financial information for the fiscal year ended January 2, 2016 and the nine months ended October 1, 2016. The column entitled "St. Jude Medical" in the unaudited pro forma condensed balance sheet reflects St. Jude Medical's historical balance sheet as of October 1, 2016.

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Note 3 Historical St. Jude Medical (Continued)

Certain reclassifications have been made to St. Jude Medical's historical financial statements to conform to Abbott's presentation as follows:

Reclassifications included in the unaudited pro forma condensed combined balance sheet

	As of October 1, 2016		
	St. Jude Medical Before Reclassification	Reclassifications	St. Jude Medical After Reclassification
		(in millions)	
Prepaid expenses and other receivables	$	$ 213	$ 213
Other current assets	222	(222)	
Investments		390	390
Deferred income taxes and other assets		222	222
Other assets	603	(603)	
Short-term borrowings	371	(211)	160
Salaries, wages and commissions		283	283
Other accrued liabilities	806	(372)	434
Dividends payable		89	89
Current portion of long-term debt		211	211
Post-employment obligations, deferred income taxes and other long-term liabilities		1,195	1,195
Other liabilities	1,195	(1,195)	
Common shares	29	311	340
Additional paid-in capital	311	(311)	

Reclassifications included in the unaudited pro forma condensed combined statements of earnings

	For the Fiscal Year Ended January 2, 2016		
	St. Jude Medical Before Reclassification	Reclassifications	St. Jude Medical After Reclassification
		(in millions)	
Revenue	$ 5,541	$ (29)	$ 5,512
Research and development	676	28	704
Selling, general and administrative	1,878	126	2,004
Special charges	96	(96)	
Net loss attributable to noncontrolling interest	(14)	14	
Net foreign exchange loss (gain)		7	7
Other (income) expense, net	2	(108)	(106)

Note 3 Historical St. Jude Medical (Continued)

	For the Nine Months Ended October 1, 2016		
	St. Jude Medical Before Reclassification	Reclassifications	St. Jude Medical After Reclassification
		(in millions)	
Revenue	$ 4,509	$ (21)	$ 4,488
Research and development	563	16	579
Selling, general and administrative	1,474	(13)	1,461
Special charges	28	(28)	
Other (income) expense, net	58	4	62

St. Jude Medical presents administrative fees paid to Group purchasing organizations (GPO) in the Selling, general and administrative (SG&A) line. Abbott reclassified the GPO fees to Revenue to conform to Abbott's presentation.

St. Jude Medical presents in its statement of earnings a line item labeled "Special charges," which includes charges related to certain restructuring activities, litigation costs and gains or losses related to certain legal settlements. This line excludes special charges that are recorded in total cost of sales. Abbott reclassified the Special Charges to the Research and development (R&D) line or the SG&A line, as applicable, to conform to Abbott's presentation.

St. Jude Medical includes changes in the fair value of contingent consideration related to business acquisitions in the SG&A line. Abbott reclassified the income resulting from such fair value changes to Other (income) expense, net to conform to its presentation.

St. Jude Medical includes all stock-based compensation and retention bonus expenses related to its acquisition of Thoratec in the SG&A line. Abbott reclassified the portion related to R&D employees to the R&D line to conform to its presentation.

On October 8, 2015 St. Jude Medical acquired Thoratec Corporation (Thoratec), a provider of proprietary medical devices used for mechanical circulatory support in the treatment of heart failure patients, for $63.50 per share in cash. The total consideration transferred for Thoratec was approximately $3.5 billion in cash. From October 8, 2015 onward, St. Jude Medical's consolidated financial statements reflect the assets, liabilities, operating results and cash flows of Thoratec, and St. Jude Medical's historical consolidated statement of earnings for the year ended January 2, 2016 reflects three months of Thoratec operations. As the Thoratec acquisition was completed prior to October 1, 2016, balances related to Thoratec are included in the column entitled "St. Jude Medical" in the unaudited pro forma condensed combined balance sheet.

At the close of the Thoratec acquisition, St. Jude Medical performed the significance tests prescribed under SEC Regulation S-X Rule 3-05 and filed pro forma financial information related to the Thoratec acquisition. The Thoratec acquisition does not meet the significance tests prescribed under SEC Regulation S-X Rule 3-05 for Abbott. Therefore, no additional pro forma adjustments have been included related to the Thoratec acquisition.

Note 4 Estimated Merger Consideration and Allocation

The estimated merger consideration is approximately $23.9 billion based on Abbott's closing share price of $40.61 on November 10, 2016. The value of the merger consideration will fluctuate based upon changes in the price of Abbott's shares and the number of St. Jude Medical shares and equity-based awards outstanding on the closing date.

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Note 4 Estimated Merger Consideration and Allocation (Continued)

The following table summarizes the components of the estimated merger consideration reflected in the unaudited pro forma condensed combined financial information (in millions of dollars and shares, except for per share amounts and the exchange ratio):

Estimated St. Jude Medical shares*		291
Cash consideration (per St. Jude Medical share)	$	46.75
Estimated cash portion of purchase price	$	13,626
Estimated St. Jude Medical shares*		291
Exchange ratio (per St. Jude Medical share)		0.8708
Estimated total Abbott common shares to be issued		254
Abbott share price**	$	40.61
Estimated equity portion of purchase price	$	10,307
Total estimated consideration to be paid	$	23,933

* Represents St. Jude Medical shares outstanding as of October 1, 2016, plus an estimate of vested restricted stock units, conversion of vested options and shares expected to be purchased under the employee stock purchase plan.

** Represents Abbott's share price as of November 10, 2016. The final purchase price per share and corresponding total consideration will be determined on the date of closing.

The following is a preliminary estimate of the assets to be acquired and the liabilities to be assumed by Abbott in the transaction, reconciled to the estimate of the consideration to be transferred:

		Amounts as of Acquisition Date (in millions)
Net book value of net assets acquired	$	4,486
Adjusted for:		
Elimination of existing goodwill and intangible assets		(7,786)
Adjusted book value of net assets acquired		(3,300)
Adjustments to:		
Inventory		698
Property, plant and equipment(a)		
Identifiable intangible assets		17,500
Deferred revenue		26
Debt		(112)
Taxes		(3,924)
Goodwill		13,045
Estimate of consideration expected to be transferred	$	23,933

(a)

At the close of the transaction, property, plant and equipment are required to be measured at fair value. Abbott does not have sufficient information at this time as to the specific nature, age, condition or location of the land, buildings, machinery and equipment, and construction-in-progress included in St. Jude Medical's balance sheet. All of these elements can cause differences between the fair value and the net book value of these assets. Abbott does not believe it has sufficient information at this time to provide an estimate of fair value or the associated adjustments to depreciation.

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Note 4 Estimated Merger Consideration and Allocation (Continued)

The value of the purchase consideration and resulting goodwill may change based on fluctuations in Abbott's share price and the number of St. Jude Medical shares outstanding on the closing date. The fair value of the equity securities issued as part of the consideration transferred will be measured on the closing date. A 10% fluctuation in the market price of Abbott shares would affect the value of the consideration with a corresponding change to goodwill related to the transaction, as illustrated in the table below (in millions except for per share data):

Change in stock price	Stock Price	Estimated Consideration	Estimated Goodwill
10% increase in share price	$ 44.67	$ 24,975	$ 14,087
10% decrease in share price	$ 36.55	$ 22,889	$ 12,001

Note 5 Pro Forma Adjustments

All of the adjustments in the column under the heading "Pro Forma Adjustments" relate to the St. Jude Medical transaction.

Adjustments included in the column under the heading "Pro Forma Adjustments" in the unaudited pro forma condensed combined statements of earnings for the year ended December 31, 2015 and for the nine months ended September 30, 2016 represent the following:

Notes to the unaudited pro forma condensed combined Statements of Earnings for the year ended December 31, 2015 and the nine months ended September 30, 2016

(a)

Represents estimated amortization expense related to the pro forma adjustment to definite-lived intangible assets discussed in Note 5(g). Using the assets' estimated weighted average useful life of approximately 10 years, pro forma amortization has been estimated on a preliminary basis as follows:

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
	(in millions)	
Estimated amortization for acquired definite-lived intangible assets	$ 1,020	$ 1,360
Historical St. Jude Medical definite-lived intangible amortization expense	(139)	(116)
Pro forma adjustment	$ 881	$ 1,244

(b)

Represents incremental interest expense on the debt to be issued in connection with the transaction, including amortization of the debt issuance costs over the weighted average life of the debt to be issued as well as the amortization of the fair value adjustment to the existing St. Jude Medical debt that will remain outstanding after the close of the transaction. Abbott anticipates funding the cash portion of the acquisition through a combination of cash on hand and approximately $11.7 billion of new debt with an estimated average annual interest rate of 3.59%. A change of 0.125% in the effective interest rate on the incremental debt to be issued would change annual interest expense by approximately $14.7 million.

Note 5 Pro Forma Adjustments (Continued)

(c)
Represents an estimate of the tax impacts of the acquisition on the statement of earnings, primarily related to the estimated fair value adjustments for acquired intangible assets and existing St. Jude Medical debt that will remain outstanding after the close of the transaction as well as the incremental interest expense related to the debt to be issued in conjunction with the transaction. The taxes associated with these estimated adjustments reflect the estimated blend of the statutory rate in various jurisdictions where the adjustments are expected to be incurred. Although not reflected in these unaudited pro forma condensed combined financial statements, the effective tax rate of the combined company could be different than Abbott's historical effective tax rate (either higher or lower) depending on various factors including post-acquisition activities and the geographical mix of income.

(d)
Represents transaction costs related to the acquisition, including bankers' fees and bridge facility costs, incurred during the nine months ended September 30, 2016. Such costs are considered to be non-recurring in nature and therefore, have been excluded from the unaudited pro forma condensed combined statement of income.

Notes to the unaudited pro forma condensed combined Balance Sheet for the nine months ended September 30, 2016

(e)
Reflects the use of cash on hand to fund a portion of the cash consideration and the merger-related transaction costs. The transaction costs are non-recurring charges and have been excluded from the unaudited pro forma condensed combined statements of earnings.

(f)
Reflects the increase to St. Jude Medical's inventory to record inventory at estimated fair value. This estimated step-up in inventory is preliminary and is subject to change based upon Abbott's final determination of the fair value of the inventory at the close of the transaction. This step-up will be expensed as the acquired inventory is sold, which is projected to occur within the first year after the close of the transaction. As this item will have no continuing impact on the combined entity, these costs have not been included in the unaudited pro forma condensed combined statement of earnings.

(g)
Reflects the incremental amount needed to record the estimated fair value of the acquired intangible assets. The estimated fair value of the identifiable intangible assets to be acquired consists of the following:

	As of September 30, 2016 (in millions)
Definite-lived intangible assets	$ 12,800
In process research and development assets	4,700
Estimated fair value of identified intangible assets	17,500
Historical St. Jude Medical intangible assets	(2,108)
Pro forma adjustment	$ 15,392

Currently, Abbott does not have sufficient information regarding the projected amounts and the timing of the cash flows associated with the intangible assets to be acquired to finalize the determination of the fair value of these assets. Some of the more significant assumptions inherent in the development of estimates of the fair value of intangible assets, from the perspective of a market participant, include the amount and timing of projected future cash flows (including revenue, cost of sales, research and development costs, sales and marketing expenses, capital expenditures, and working capital requirements); the discount rate selected to measure the inherent risk of future cash flows; and the assessment of the asset's life cycle and the competitive trends impacting the asset.

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Note 5 Pro Forma Adjustments (Continued)

(h)

Goodwill is calculated as the difference between the fair value of the consideration expected to be transferred and the values assigned to the identifiable tangible and intangible assets acquired and liabilities assumed. The pro forma adjustment to goodwill is calculated as follows:

	As of September 30, 2016 (in millions)
Elimination of St. Jude Medical's historical goodwill	$ (5,678)
Estimated goodwill related to this transaction	13,045
Pro forma adjustment	$ 7,367

(i)

Represents the reclassification of deferred taxes to reflect the jurisdictional netting of the combined company.

(j)

Abbott expects to refinance certain St. Jude Medical short-term borrowings and current debt with long-term debt financing based on the assumption that Abbott has the intent and ability to obtain long-term debt financing.

(k)

Represents short-term borrowing in conjunction with this transaction. Abbott expects to repay this borrowing within 90 days of the close of the transaction with existing cash and cash from operations.

(l)

Represents the estimated fair value adjustment of St. Jude Medical's deferred revenue balance.

(m)

Represents the estimated fair value adjustment of St. Jude Medical's existing debt that will remain outstanding after the close of the transaction.

(n)

Reflects the incremental increase in long-term debt, which excludes the existing St. Jude Medical debt that will be refinanced.

(o)

Reflects financing-related transaction fees expected to be incurred and that will be capitalized as debt issuance costs.

(p)

Reflects the adjustment to deferred income tax assets and liabilities resulting from pro forma adjustments to the assets and liabilities to be acquired. The estimated blended statutory tax rate was applied, as appropriate, to each adjustment. This estimate of deferred income tax assets and liabilities is preliminary and is subject to change based upon the final determination of the fair value of the assets acquired and the liabilities assumed by jurisdiction.

(q)

Reflects the deferred tax liability for St. Jude Medical's unremitted foreign earnings that will be repatriated. Represents the application of a 35% tax rate to St. Jude Medical's cumulative unremitted foreign earnings through September 30, 2016, net of related tax reserve adjustments.

(r)

Represents the elimination of St. Jude Medical's historical common stock, additional paid-in capital, accumulated other comprehensive loss and accumulated earnings.

(s) Represents the acquisition date value of the Abbott shares to be issued to St. Jude Medical shareholders as illustrated in Note 4, inclusive of Abbott equity awards issued to replace St. Jude Medical unvested awards.

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Note 5 Pro Forma Adjustments (Continued)

(t) Represents estimated transaction fees including investment bankers, legal fees, bridge financing fees and carrying costs of the debt prior to close of the transaction to be incurred by Abbott directly related to the transaction, net of taxes.

The unaudited pro forma combined basic and diluted earnings per share for the period presented are based on the basic and diluted weighted-average number of shares projected to be outstanding after taking into account the shares to be issued as a part of this transaction.

The unaudited pro forma condensed combined financial statements do not reflect the anticipated realization of annual pre-tax synergies from the St. Jude Medical Acquisition of approximately $500 million by 2020, which includes both sales and operational benefits. Although Abbott expects that synergies will result from the St. Jude Medical Acquisition, there can be no assurance that these synergies will be achieved.

The combined company may have a tax rate that differs from the historical effective tax rates and the statutory rates reflected in these unaudited pro forma condensed combined financial statements.

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USE OF PROCEEDS

We estimate the net proceeds to us from the sale of the notes will be approximately $, after deducting underwriting discounts and estimated offering expenses payable by us. We expect to use the net proceeds from the offering of the notes, together with cash on hand, to fund the cash consideration payable by us for the St. Jude Medical Acquisition and to pay related expenses and for general corporate purposes, which may include, without limitation, the repayment of indebtedness or the funding of other acquisitions.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated.

Nine Months Ended Sept. 30,	Fiscal Year Ended December 31,				
2016	**2015**	**2014**	**2013**	**2012**	**2011**
2.5	13.1	11.1	9.2	0.5	2.5

For the purpose of calculating the ratio of earnings to fixed charges, (i) earnings from continuing operations have been calculated by adjusting earnings from continuing operations for taxes on earnings from continuing operations; interest expense; amortization of capitalized interest, net of capitalized interest; noncontrolling interest; and the portion of rentals representative of the interest factor, (ii) Abbott considers one-third of rental expense to be the amount representing return on capital and (iii) fixed charges comprise total interest expense, including capitalized interest and such portion of rentals.

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CAPITALIZATION

The following table sets forth, as of September 30, 2016, Abbott's consolidated capitalization (i) on an actual basis; (ii) as adjusted to give effect to the issuance of the notes and (iii) on a pro forma as adjusted basis to give effect to the issuance of the notes and the consummation of the St. Jude Medical Acquisition. See the section entitled "*Use of Proceeds.*" You should read the table together with our consolidated financial statements and the notes thereto incorporated by reference into this prospectus supplement and the accompanying prospectus and the pro forma financial information included in this prospectus supplement.

	Actual	As Adjusted	Pro Forma As Adjusted
		(In Millions)	
Long-Term Debt:			
5.125% Notes, due 2019	$ 947	$ 947	947
4.125% Notes, due 2020	597	597	597
2.00% Notes, due 2020	750	750	750
2.55% Notes, due 2022	750	750	750
2.95% Notes, due 2025	1,000	1,000	1,000
6.15% Notes, due 2037	547	547	547
6.0% Notes, due 2039	515	515	515
5.3% Notes, due 2040	694	694	694
Other, including fair market value adjustments relating to interest rate hedge contracts designated as fair value hedges	175	175	175
% Notes, due 2019			
% Notes, due 2021			
% Notes, due 2023			
% Notes, due 2026			
% Notes, due 2036			
% Notes, due 2046			
Total long-term debt	5,975		
Total shareholders' investment	20,896	20,896	20,896
Total capitalization	$ 26,871	$	

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DESCRIPTION OF NOTES

The following summary of the particular terms of the notes offered by this prospectus supplement supplements and, to the extent inconsistent with the accompanying prospectus, replaces the description of the general terms and provisions of the debt securities contained in the accompanying prospectus, to which description reference is made by this prospectus supplement. The summary herein and in the accompanying prospectus of certain provisions of the indenture (as defined below) does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the base indenture (as defined below), which has been filed as an exhibit to the current report on Form 8-K filed by the Company on March 10, 2015. You should read the indenture for a complete statement of the provisions described in this prospectus supplement and the accompanying prospectus and other provisions that may be important to you. In this section of this prospectus supplement, references to "Abbott," "we," "our," "us" and the "Company" are to Abbott Laboratories (and not its subsidiaries) and any person that succeeds thereto, and is substituted therefor, under the terms of the indenture.

General

Abbott will issue the notes as six separate series of debt securities under that certain indenture, dated as of March 10, 2015 (the "base indenture"), between Abbott and U.S. Bank National Association, as trustee (the "trustee"), with certain terms being set forth in an officers' certificate (together with the base indenture, the "indenture").

The notes will be Abbott's unsecured, unsubordinated debt obligations and will rank equally in right of payment with all of Abbott's other unsecured and unsubordinated debt obligations from time to time outstanding.

Title

The title of each series of notes will be the % Notes due 2019, the % Notes due 2021, the % Notes due 2023, the % Notes due 2026, the % Notes due 2036 and the % Notes due 2046.

Total Initial Principal Amount

The 2019 Notes will initially be limited to $ aggregate principal amount.

The 2021 Notes will initially be limited to $ aggregate principal amount.

The 2023 Notes will initially be limited to $ aggregate principal amount.

The 2026 Notes will initially be limited to $ aggregate principal amount.

The 2036 Notes will initially be limited to $ aggregate principal amount.

The 2046 Notes will initially be limited to $ aggregate principal amount.

Abbott may from time to time, without notice to or the consent of the holders of the notes, issue additional series of debt securities under the indenture or additional notes of a series of notes.

Additional notes may be consolidated and form a single series with an existing series of the notes and have the same terms as to status, redemption or otherwise as such series of notes (except for the issue date, the public offering price and the first payment of interest thereon), provided, however, that if such additional notes are not fungible with the notes of the applicable series for U.S. federal income tax purposes, such additional notes will have a separate CUSIP number. For purposes of this description, any reference to notes of a series shall include any notes of the same series issued after the closing of this offering.

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Maturity of Notes

The 2019 Notes will mature on , 2019.

The 2021 Notes will mature on , 2021.

The 2023 Notes will mature on , 2023.

The 2026 Notes will mature on , 2026.

The 2036 Notes will mature on , 2036.

The 2046 Notes will mature on , 2046.

Interest Rate on Notes

The interest rate on the 2019 Notes is % per year, computed on the basis of a 360-day year of twelve 30-day months.

The interest rate on the 2021 Notes is % per year, computed on the basis of a 360-day year of twelve 30-day months.

The interest rate on the 2023 Notes is % per year, computed on the basis of a 360-day year of twelve 30-day months.

The interest rate on the 2026 Notes is % per year, computed on the basis of a 360-day year of twelve 30-day months.

The interest rate on the 2036 Notes is % per year, computed on the basis of a 360-day year of twelve 30-day months.

The interest rate on the 2046 Notes is % per year, computed on the basis of a 360-day year of twelve 30-day months.

Date Interest Begins to Accrue on Notes

Interest will begin to accrue on the 2019 Notes on , 2016.

Interest will begin to accrue on the 2021 Notes on , 2016.

Interest will begin to accrue on the 2023 Notes on , 2016.

Interest will begin to accrue on the 2026 Notes on , 2016.

Interest will begin to accrue on the 2036 Notes on , 2016.

Interest will begin to accrue on the 2046 Notes on , 2016.

Interest Payment Dates

Abbott will pay interest on the notes semi-annually in arrears on and in each year (each, an "interest payment date"), commencing on , 2017. Interest payable on each interest payment date will include interest accrued from , 2016 or from the most recent interest payment date to which interest has been paid or duly provided for.

If the date on which a payment of interest or principal on the notes is scheduled to be paid is not a Business Day (as defined below), then that interest or principal will be paid on the next succeeding Business Day but no further interest will be paid in respect of the delay in such payment.

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"Business Day," when used with respect to any Place of Payment (as defined below), means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close.

"Place of Payment," when used with respect to the notes of any series, means the place or places where the principal of and any premium and interest on the notes of that series are payable.

Regular Record Dates for Interest

Abbott will pay interest payable on any interest payment date to the person in whose name a note (or any predecessor note) is registered at the close of business on the or , as the case may be, next preceding such interest payment date.

Paying Agent

The trustee will initially be the securities registrar and paying agent. Abbott may at any time designate additional paying agents or rescind the designations or approve a change in the offices where they act.

Redemption of the Notes

Optional Redemption

Abbott may redeem each series of the notes, at any time at its option, in whole or from time to time in part, at a redemption price equal to the sum of:

the greater of (the "Applicable Premium"):

1. 100% of the principal amount of the notes being redeemed, or

2. the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (exclusive of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a rate equal to the Treasury Yield plus basis points, in the case of the 2019 Notes, basis points, in the case of the 2021 Notes, basis points, in the case of the 2023 Notes, basis points, in the case of the 2026 Notes, basis points, in the case of the 2036 Notes, and basis points, in the case of the 2046 Notes.

plus, in either case, accrued and unpaid interest, if any, to, but excluding, the redemption date on the principal amount of the notes being redeemed.

Notwithstanding the foregoing, if the 2021 Notes are redeemed on or after , 2021 (one month prior to the maturity date of the 2021 Notes), the 2023 Notes are redeemed on or after , 2023 (two months prior to the maturity date of the 2023 Notes), the 2026 Notes are redeemed on or after , 2026 (three months prior to the maturity date of the 2026 Notes), the 2036 Notes are redeemed on or after , 2036 (six months prior to the maturity date of the 2036 Notes) or the 2046 Notes are redeemed on or after , 2046 (six months prior to the maturity date of the 2046 Notes), the redemption price will be 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the redemption date on the principal amount of the notes being redeemed.

"Treasury Yield" means, with respect to any notes being redeemed, the yield to maturity implied by (i) the yields reported as of the third Business Day prior to the redemption date, on (a) the Bloomberg Financial Markets News screen PX1 or the equivalent screen provided by Bloomberg Financial Markets News, or (b) if such on-line market data is not at that time provided by Bloomberg Financial Markets News, on the applicable pricing supplement opposite the caption "INVEST RATE" on Reuters on page USAUCTION10 or page USAUCTION11 (or any other page as may replace that page on that service), in any case for actively traded U.S. Treasury securities having a maturity equal to the remaining term of those notes as of the redemption date, or (ii) if such yields are not reported at that time or the yields reported as of that time are not ascertainable (including by way of interpolation), the Treasury constant maturities yields reported, for the latest day for which such yields have been so reported at that time, in (a) Federal Reserve Statistical Release H.15 (519) opposite the caption "U.S. government securities/Treasury bills/secondary market" (or any comparable successor publication) or (b) if not yet published at that time, H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such yield, opposite the caption "U.S. government securities/Treasury bills/secondary market," for actively traded U.S. Treasury securities having a constant maturity equal to the remaining term of those notes as of such redemption date. Such implied yield will be determined, if necessary, by (x) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (y) interpolating linearly between (1) the actively traded U.S. Treasury security with a maturity closest to and greater than the remaining term of those notes and (2) the actively traded U.S. Treasury security with a maturity closest to and less than the remaining term of those notes.

If we exercise our right to redeem all or fewer than all of the notes of any series, we will mail, or deliver electronically if such notes are held by any depositary (including, without limitation, The Depository Trust Company ("DTC")) in accordance with such depositary's customary procedures, not less than 30 nor more than 60 days prior to the redemption date to each registered holder of the notes to be redeemed at its registered address a notice of optional redemption, which will specify the redemption date, the place or places where such notes are to be surrendered for payment of the redemption price and the redemption price. The trustee will not be responsible for calculating the redemption price.

In connection with any optional redemption, if any note is to be redeemed in part only, the notice of optional redemption will state the portion of the principal amount of the note to be redeemed, and upon surrender of the note, a note or notes of the same series will be issued in principal amount equal to the unredeemed portion. In connection with any optional redemption, if less than all of the notes of any series are to be redeemed, the trustee will select the numbers of notes of such series to be redeemed in part by random lot, or, if the notes to be redeemed are represented by global securities, the notes of such series to be redeemed will be selected by DTC in accordance with its applicable procedures. We understand that in connection with any optional redemption, if we redeem only some of the notes of any series, DTC's practice is to choose by lot the amount to be redeemed from the notes of such series held by each of its participating institutions. We understand that DTC will give notice to these participants, and these participants will give notice to any "street name" holders of any beneficial interests in the notes of such series according to arrangements among them. We understand that these notices may be subject to statutory or regulatory requirements.

If we deliver a notice of optional redemption in accordance with the indenture, the notes or portions of notes with respect to the notice will become due and payable on the date and at the place or places where such notes are to be surrendered for payment of the redemption price stated in such notice at the applicable redemption price, together with interest, if any, accrued to, but excluding, the date fixed for redemption, and on and after such date (unless we are in default in the payment of the notes at the redemption price, together with interest, if any, accrued to, but excluding, such date) interest on the notes or portions of notes called for redemption will cease to accrue.

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Notwithstanding the foregoing, installments of interest on any series of notes that are due and payable on interest payment dates falling on or prior to the applicable redemption date will be payable on such interest payment dates to the registered holders as of the close of business on the relevant record dates in accordance with the notes and the indenture.

Special Mandatory Redemption

If (x) the consummation of the St. Jude Medical Acquisition does not occur on or before December 31, 2017 (the "Extended Termination Date") or (y) Abbott notifies the trustee that Abbott will not pursue the consummation of the St. Jude Medical Acquisition (the earlier of the date of delivery of such notice described in clause (y) and the Extended Termination Date, the "Special Mandatory Redemption Trigger Date"), Abbott will be required to redeem the 2019 Notes, the 2023 Notes, the 2026 Notes, the 2036 Notes and the 2046 Notes, in each case, then outstanding (such redemption, the "Special Mandatory Redemption") at a redemption price equal to 101% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the Special Mandatory Redemption Date (the "Special Mandatory Redemption Price"). The 2021 Notes are not subject to the Special Mandatory Redemption.

In the event that Abbott becomes obligated to redeem notes pursuant to the Special Mandatory Redemption, Abbott will promptly, and in any event not more than ten Business Days after the Special Mandatory Redemption Trigger Date, deliver notice to the trustee of the Special Mandatory Redemption and the date upon which such notes will be redeemed (the "Special Mandatory Redemption Date," which date shall be no later than the third Business Day following the date of such notice) together with a notice of Special Mandatory Redemption for the trustee to deliver to each registered holder of notes to be redeemed. The trustee will then promptly mail, or deliver electronically if such notes are held by any depositary (including, without limitation, DTC) in accordance with such depositary's customary procedures, such notice of Special Mandatory Redemption to each registered holder of notes to be redeemed at its registered address. Unless Abbott defaults in payment of the Special Mandatory Redemption Price, on and after such Special Mandatory Redemption Date, interest will cease to accrue on the notes to be redeemed.

"St. Jude Medical" means St. Jude Medical, Inc., a Minnesota corporation, and its successors.

"St. Jude Medical Acquisition" means the acquisition of St. Jude Medical by Abbott pursuant to the St. Jude Medical Transaction Agreement.

"St. Jude Medical Transaction Agreement" means that certain Agreement and Plan of Merger, dated as of April 27, 2016, by and among Abbott, St. Jude Medical, Vault Merger Sub, Inc. and Vault Merger Sub, LLC, as amended, supplemented, restated or otherwise modified from time to time.

Notwithstanding the foregoing, installments of interest on any series of notes that are due and payable on interest payment dates falling on or prior to the Special Mandatory Redemption Date will be payable on such interest payment dates to the registered holders as of the close of business on the relevant record dates in accordance with the notes and the indenture.

General

We will not be responsible for giving notice of redemption (including notice of any special mandatory redemption) of the notes to anyone other than trustee.

Sinking Fund

The notes will not have the benefit of any sinking fund.

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Certain Covenants of the Company

The covenants set forth in Article X of the base indenture apply to the notes.

Defeasance; Satisfaction and Discharge

The notes are subject to Abbott's ability to choose "defeasance" and "covenant defeasance" as provided in Article XIII of the base indenture, and are subject to satisfaction and discharge as provided in Article IV of the base indenture; provided that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the indenture to the extent that an amount is deposited with the trustee equal to the Applicable Premium calculated as of the date of the notice of redemption (and calculated as though the redemption date were the date of such notice of redemption), with any deficit as of the redemption date only required to be deposited with the trustee on or prior to the redemption date.

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BOOK-ENTRY, DELIVERY AND FORM

In this section of this prospectus supplement, references to "Abbott," "we," "our," "us" and the "Company" are to Abbott Laboratories (and not its subsidiaries) and any person that succeeds thereto, and is substituted therefor, under the terms of the indenture.

Trading in DTC

Indirect holders trading their beneficial interests in the global securities through DTC must trade in DTC's same-day funds settlement system and pay in immediately available funds.

Definitive Securities

A permanent global security is exchangeable for definitive notes registered in the name of any person other than the depositary or its nominee, only if:

(a) such depositary notifies Abbott that it is unwilling or unable to continue as depositary for the global securities or if at any time such depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and, in each case, Abbott does not appoint a successor within 90 days;

(b) in Abbott's discretion at any time, Abbott determines not to have all of the notes represented by the global securities and notifies the trustee that the global securities shall be so exchangeable; or

(c) an event of default, as described in the base indenture, has occurred and is continuing with respect to the notes.

Same-Day Settlement and Payment

The underwriters will make settlement for the notes in immediately available or same-day funds. We will pay the principal of (and premium, if any, on) and any interest on notes represented by global securities registered in the name of DTC or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global securities. Payment of the principal of (and premium, if any, on) and any interest on any definitive note will be made at the office or agency of Abbott maintained for that purpose in Chicago, Illinois, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at Abbott's option payment of interest may be made by (i) check mailed to the address of the person entitled thereto as such address shall appear in the security register or (2) wire transfer as directed by the holder, in immediately available funds to the holder or its nominee.

Secondary trading in notes and debentures of corporate issuers is generally settled in clearinghouse or next-day funds. In contrast, so long as the notes issued in this offering are represented by the global securities registered in the name of DTC or its nominee, the notes will trade in DTC's Same-Day Funds Settlement System. We understand that DTC will require secondary market trading activity in the notes represented by the global securities to settle in immediately available or same-day funds. Abbott cannot give any assurances as to the effect, if any, of settlement in same-day funds on trading activity in the notes.

Global Securities

The information in this section concerning the operations and procedures of DTC, Clearstream (as defined below) and Euroclear (as defined below) has been obtained from sources that Abbott believes to be reliable, but neither Abbott nor the underwriters take responsibility for the accuracy thereof.

Except as set forth above under the caption "*Book-Entry, Delivery and Form Definitive Securities*," the notes will be represented by one or more global securities registered in the name of the nominee of DTC. So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global note for all purposes under the indenture. Abbott will only issue the notes in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Abbott will deposit the global securities with DTC or its custodian and will register the global securities in the name of DTC's nominee. See "*Description of Debt Securities Book-Entry Securities*" in the accompanying prospectus. Indirect access to DTC's system is also available to other entities such as Clearstream Banking, a société anonyme ("Clearstream"), the Euroclear System ("Euroclear"), and banks, brokers, dealers and trust companies (collectively, the "indirect participants") that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

Clearstream. We understand that:

- Clearstream is incorporated under the laws of Luxembourg as a professional depositary;
- Clearstream holds securities for its participating organizations ("Clearstream Participants") and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates;
- Clearstream provides Clearstream Participants with, among other things, services for safekeeping, administration, clearance and establishment of internationally traded securities and securities lending and borrowing;
- Clearstream interfaces with domestic markets in several countries;
- as a professional depositary, Clearstream is subject to regulation by the Luxembourg Monetary Institute;
- Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters;
- indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly; and
- distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures to the extent received by the U.S. Depositary for Clearstream.

Euroclear. We understand that:

- Euroclear was created in 1968 to hold securities for participants of Euroclear ("Euroclear Participants") and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash;
- Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several markets in several countries;

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Euroclear is operated by Euroclear Bank S.A./N.V. (the "Euroclear Operator"), under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the "Cooperative");

all operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative;

the Cooperative establishes policy for Euroclear on behalf of Euroclear Participants;

Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters;

indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly; and

the Euroclear Operator is regulated and examined by the Belgian Banking Commission.

We understand that:

distributions of principal and interest with respect to notes held through Euroclear or Clearstream will be credited to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures, to the extent received by such system's depositary;

links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the notes and cross-market transfers of the notes associated with secondary market trading; and

DTC will be linked indirectly to Clearstream and Euroclear through the DTC accounts of their respective U.S. depositaries.

We have provided the descriptions of the operations and procedures of DTC, Clearstream and Euroclear in this prospectus supplement solely as a matter of convenience, and we make no representation or warranty of any kind with respect to these operations and procedures. These operations and procedures are solely within the control of DTC, Euroclear and Clearstream, as applicable, and are subject to change by them from time to time. None of Abbott, the underwriters or the trustee takes any responsibility for these operations and procedures, and you are urged to contact DTC, Clearstream, Euroclear or their respective participants to discuss these matters.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax consequences to U.S. holders and non-U.S. holders (each as defined below) relating to the purchase, ownership, and disposition of notes acquired in this offering. This discussion is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), U.S. Treasury regulations promulgated thereunder, rulings, pronouncements, judicial decisions, and administrative interpretations of the Internal Revenue Service (the "IRS"), each as in effect as of the date of this prospectus supplement. These authorities may change, possibly on a retroactive basis, and any change could affect the accuracy of the statements and conclusions set forth herein.

The following discussion is for general information only and does not purport to be a complete analysis of all the potential U.S. federal income tax effects relating to the purchase, ownership, and disposition of the notes. This discussion does not address the effect of any special rules applicable to certain types of persons, including, for example, dealers in securities or currencies, insurance companies, banks or other financial institutions, persons subject to the alternative minimum tax, thrifts, real estate investment trusts, regulated investment companies, tax-exempt entities, grantor trusts, U.S. persons whose functional currency is not the U.S. dollar, former citizens and residents of the United States, persons who hold notes as part of a straddle, hedge, conversion transaction, or other risk reduction or integrated transaction, traders in securities that elect to use a mark-to-market method of tax accounting for their securities holdings, corporations treated as "personal holding companies," "controlled foreign corporations," or "passive foreign investment companies," individual retirement accounts, qualified pension plans and other tax-deferred accounts, or partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes and other pass-through entities (or investors therein). In addition, this discussion is limited to investors who are the initial purchasers of the notes at their original issue price and hold the notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code. This discussion does not address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010 and any U.S. state or local or foreign tax consequences, nor does it address any U.S. federal tax considerations other than those pertaining to the income tax. This discussion does not address the effect of any U.S. state or local income or other tax laws, any U.S. federal estate and gift tax laws, any foreign tax laws, or any tax treaties.

Prospective investors should consult their own tax advisors as to the particular tax consequences to them of the ownership and disposition of the notes, including the applicability of any U.S. federal income and other tax laws, any state, local or foreign tax laws or any treaty, and any changes (or proposed changes) in tax laws or interpretations thereof.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds notes, the tax treatment of a person treated as a partner in such partnership will generally depend upon the status of the partner and upon the activities of the partnership. Persons that for U.S. federal income tax purposes are treated as a partner in a partnership holding notes should consult their own tax advisors regarding the tax consequences to them of the ownership or disposition of the notes.

Certain U.S. Federal Income Tax Consequences to U.S. Holders

As used herein, the term "U.S. holder" means a beneficial owner of a note that is:

- an individual who is a citizen of the United States or who is a resident of the United States;
- a corporation or other entity taxable for U.S. federal income tax purposes as a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust (a) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

Taxation of interest

It is anticipated, and this discussion assumes, that the issue price of the notes will be equal to the stated principal amount or if the issue price is less than the stated principal amount, the difference will be a de minimis amount (as set forth in the applicable Treasury regulations). In such case (subject to the discussion below under the section entitled " *Additional Payments*"), interest on a note generally will be taxable to a U.S. holder as ordinary income at the time it is received or accrued in accordance with the U.S. holder's usual method of accounting for tax purposes. If, however, the issue price of the notes is less than the stated principal amount and the difference is more than a de minimis amount (as set forth in the applicable Treasury regulations), a U.S. holder will be required to include the difference in income as original issue discount as it accrues in accordance with a constant yield method (as set forth in the applicable Treasury regulations).

Additional Payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the notes. For example, if the St. Jude Medical Acquisition does not occur on or before December 31, 2017 or Abbott notifies the trustee that Abbott will not pursue the consummation of the St. Jude Medical Acquisition, Abbott will be required to redeem the 2019 Notes, the 2023 Notes, the 2026 Notes, the 2036 Notes and the 2046 Notes, in each case, then outstanding at a redemption price equal to 101% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding the Special Mandatory Redemption Date. The 2021 Notes are not subject to the Special Mandatory Redemption. See the section entitled "*Description of Notes Redemption of the Notes Special Mandatory Redemption*."

In addition, we may redeem the notes at our option at any time, and upon such a redemption we will be required to pay amounts in excess of accrued interest and principal on the notes as described under the section entitled "*Description of Notes Redemption of the Notes Optional Redemption.*"

The possibility of such payments may implicate special rules under Treasury regulations governing "contingent payment debt instruments." According to those regulations, the possibility that additional payments will be made will not affect the amount of income a U.S. holder recognizes in advance of such payments, if, as of the date the notes are issued, there is only a remote chance that such payments will be made. We have determined, and intend to take the position, that the likelihood that we will be required to or will redeem the notes under the above provisions is remote within the meaning of the applicable Treasury regulations. If any additional payments are in fact made, U.S. holders generally will be required to recognize such amounts as income.

Our determination that these contingencies are remote is binding on a U.S. holder, unless such holder discloses it is taking a different position to the IRS in the manner required by the applicable Treasury regulations. Our determination is not, however, binding on the IRS, and if the IRS were to successfully challenge this determination and the notes were treated as contingent payment debt instruments, a U.S. holder would be required, among other things, to (1) accrue interest income based on a projected payment schedule and comparable yield, which may be a higher rate than the stated interest rate on the notes, regardless of such U.S. holder's method of tax accounting, and (2) treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, redemption or other taxable disposition of a note. In the event that the contingencies described above were to occur, it would affect the amount and timing of the income recognized by a U.S. holder.

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Sale, exchange, or retirement of a note

A U.S. holder will generally recognize gain or loss on a sale, exchange, redemption, retirement, or other taxable disposition of a note measured by the difference, if any, between (i) the amount of cash and the fair market value of any property received, except to the extent that the cash or other property received in respect of a note is attributable to accrued but unpaid interest on the note, which amount, to the extent not previously included in income, will be taxable as ordinary interest income as described above under "Taxation of interest," and (ii) the U.S. holder's adjusted tax basis in the note. A U.S. holder's adjusted tax basis in a note generally will equal the cost of the note to such U.S. holder.

Any gain or loss recognized on the sale or other taxable disposition of a note generally will be capital gain or loss, and will be long-term capital gain or loss if at the time of such sale or other taxable disposition, the U.S. holder's holding period for the note is more than one year. The deductibility of capital losses is subject to limitations.

Information reporting and backup withholding

Information reporting generally will apply to payments of interest on the notes and to the proceeds from a sale or other taxable disposition of the notes to a U.S. holder unless the U.S. holder is an exempt recipient. U.S. federal backup withholding (currently at a rate of 28%) generally will apply to such payments if the U.S. holder fails to furnish a properly completed and executed IRS Form W-9 to the applicable withholding agent providing such U.S. holder's correct taxpayer identification number and complying with certain certification requirements or otherwise establish an exemption from backup withholding.

Backup withholding is not an additional tax. Any amount withheld from a payment to a U.S. holder under the backup withholding rules is allowable as a credit against such U.S. holder's U.S. federal income tax liability and may entitle such U.S. holder to a refund provided such U.S. holder furnishes the required information to the IRS in a timely manner.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders

The following summary is limited to the U.S. federal income tax consequences relevant to a beneficial owner of a note who is not classified as, or owns such note through, a partnership for U.S. federal income tax purposes and who is not a U.S. holder (a "non-U.S. holder"). In the case of a non-U.S. holder who is an individual, the following summary assumes that this individual was not formerly a United States citizen and was not formerly a resident of the United States for U.S. federal income tax purposes.

Taxation of interest

Subject to the discussions of backup withholding and FATCA withholding rules below, payments of interest on a note to any non-U.S. holder will not generally be subject to U.S. federal income or withholding tax provided we or the person otherwise responsible for withholding U.S. federal income tax from payments on the notes receives a required certification from the non-U.S. holder and the non-U.S. holder is not:

- an actual or constructive owner of 10% or more of the total combined voting power of all our voting shares;
- a controlled foreign corporation related, directly or indirectly, to us through share ownership;
- a bank whose receipt of interest on the notes is pursuant to a loan agreement entered into in the ordinary course of business; or

receiving such interest payments as income effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States.

In order to satisfy the certification requirement, the non-U.S. holder must provide a properly completed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or substitute Form W-8BEN or Form W-8BEN-E, or the appropriate successor form for either) under penalties of perjury that provides the non-U.S. holder's name and address and certifies that the non-U.S. holder is not a U.S. person. In a case where a security clearing organization, bank, or other financial institution holds the notes in the ordinary course of its trade or business on behalf of the non-U.S. holder, certification requires that we or the person who otherwise would be required to withhold U.S. federal income tax receive from the financial institution a certification under penalties of perjury that a properly completed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or substitute Form W-8BEN or the appropriate successor form for either) has been received by it, or by another such financial institution, from the non-U.S. holder, and a copy of such a form is furnished to the payor. Special rules apply to foreign partnerships, estates, and trusts, and in certain circumstances, certifications as to foreign status of partners, trust owners, or beneficiaries may have to be provided to our paying agent or to us. In addition, special rules apply to payments made through a qualified intermediary.

A non-U.S. holder that does not qualify for exemption from withholding under the preceding paragraphs generally will be subject to withholding of U.S. federal income tax, currently at the rate of 30%, or lower applicable treaty rate, on payments of interest on the notes that are not effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States.

If the payments of interest on a note are effectively connected with the conduct by a non-U.S. holder of a trade or business in the United States (and, in the case of certain applicable tax treaties, are attributable to a permanent establishment or fixed base maintained in the United States), such payments will be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons generally. If the non-U.S. holder is a corporation for U.S. federal income purposes, such payments also may be subject to a 30% branch profits tax. If payments are subject to U.S. federal income tax on a net basis in accordance with the rules described in the preceding two sentences, such payments will not be subject to U.S. withholding tax so long as the non-U.S. holder provides us, or the person who otherwise would be required to withhold U.S. federal income tax, with the appropriate certification.

Non-U.S. holders should consult their tax advisors regarding any applicable income tax treaties, which may provide for a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above.

Sale, exchange, or disposition of a note

Subject to the discussions of backup withholding and FATCA withholding rules below, any gain realized by a non-U.S. holder on the sale, exchange, retirement, or other disposition of a note generally will not be subject to U.S. federal income tax, unless:

- such gain is effectively connected with the conduct by such non-U.S. holder of a trade or business within the United States (and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained in the United States); or

- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied.

Proceeds from the disposition of a note that are attributable to accrued but unpaid interest generally will be subject to, or exempt from, tax to the same extent as described above with respect to interest paid on a note, although such proceeds generally are not subject to withholding tax.

Information reporting and backup withholding

Any payments of interest to a non-U.S. holder will generally be reported to the IRS and to the non-U.S. holder. Copies of these information returns also may be made available under the provisions of a specific treaty or other agreement to the tax authorities of the country in which the non-U.S. holder resides.

Backup withholding and certain additional information reporting generally will not apply to payments of interest with respect to which either the requisite certification, as described above, has been received or an exemption otherwise has been established, provided that neither we nor the person who otherwise would be required to withhold U.S. federal income tax has actual knowledge or reason to know that the non-U.S. holder is, in fact, a U.S. person or that the conditions of any other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of the notes by or through the U.S. office of any broker, U.S. or foreign, will be subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge or reason to know that the non-U.S. holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the proceeds from the disposition of the notes (except to the extent attributable to accrued but unpaid interest) by or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a "U.S. related person"). In the case of the payment of the proceeds from the disposition of the notes by or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related person (except to the extent attributable to accrued but unpaid interest), the Treasury regulations require information reporting, but not backup withholding, on the payment unless the broker has documentary evidence in its files that the owner is a non-U.S. holder and the broker has no knowledge or reason to know to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the non-U.S. holder's U.S. federal income tax liability provided such non-U.S. holder furnishes the required information to the IRS in a timely manner.

Foreign Account Tax Compliance Act

Sections 1471 to 1474 of the Internal Revenue Code and Treasury regulations thereunder (provisions commonly referred to as "FATCA") impose a U.S. federal withholding tax of 30% on certain payments (including principal) on, and the gross proceeds from the sale, exchange, retirement or other disposition of, obligations that produce U.S. source interest to "foreign financial institutions" and certain other non-U.S. entities that fail to comply with specified certification and information reporting requirements. The obligation to withhold under FATCA applies to (i) payments of U.S. source interest and (ii) on or after January 1, 2019, gross proceeds from the disposition of, and payments of principal on, obligations that produce U.S. source interest.

Because the notes will produce U.S. source interest, payments on, and the gross proceeds from the sale or other disposition of, notes held by or through certain foreign entities could be, or become, subject to the FATCA withholding tax. Prospective investors should consult their own tax advisors on how these rules may apply to their investment in the notes. In the event any withholding under FATCA is imposed with respect to any payments on the notes, we will not be under any obligation to compensate for the withheld amount.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM RELATING TO THE OWNERSHIP AND DISPOSITION OF THE NOTES.

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UNDERWRITING

We are offering the notes described in this prospectus supplement through a number of underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc. and Morgan Stanley & Co. LLC are the representatives of the underwriters. We have entered into a firm commitment underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, the aggregate principal amount of notes listed next to its name in the following table:

Underwriters	Principal Amount of Notes Due 2019	Principal Amount of Notes Due 2021	Principal Amount of Notes Due 2023	Principal Amount of Notes Due 2026	Principal Amount of Notes Due 2036	Principal Amount of Notes Due 2046
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$	$	$	$	$	$
Barclays Capital Inc.						
Morgan Stanley & Co. LLC						
Total	$	$	$	$	$	$

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the notes if they buy any of them. The underwriters will sell the notes to the public when and if the underwriters buy the notes from us.

The underwriters have advised us that they propose initially to offer the notes to the public for cash at the public offering prices set forth on the cover page of this prospectus supplement, and to certain dealers at such prices less concessions not in excess of % of the principal amount of the 2019 Notes, % of the principal amount of the 2021 Notes, % of the principal amount of the 2023 Notes, % of the principal amount of the 2026 Notes, % of the principal amount of the 2036 Notes and % of the principal amount of the 2046 Notes. The underwriters may allow, and such dealers may reallow, concessions not in excess of % of the principal amount of the 2019 Notes, % of the principal amount of the 2021 Notes, % of the principal amount of the 2023 Notes, % of the principal amount of the 2026 Notes, % of the principal amount of the 2036 Notes and % of the principal amount of the 2046 Notes to certain other dealers. After the public offering of the notes, the public offering prices and other selling terms may be changed.

The aggregate proceeds to us are set forth on the cover page of this prospectus supplement before deducting our expenses in offering the notes. Abbott estimates that it will spend approximately $ for printing, registration fees, rating agency fees and other expenses (other than estimated discounts of the underwriters) related to the offering of the notes.

We have agreed to indemnify the underwriters against, or contribute to payments that the underwriters may be required to make in respect of, certain liabilities, including liabilities under the Securities Act of 1933.

The notes are new issues of securities with no established trading markets. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriters may make a market in the notes of each series after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading markets for the notes or that active public markets for the notes will develop. If active public markets for the notes do not develop, the market prices and liquidity of the notes may be adversely affected.

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In connection with the offering of the notes, the representatives may engage in transactions that stabilize, maintain or otherwise affect the prices of the notes. Specifically, the representatives may overallot in connection with the offering, creating a short position. In addition, the representatives may bid for, and purchase, the notes in the open market to cover short positions or to stabilize the prices of the notes. Any of these activities may stabilize or maintain the market prices of the notes above independent market levels, but no representation is made hereby of the magnitude of any effect that the transactions described above may have on the market prices of the notes. The representatives will not be required to engage in these activities, and may engage in these activities, and may end any of these activities, at any time without notice.

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In particular, Merrill Lynch, Pierce, Fenner & Smith Incorporated has served as our financial advisor in connection with the St. Jude Medical Acquisition and the underwriters or their respective affiliates have agreed to provide a $17.2 billion senior unsecured bridge facility in connection with the St. Jude Medical Acquisition. Such facility is comprised of two tranches: (i) a $15.2 billion, 364-day unsecured bridge term loan tranche and (ii) a $2.0 billion, 120-day unsecured bridge term loan tranche. The underwriters or their respective affiliates have also agreed to provide a $9.0 billion, 364-day unsecured bridge term loan facility in conjunction with the Alere Acquisition. In addition, the underwriters or their affiliates are participants in our $5.0 billion revolving credit facility and certain of the underwriters or their affiliates are dealers in our commercial paper program.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the underwriters or their affiliates have a lending relationship with us, certain of those underwriters or their affiliates routinely hedge, and certain other of those underwriters may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

Canada

The notes may be sold only to purchasers in the provinces of Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Quebec purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant Member State"), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by us for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of any notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospective Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe any notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each underwriter has represented and agreed, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA")) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any notes in, from or otherwise involving the United Kingdom.

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Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "Financial Instruments and Exchange Law") and each underwriter has agreed that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

Certain legal matters in connection with the offering of the notes will be passed upon by Wachtell, Lipton, Rosen & Katz, New York, New York, and for the underwriters by Davis Polk & Wardwell LLP, New York, New York.

EXPERTS

The consolidated financial statements and the related financial statement schedule incorporated herein by reference from Abbott's Annual Report (Form 10-K) at December 31, 2015 and for the two years then ended, and the effectiveness of Abbott's internal control over financial reporting as of December 31, 2015, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports, incorporated herein by reference. Such consolidated financial statements and financial statement schedule are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements and the related financial statement schedule for the year ended December 31, 2013 incorporated in this prospectus supplement by reference from Abbott's Annual Report on Form 10-K for the year ended December 31, 2015, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports express an unqualified opinion and include an explanatory paragraph regarding the retrospective adjustment to reflect the developed markets branded generics pharmaceuticals and the animal health businesses as discontinued operations and the distribution of the shares of AbbVie Inc. to Abbott's shareholders), which are incorporated herein by reference. Such consolidated financial statements and the related financial statement schedule have been incorporated herein by reference in reliance upon the reports given upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of St. Jude Medical, Inc. included in Abbott Laboratories Current Report on Form 8-K dated November 16, 2016, and the effectiveness of St. Jude Medical, Inc.'s internal control over financial reporting as of January 2, 2016 (excluding the internal control over financial reporting of the acquired Thoratec Corporation excluded from the scope of management's assessment), have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, which as to the report on the effectiveness of St. Jude Medical, Inc.'s internal control over financial reporting contains an explanatory paragraph describing the above referenced exclusion of the acquired Thoratec Corporation from the scope of such firm's audit of internal control over financial reporting, incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION

Abbott files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any documents Abbott files at the SEC public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC filings of Abbott also are available to the public at the SEC website at www.sec.gov. In addition, you may obtain free copies of the documents Abbott files with the SEC, including any of the documents filed with the SEC and incorporated herein by reference, by going to Abbott's website at www.abbott.com or by contacting Abbott's Investor Relations Department at 100 Abbott Park Road, Abbott Park, IL 60064-6400, Attention: Investor Relations, or by telephone at (224) 667-8945. The website address of Abbott is provided as an inactive textual reference only. The information provided on the Internet website of Abbott, other than copies of the documents listed below that have been filed with the SEC, is not part of this prospectus supplement and, therefore, is not incorporated herein by reference.

Statements contained in this prospectus supplement, or in any document incorporated by reference into this prospectus supplement regarding the contents of any contract or other document, are not necessarily complete and each such statement is qualified in its entirety by reference to that contract or other document filed as an exhibit with the SEC. The SEC allows Abbott to "incorporate by reference" into this prospectus supplement documents that Abbott files with the SEC including certain information required to be included in this prospectus supplement. This means that Abbott can disclose important information to you by referring you to those documents. The information incorporated by reference into this prospectus supplement is considered to be a part of this prospectus supplement, and later information that Abbott files with the SEC will automatically update and supersede that information. Abbott incorporates by reference the documents and information filed with the SEC listed below:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2015;
- Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2016;
- Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2016;
- Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016;
- Current Reports on Form 8-K filed with the SEC on February 2, 2016, April 28, 2016, May 4, 2016, July 12, 2016, September 16, 2016, October 24, 2016, and November 17, 2016; and
- The information in the Definitive Proxy Statement for Abbott's 2016 annual meeting filed with the SEC on March 18, 2016 that is incorporated by reference into Abbott's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Notwithstanding the foregoing, information furnished by Abbott on any Current Report on Form 8-K, including the related exhibits, that, pursuant to and in accordance with the rules and regulations of the SEC, is not deemed "filed" for purposes of the Exchange Act will not be deemed to be incorporated by reference into this prospectus supplement.

Abbott also incorporates by reference any future filings it makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the filing of this registration statement and before Abbott has terminated the offering. Abbott's subsequent filings with the SEC will automatically update and supersede information in this prospectus supplement.

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We have not, and the underwriters have not, authorized any person to provide you with any information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free writing prospectus prepared by or on behalf of us. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations, and prospects may have changed since those dates.

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PROSPECTUS

Abbott Laboratories

Debt Securities

By this prospectus, Abbott may offer from time to time debt securities.

Abbott will provide you with the specific terms and the public offering prices of these debt securities in one or more supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest. This prospectus may not be used to offer and sell securities unless accompanied by a prospectus supplement.

Investing in our debt securities involves a number of risks. You should carefully read and consider the risk factors included in our periodic reports, in any prospectus supplements relating to specific offerings of securities and in other documents that we file with the Securities and Exchange Commission (the "Commission") and are incorporated herein by reference.

Neither the Commission nor any state securities commission has approved or disapproved of these debt securities or determined if this prospectus or any accompanying prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated March 5, 2015.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Abbott filed with the Commission under the "shelf registration" process. Under this shelf registration process, Abbott may, from time to time, sell debt securities under this prospectus. This prospectus provides you with a general description of the debt securities Abbott may offer. Each time Abbott sells debt securities, Abbott will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information."

As used in this prospectus, "Abbott" refers to Abbott Laboratories, an Illinois corporation, or Abbott Laboratories and its consolidated subsidiaries, as the context requires.

ABBOTT LABORATORIES

Abbott Laboratories is an Illinois corporation, incorporated in 1900. Abbott's principal business is the discovery, development, manufacture and sale of a broad and diversified line of health care products. Abbott's products are generally sold directly to retailers, wholesalers, hospitals, health care facilities, laboratories, physicians' offices and government agencies throughout the world.

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

Prior to January 1, 2013, Abbott had five reportable segments, which included Proprietary Pharmaceutical Products. On January 1, 2013, Abbott completed the separation of its research-based proprietary pharmaceuticals business through the distribution of the issued and outstanding common stock of AbbVie Inc. ("AbbVie") to Abbott's shareholders. AbbVie was formed to hold Abbott's research-based proprietary pharmaceuticals business and, as a result of the distribution, became an independent public company trading under the symbol "ABBV" on the New York Stock Exchange.

On September 26, 2014, Abbott completed its acquisition of approximately 99.9% of the ordinary shares of CFR Pharmaceuticals, S.A., a Latin American pharmaceutical company, for approximately $2.9 billion, in cash.

On February 27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business, which was previously included in the Established Pharmaceutical Products segment, to Mylan Inc. for 110 million shares of Mylan N.V., a newly formed entity that combined Mylan's existing business with Abbott's developed markets branded generics pharmaceuticals business. Abbott retained the branded generics pharmaceuticals business and products of its Established Pharmaceutical Products segment in emerging markets.

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

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

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

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

Abbott's non-reportable segments include the Diabetes Care and Medical Optics segments.

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Abbott purchases, in the ordinary course of business, raw materials and supplies essential to Abbott's operations from numerous suppliers in the United States and abroad.

Abbott's corporate offices are located at 100 Abbott Park Road, Abbott Park, Illinois 60064-6400, and the telephone number is (224) 667-6100.

Abbott also maintains an Internet site at www.abbott.com. Abbott's website and the information contained therein or connected thereto shall not be deemed to be incorporated herein, and you should not rely on any such information in making an investment decision.

USE OF PROCEEDS

Unless otherwise specified in the prospectus supplement in connection with a particular offering, Abbott will use the net proceeds from the sale of the debt securities for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

The debt securities will be issued under an indenture between Abbott and U.S. Bank National Association, as trustee. The following is a summary of the material provisions of the indenture and is qualified in its entirety by the provisions of the indenture, including definitions of certain terms used in the indenture. Wherever Abbott refers to particular sections or defined terms of the indenture, those sections or defined terms are incorporated by reference in this prospectus or prospectus supplement. You should review the form of indenture that is incorporated by reference as an exhibit to the registration statement, of which this prospectus forms a part, for additional information.

The following summarizes certain general terms and provisions of the debt securities. Each time Abbott offers debt securities, the prospectus supplement relating to that offering will describe the terms of the debt securities Abbott is offering.

General

Abbott may issue debt securities from time to time in one or more series without limitation as to aggregate principal amount. The debt securities will be Abbott's unsecured and unsubordinated obligations and will rank equally and ratably with Abbott's other unsecured and unsubordinated obligations.

Unless otherwise indicated in the prospectus supplement, principal of, premium, if any, and interest on the debt securities will be payable, and the transfer of debt securities will be registrable, at any office or agency maintained by Abbott for that purpose. The debt securities will be issued only in fully registered form without coupons and, unless otherwise indicated in the applicable prospectus supplement, in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of the debt securities, but Abbott may require you to pay a sum sufficient to cover any tax or other governmental charge imposed in connection with the transfer or exchange.

The prospectus supplement will describe the following terms of the debt securities Abbott is offering:

- the title of the debt securities;
- any limit on the aggregate principal amount of the debt securities;
- the date or dates on which the principal of the debt securities is payable;
- the rate or rates, which may be fixed or variable, at which the debt securities will bear interest, if any, or the method by which the rate or rates will be determined, the date or dates from which any interest will accrue, the interest payment dates on which any interest will be payable, and the regular record date for the interest payable on any interest payment date;

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- the place or places where the principal of and any premium and interest on the debt securities will be payable;

- the person who is entitled to receive any interest on the debt securities, if other than the record holder on the record date;

- the period or periods within which, the price or prices at which and the terms and conditions upon which the debt securities may be redeemed, in whole or in part, at the option of Abbott;

- the obligation, if any, of Abbott to redeem, purchase or repay the debt securities pursuant to any sinking fund or analogous provisions or at the option of a holder and the period or periods within which, the price or prices at which and the terms and conditions upon which Abbott will redeem, purchase or repay, in whole or in part, the debt securities pursuant to such obligation;

- the currency, currencies or currency units in which Abbott will pay the principal of and any premium and interest on any debt securities, if other than the currency of the United States of America and the manner of determining the equivalent in U.S. currency;

- if the amount of payments of principal of or any premium or interest on any debt securities may be determined with reference to an index or formula, the manner in which such amounts will be determined;

- if the principal of or any premium or interest on any debt securities is to be payable, at Abbott's election or at the election of the holder, in one or more currencies or currency units other than that or those in which the debt securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and any premium and interest on the debt securities as to which such election is made will be payable, and the periods within which and the terms and conditions upon which such election is to be made;

- if other than the debt securities' principal amount, the portion of the principal amount of the debt securities that will be payable upon declaration of acceleration of the maturity;

- the applicability of the provisions described in the section of this prospectus captioned, "Defeasance and Covenant Defeasance";

- if the debt securities will be issued in whole or in part in the form of a book-entry security as described in the section of this prospectus captioned "Book-Entry Securities," the depository Abbott appointed or its nominee with respect to the debt securities and the circumstances under which the book-entry security may be registered for transfer or exchange or authenticated and delivered in the name of a person other than the depository or its nominee; and

- any other terms of the debt securities.

Abbott may offer and sell the debt securities as original issue discount securities at a substantial discount below their stated principal amount. The prospectus supplement will describe the federal income tax consequences and other special considerations applicable to original issue discount securities and any debt securities the federal tax laws treat as having been issued with original issue discount. "Original issue discount securities" means any debt security that provides for an amount less than its principal amount to be due and payable upon the declaration of acceleration of the maturity of the debt security upon the occurrence and continuation of an "Event of Default."

The indenture does not contain covenants or other provisions designed to afford holders of the debt securities protection in the event of a highly leveraged transaction, change in credit rating or other similar occurrence.

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Book-Entry Securities

The debt securities will be represented by one or more global securities. Unless otherwise indicated in the prospectus supplement, the global security representing the debt securities will be deposited with, or on behalf of, The Depository Trust Company, or DTC, New York, New York, or other successor depository Abbott appoints and registered in the name of the depository or its nominee. The debt securities will not be issued in definitive form unless otherwise provided in the prospectus supplement.

DTC will act as securities depository for the debt securities. The debt securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered global securities certificate will be issued for each issue of debt securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the "Exchange Act"). DTC holds and provides asset servicing for U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC's participants deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of debt security certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The DTC Rules applicable to its participants are on file with the Commission.

Purchases of debt securities under the DTC system must be made by or through direct participants, which will receive a credit for the debt securities on DTC's records. The ownership interest of each actual purchaser of each debt security is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the debt securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, all debt securities deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of debt securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the debt securities; DTC's records reflect only the identity of the direct participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the debt securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to debt securities unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to Abbott as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts debt securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions, and dividend payments on the debt securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from Abbott or the trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the trustee, or Abbott, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Abbott or the trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner shall give notice to elect to have its debt securities purchased or tendered, through its participant, to tender agent, and shall effect delivery of such debt securities by causing the direct participant to transfer the participant's interest in the debt securities, on DTC's records, to tender agent. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the debt securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered debt securities to tender agent's DTC account.

DTC may discontinue providing its services as depository with respect to the debt securities at any time by giving reasonable notice to Abbott or the trustee. Under such circumstances, in the event that a successor depository is not obtained, debt security certificates are required to be printed and delivered.

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Abbott may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, debt security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Abbott believes to be reliable, but Abbott takes no responsibility for the accuracy thereof.

Certain Covenants of the Company

Restrictions on Secured Debt. Unless otherwise provided in the prospectus supplement with respect to any series of the debt securities, if Abbott or any domestic subsidiary incurs, issues, assumes or guarantees any indebtedness for borrowed money represented by notes, bonds, debentures or other similar evidences of indebtedness and that indebtedness is secured by a mortgage on any principal domestic property or on any shares of stock or debt of any domestic subsidiary, Abbott will secure, or cause its domestic subsidiary to secure, the outstanding debt securities equally and ratably with, or prior to, that indebtedness, so long as that indebtedness is to be secured. Abbott is not required to secure the debt securities, however, if, after securing such debt securities, the aggregate amount of all such secured indebtedness, together with all attributable debt in respect of sale and leaseback transactions involving principal domestic properties (other than sale and leaseback transactions permitted pursuant to the second bullet under the heading "Restrictions on Sales and Leasebacks" below), would not exceed 15% of Abbott's consolidated net assets. This restriction will not apply to, and there shall be excluded in computing secured indebtedness for the purpose of this restriction, indebtedness secured by:

- mortgages on property of, or on any shares of stock or debt of, any person existing at the time that person becomes a domestic subsidiary;
- mortgages in favor of Abbott or any subsidiary thereof;
- mortgages in favor of U.S. or foreign governmental bodies to secure partial, progress, advance or other payments;
- mortgages on property, shares of stock or debt existing at the time of acquisition thereof, including acquisition through merger or consolidation;
- mortgages to secure the payment of all or any part of the cost of acquisition, construction, development or improvement of the underlying property, or to secure debt incurred to provide funds for any such purpose, provided that the commitment of the creditor to extend the credit secured by any such mortgage is obtained not later than 365 days after the later of (a) the completion of the acquisition, construction, development or improvement of such property or (b) the placing in operation of such property;
- with respect to each series of debt securities, mortgages existing on the first date on which such series of debt securities is authenticated by the trustee;
- mortgages incurred in connection with pollution control, industrial revenue or similar financings;
- mortgages created in substitution of or as replacements for any mortgages referred to in the foregoing list, inclusive, provided that, based on a good faith determination of an officer of Abbott, the property encumbered under any such substitute or replacement mortgage is substantially similar in nature to the property encumbered by the otherwise permitted mortgage which is being replaced; and

any extension, renewal or replacement of any debt secured by any mortgage referred to in the foregoing list, inclusive; provided, that such extension, renewal or replacement mortgage is limited to all or a part of the same property, shares of stock or debt that secured such mortgage and the debt secured by such mortgage at such time is not increased (other than by an amount equal to any related financing costs and, where an additional principal amount of debt is incurred to provide funds for the completion of a specific project that is subject to a mortgage securing the debt being extended, refinanced or renewed, by an amount equal to such additional principal amount).

Restrictions on Sales and Leasebacks. Unless otherwise provided in the prospectus supplement with respect to any series of the debt securities, neither Abbott nor any domestic subsidiary may enter into any sale and leaseback transaction involving any principal domestic property, the acquisition or completion of construction and commencement of full operation of which has occurred more than 180 days prior thereto, unless:

Abbott or the domestic subsidiary could incur debt secured by a mortgage on the property under the restrictions described above under "Restrictions on Secured Debt" in an amount equal to the attributable debt with respect to the sale and leaseback transaction without equally and ratably securing the debt securities; or

Abbott, within 180 days after the sale or transfer by Abbott or any domestic subsidiary, applies to the retirement of Abbott's funded debt, which is defined as indebtedness for borrowed money having a maturity of, or by its terms extendible for, a period of more than 12 months after the date of determination of the amount, an amount equal to the greater of:

(1) the net proceeds of the sale of the principal domestic property sold and leased under such arrangement; or

(2) the fair market value of the principal domestic property sold and leased, subject to credits for certain voluntary retirements of funded debt.

The following are the meanings of terms that are important in understanding the restrictive covenants of Abbott:

"attributable debt" means the present value (discounted at the rate of 8% each year compounded monthly) of the obligations for rental payments required to be paid during the remaining term of any lease of more than 12 months.

"consolidated net assets" means the aggregate amount of assets, less reserves and other deductible items, after deducting current liabilities, as shown on Abbott's consolidated balance sheet contained in the latest quarterly report to Abbott's stockholders and prepared in accordance with generally accepted accounting principles. The calculation of "consolidated net assets" shall give pro forma effect to any acquisition by or disposition of assets in excess of $500,000,000 of Abbott or any of its subsidiaries that occurred since the end of such fiscal quarter, as if such acquisition or disposition had occurred on the last day of such fiscal quarter.

"domestic subsidiary" means a subsidiary of Abbott that transacts substantially all of its business or maintains substantially all of its property within the United States, excluding its territories, possessions and Puerto Rico, except a subsidiary that (1) is engaged primarily in financing operations outside of the United States or in leasing personal property or financing inventory, receivables or other property or (2) does not own a principal domestic property.

"mortgage" means any mortgage, pledge, lien, security interest, conditional sale or other title retention agreement or other similar encumbrance.

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"person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"principal domestic property" means any building, structure or other facility, together with the land on which it is erected and fixtures comprising a part of it, used primarily for manufacturing, processing, research, warehousing or distribution, located in the United States, excluding its territories, possessions and Puerto Rico, owned or leased by Abbott or any of its domestic subsidiaries and having a net book value which, on the date the determination as to whether a property is a principal domestic property is being made, is in excess of 2% of Abbott's consolidated net assets, other than any such building, structure or other facility or a portion thereof which is an air or water pollution control facility financed by state or local governmental obligations or which Abbott's chairman of the board, chief executive officer, an executive vice president, a senior vice president or a vice president and the chief financial officer, treasurer or assistant treasurer determine in good faith, at any time on or prior to such date, is not of material importance to the total business conducted or assets owned by Abbott and its subsidiaries as an entirety.

"subsidiary" means any person which is a corporation, partnership, joint venture, limited liability company, trust or estate, and of which Abbott directly or indirectly owns or controls stock or other interests, which under ordinary circumstances, not dependent upon the happening of a contingency, has the voting power to elect a majority of such person's board of directors, managers, trustees or equivalent. The term does not include any person that does not own a principal domestic property if Abbott's chairman of the board, chief executive officer, an executive vice president, a senior vice president or a vice president and the chief financial officer or treasurer determine in good faith that Abbott's existing aggregate investments, including those of its domestic subsidiaries, in the person are not of material importance to the total business conducted, or assets owned, by Abbott or its subsidiaries, as an entirety.

Events of Default

With respect to a series of debt securities, any one of the following events will constitute an event of default under the indenture:

- failure to pay any interest or premium on any debt security of that series when due, continued for 30 days;
- failure to pay principal of any debt security of that series when due;
- failure to deposit any sinking fund payment, when due, in respect of any debt security of that series;
- Abbott's failure to perform, or breach of, any other covenant or warranty in the indenture, other than a covenant included in the indenture solely for the benefit of a series of debt securities other than that series, continued for 90 days after written notice as provided in the indenture;
- certain events involving the bankruptcy, insolvency or reorganization of Abbott; or
- any other event of default provided with respect to debt securities of that series.

If any event of default (other than an event of default involving an event of bankruptcy, insolvency or reorganization of Abbott) occurs and continues, either the trustee or the holders of at least 25 percent in principal amount of the outstanding debt securities of that series may declare the principal amount or, if the debt securities of that series are original issue discount securities, the portion of the principal amount as may be specified in the terms of those debt securities, of all the debt securities of that series to be due and payable immediately by a notice in writing to Abbott, and to the trustee if given by holders. The principal amount (or specified amount) will then be immediately due and payable. If an event of default involving an event of bankruptcy, insolvency or reorganization of Abbott occurs, the principal of all the debt securities then outstanding or, if the debt securities of that series are original issue discount securities, the portion of the principal amount as may be specified in the terms of those debt securities, will become immediately due and payable without any action on the part of the trustee or any holder. After acceleration, but before a judgment or decree based on acceleration has been obtained, the holders of a majority in principal amount of outstanding debt securities of that series may, under certain circumstances, rescind and annul the acceleration.

Additional or different events of default applicable to a series of debt securities may be described in a prospectus supplement. An event of default of one series of debt securities is not necessarily an event of default for any other series of debt securities. The prospectus supplement relating to any series of debt securities that are original issue discount securities will contain the particular provisions relating to acceleration of the stated maturity of a portion of the principal amount of that series of original issue discount securities upon the occurrence and continuation of an event of default.

The indenture provides that, subject to the duty of the trustee during default to act with the required standard of care, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless the holders offer the trustee reasonable security or indemnity. Generally, the holders of a majority in aggregate principal amount of the debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee.

A holder of any series of debt securities will not have any right to institute any proceeding with respect to the indenture, or for the appointment of a receiver or trustee, or for any other remedy, unless:

- the holder has previously given to the trustee written notice of a continuing event of default;
- the holders of at least 25 percent in principal amount of the debt securities of that series have made written request to the trustee to institute such proceeding as trustee;
- the trustee has not instituted proceedings within 60 days after receipt of such notice; and
- the trustee shall not have received from the holders of a majority in aggregate principal amount of the debt securities of that series a direction inconsistent with such request during the 60 day period.

However, these limitations do not apply to a suit instituted by a holder for enforcement of payment of the principal of and premium, if any, or interest on its debt securities on or after the respective due dates.

Abbott is required to furnish to the trustee annually a statement as to its performance of certain obligations under the indenture and as to any default.

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Modification and Waiver

Abbott and the trustee may modify and amend the indenture with the consent of the holders of not less than the majority in aggregate principal amount of the outstanding debt securities of each series which is affected. Neither Abbott nor the trustee may, however, modify or amend the indenture without the consent of the holders of all debt securities affected if such action would:

- change the stated maturity of the principal of, or any installment of principal of or interest on, any debt security;
- reduce the principal amount of, or the premium payable upon redemption, if any, or, except as otherwise provided in the prospectus supplement, interest on, any debt security, including in the case of an original issue discount security the amount payable upon acceleration of the maturity;
- change the place or currency of payment of principal of, premium, if any, or interest on any debt security;
- impair the right to institute suit for the enforcement of any payment on any debt security on or after the stated maturity thereof, or in the case of redemption, on or after the redemption date;
- reduce the percentage in principal amount of outstanding debt securities of any series, the consent of whose holders is required for modification or amendment of the indenture or for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults; or
- modify certain provisions of the indenture, except to increase any percentage of principal amount whose holders are required to approve any change to such provision or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of each holder affected.

The holders of at least a majority in principal amount of the outstanding debt securities of any series may, on behalf of all holders of that series, waive compliance by Abbott with certain restrictive provisions of the indenture. The holders of not less than a majority in principal amount of the outstanding debt securities of any series may, on behalf of all holders of that series, waive any past default under the indenture, except (1) a default in the payment of principal, premium or interest and (2) in respect of a covenant or provision of the indenture that cannot be modified or amended without the consent of those holders of each outstanding debt security of that series who were affected.

Consolidation, Merger and Sale of Assets

Abbott may not consolidate with or merge into any other person or convey, transfer or lease its properties and assets substantially as an entirety to any person, unless:

- the person formed by that consolidation or into which Abbott is merged or the person which acquires by conveyance or transfer, or which leases, Abbott's properties and assets substantially as an entirety is a corporation, limited liability company or partnership organized under the laws of the United States of America, any State or the District of Columbia, and expressly assumes Abbott's obligations on the debt securities under a supplemental indenture;
- immediately after giving effect to the transaction no event of default, and no event which, after notice or lapse of time or both, would become an event of default, has occurred and is continuing;
- if Abbott's properties or assets become subject to a mortgage, pledge, lien, security interest or other encumbrance not permitted by the indenture, Abbott or such successor, as the case may be, takes the necessary steps to secure the debt securities equally and ratably with, or prior to, all indebtedness secured thereby; and

Abbott has delivered to the trustee an officers' certificate and an opinion of counsel stating compliance with these provisions.

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Defeasance and Covenant Defeasance

The indenture provides, unless otherwise indicated in the prospectus supplement relating to that particular series of debt securities, that, at Abbott's option, Abbott:

- will be discharged from any and all obligations in respect of the debt securities of that series, except for certain obligations to register the transfer of or exchange of debt securities of that series, replace stolen, lost or mutilated debt securities of that series, maintain paying agencies and hold moneys for payment in trust; or

- need not comply with certain restrictive covenants of the indenture, including those described in the section of the prospectus captioned, "Certain Covenants of the Company," and the occurrence of an event described in the fourth bullet point in the section of the prospectus captioned, "Event of Default" will no longer be an event of default,

in each case, if Abbott deposits, in trust, with the trustee money or U.S. Government Obligations, which through the payment of interest and principal in accordance with their terms will provide money, in an amount sufficient to pay all the principal of and premium, if any, and interest on the debt securities of that series on the dates such payments are due, which may include one or more redemption dates that Abbott designates, in accordance with the terms of the debt securities of that series.

Abbott may establish this trust only if, among other things:

- no event of default or event which with the giving of notice or lapse of time, or both, would become an event of default under the indenture shall have occurred and is continuing on the date of the deposit or insofar as an event of default resulting from certain events involving Abbott's bankruptcy or insolvency at any time during the period ending on the 121st day after the date of the deposit or, if longer, ending on the day following the expiration of the longest preference period applicable to Abbott in respect of the deposit;

- the defeasance will not cause the trustee to have any conflicting interest with respect to any other of Abbott's securities or result in the trust arising from the deposit to constitute, unless it is qualified as, a "regulated investment company";

- the defeasance will not result, in a breach or violation of, or constitute a default under, the indenture or any other agreement or instrument to which Abbott is a party or by which Abbott is bound; and

- Abbott has delivered an opinion of counsel to the effect that the beneficial owners will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax in the same manner as if the defeasance had not occurred, which opinion of counsel, in the case of the first item above, must refer to and be based upon a published ruling of the Internal Revenue Service, a private ruling of the Internal Revenue Service addressed to Abbott, or otherwise a change in applicable federal income tax law occurring after the date of the indenture.

If Abbott fails to comply with its remaining obligations under the indenture after a defeasance of the indenture with respect to the debt securities of any series as described under the second item of the first sentence of this section and the debt securities of such series are declared due and payable because of the occurrence of any event of default, the amount of money and U.S. Government obligations on deposit with the trustee may be insufficient to pay amounts due on the debt securities of that series at the time of the acceleration resulting from the event of default. Abbott will, however, remain liable for those payments.

Concerning the Trustee

U.S. Bank National Association will serve as the trustee under the indenture. The trustee performs services for Abbott in the ordinary course of business.

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LEGAL OPINIONS

Certain legal matters in connection with the debt securities offered hereby will be passed upon for Abbott by Mayer Brown LLP, Chicago, Illinois, and for the underwriters, dealers and agents, if any, by Davis Polk & Wardwell LLP, New York, NY. The opinions of Mayer Brown LLP and Davis Polk & Wardwell LLP may be conditioned upon, and may be subject to certain assumptions regarding, future action required to be taken by Abbott and any underwriter(s), dealer(s) or agent(s) in connection with the issuance and sale of any debt securities. The opinions of Mayer Brown LLP and Davis Polk & Wardwell LLP with respect to debt securities may be subject to other conditions and assumptions, as indicated in the prospectus supplement.

EXPERTS

The consolidated financial statements and the related financial statement schedule incorporated in this registration statement by reference from Abbott's Annual Report on Form 10-K for the year ended December 31, 2014, and the effectiveness of Abbott's internal control over financial reporting as of December 31, 2014 (excluding the internal control over financial reporting of the acquired CFR Pharmaceuticals S.A. business excluded from the scope of management's assessment), have been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their reports, which as to the report on the effectiveness of Abbott's internal control over financial reporting contains an explanatory paragraph describing the above referenced exclusion of the acquired CFR Pharmaceuticals S.A. business from the scope of such firm's audit of internal control over financial reporting, incorporated herein by reference. Such consolidated financial statements and financial statement schedule have been incorporated by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements and the related financial statement schedules for the years ended December 31, 2013 and 2012 incorporated in this registration statement by reference from Abbott's Annual Report on Form 10-K for the year ended December 31, 2014, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and the related financial statement schedules have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

Abbott files annual, quarterly and current reports, proxy statements and other information with the Commission. You may read and copy any document Abbott files with the Commission at the Commission's public reference room at 100 F Street, N.E., Washington D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. Abbott's Commission filings are also available to the public on the Commission's web site at http://www.sec.gov. Abbott's common shares are listed on the New York Stock Exchange, the Chicago Stock Exchange, the London Stock Exchange and the Swiss Stock Exchange, and information about Abbott also is available there.

This prospectus is part of a registration statement that Abbott filed with the Commission. The Commission allows Abbott to "incorporate by reference" the information Abbott files with the Commission. This means that Abbott can disclose important information to you by referring you to other documents that Abbott identifies as part of this prospectus. The information incorporated by reference is considered to be part of this prospectus. Abbott incorporates by reference the documents listed below:

Annual Report on Form 10-K for the year ended December 31, 2014.

Information from the Proxy Statement on Schedule 14A filed on March 14, 2014 that is incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2013.

Current Report on Form 8-K filed on February 27, 2015.

Abbott also incorporates by reference any future filings it makes with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the filing of this registration statement and before Abbott has terminated the offering. Abbott's subsequent filings with the Commission will automatically update and supersede information in this prospectus.

You may obtain a copy of these filings at no cost by writing to or telephoning Abbott at the following address and telephone number:

Abbott Laboratories
100 Abbott Park Road
Abbott Park, Illinois 60064-6020
Attention: Hubert L. Allen
Executive Vice President, General Counsel and Secretary
and General Counsel
Phone: (224) 668-6856

You should rely only on the information incorporated by reference or provided in this prospectus or any supplement. Abbott has not authorized anyone else to provide you with different information. This prospectus is an offer to sell or buy only the debt securities described in this document, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current and accurate only as of the date of this prospectus.

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Abbott Laboratories

% Notes due 2019
% Notes due 2021
% Notes due 2023
% Notes due 2026
% Notes due 2036
% Notes due 2046

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

BofA Merrill Lynch	**Barclays**	**Morgan Stanley**
(All notes)	(All notes)	(All notes)

, 2016