ABBOTT LABORATORIES
Form 10-K
February 19, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-K

(MARK ONE)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015 **Commission file number 1-2189**

Abbott Laboratories

An Illinois Corporation
100 Abbott Park Road
Abbott Park, Illinois 60064-6400

36-0698440
(I.R.S. employer identification number)

(224) 667-6100
(telephone number)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, Without Par Value	New York Stock Exchange Chicago Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ý **No o**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes o **No ý**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 ý **No o**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ý Accelerated Filer o Non-accelerated Filer o Smaller Reporting Company o

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

Yes o No ý

The aggregate market value of the 1,453,594,026 shares of voting stock held by nonaffiliates of the registrant, computed by reference to the closing price as reported on the New York Stock Exchange, as of the last business day of Abbott Laboratories' most recently completed second fiscal quarter (June 30, 2015), was $71,342,394,796. Abbott has no non-voting common equity.

Number of common shares outstanding as of January 31, 2016: 1,473,241,861

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2016 Abbott Laboratories Proxy Statement are incorporated by reference into Part III. The Proxy Statement will be filed on or about March 18, 2016.

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

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.

FINANCIAL INFORMATION RELATING TO INDUSTRY SEGMENTS, GEOGRAPHIC AREAS, AND CLASSES OF SIMILAR PRODUCTS

Incorporated herein by reference is Note 15 entitled "Segment and Geographic Area Information" of the Notes to Consolidated Financial Statements included under Item 8, "Financial Statements and Supplementary Data."

NARRATIVE DESCRIPTION OF BUSINESS

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. In April 2015, Abbott sold 40,250,000 of its Mylan N.V. ordinary shares. Abbott currently owns 69,750,000 Mylan N.V. ordinary shares.

On January 30, 2016, Abbott entered into a definitive agreement to acquire Alere Inc., a Delaware corporation (Alere), a global leader in point of care diagnostics. The acquisition is subject to the approval of Alere's shareholders and the satisfaction of customary closing conditions, including applicable regulatory approvals. Under the terms of the agreement, Abbott will pay $56.00 per common share in cash at the completion of the transaction, and Alere's net debt will be assumed or refinanced by Abbott.

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* As used throughout the text of this report on Form 10-K, the term "Abbott" refers to Abbott Laboratories, an Illinois corporation, or Abbott Laboratories and its consolidated subsidiaries, as the context requires.

Established Pharmaceutical Products

These products include a broad line of branded generic pharmaceuticals manufactured worldwide and marketed and sold outside the United States. These products are generally sold directly to wholesalers, distributors, government agencies, health care facilities, pharmacies, and independent retailers from Abbott-owned distribution centers and public warehouses, depending on the market served. Certain products are co-marketed or co-promoted with, or licensed from, other companies.

The principal products included in the broad therapeutic area portfolios of the Established Pharmaceutical Products segment are:

gastroenterology products, including Creon®, for the treatment of pancreatic exocrine insufficiency associated with several underlying conditions, including cystic fibrosis and chronic pancreatitis; Duspatal® and Dicetel®, for the treatment of irritable bowel syndrome or biliary spasm; Heptral®, Transmetil®, Samyr®, and Donamet®, for the treatment of intrahepatic cholestasis (associated with liver disease) or depressive symptoms; and Duphalac®, for regulation of the physiological rhythm of the colon;

women's health products, including Duphaston®, for the treatment of many different gynecological disorders; and Femoston®, a hormone replacement therapy for postmenopausal women;

cardiovascular and metabolic products, including Lipanthyl® and TriCor®, for the treatment of dyslipidemia; Teveten® and Teveten® Plus, for the treatment of essential hypertension, and Physiotens®, for the treatment of hypertension; and Synthroid®, for the treatment of hypothyroidism;

pain and central nervous system products, including Serc®, for the treatment of Ménière's disease and vestibular vertigo; Brufen®, for the treatment of pain, fever, and inflammation, and Sevedol®, for the treatment of severe migraines; and

respiratory drugs and vaccines, including the anti-infective clarithromycin (sold under the trademarks Biaxin®, Klacid®, and Klaricid®); and Influvac®, an influenza vaccine.

The Established Pharmaceutical Products segment directs its primary marketing efforts toward building a strong brand with key stakeholders, including consumers, pharmacists, physicians, and other healthcare providers. Government agencies are also important customers.

Competition in the Established Pharmaceutical Products segment is generally from other health care and pharmaceutical companies. In addition, the substitution of generic drugs for the brand prescribed and introduction of additional forms of already marketed established products by generic or branded competitors have increased competitive pressures.

Diagnostic Products

These products include a broad line of diagnostic systems and tests manufactured, marketed, and sold worldwide. These products are generally marketed and sold directly to blood banks, hospitals, commercial laboratories, clinics, physicians' offices, government agencies, alternate care testing sites, and plasma protein therapeutic companies from Abbott owned distribution centers, public warehouses or third party distributors.

The principal products included in the Diagnostic Products segment are:

immunoassay and clinical chemistry systems, including ARCHITECT® and ABBOTT PRISM®, with assays used for screening and/or diagnosis for cancer, cardiac, drugs of abuse, fertility, general chemistries, infectious diseases such as hepatitis and HIV, and therapeutic drug monitoring;

a full line of hematology systems and reagents known as the Cell-Dyn® series;

the i-STAT® point-of-care diagnostic systems and cartridges for blood analysis;

m2000 , an instrument that automates the extraction, purification, and preparation of DNA and RNA from patient samples, and detects and measures infectious agents including HIV, HBV, HCV, HPV, and CT/NG;

the Vysis® FISH product line of genomic-based tests, including the PathVysion® HER-2 DNA probe kit; the UroVysion® bladder cancer recurrence kit; and the Vysis ALK Break Apart FISH Probe Kit, an FDA-approved companion diagnostic to Pfizer's approved non-small-cell lung cancer therapy XALKORI®;

informatics and automation solutions for use in laboratories, including ACCELERATOR *a*3600®; and

IRIDICA®, an instrument used to rapidly identify a broad range of infection-causing pathogens, including bacteria, fungi, and viruses in critically ill patients.

The Diagnostic Products segment's products are subject to competition in technological innovation, price, convenience of use, service, instrument warranty provisions, product performance, long-term supply contracts, and product potential for overall cost-effectiveness and productivity gains. Some products in this segment can be subject to rapid product obsolescence or regulatory changes. Although Abbott has benefited from technological advantages of certain of its current products, these advantages may be reduced or eliminated as competitors introduce new products.

Nutritional Products

These products include a broad line of pediatric and adult nutritional products manufactured, marketed, and sold worldwide. These products are generally marketed and sold directly to consumers and to institutions, wholesalers, retailers, health care facilities, government agencies, and third-party distributors from Abbott-owned distribution centers or third-party distributors.

The principal products included in the Nutritional Products segment are:

various forms of prepared infant formula and follow-on formula, including Similac®, Similac®Advance®, Similac® with Iron, Similac Sensitive®, Similac Sensitive® RS, Go&Grow by Similac , Similac® NeoSure®, Similac® Organic, Similac Special Care®, Similac Total Comfort , Similac® For Supplementation, Similac® with OptiGRO , Isomil® Advance®, Isomil®, Alimentum®, Gain®, Grow®, Similac Qinti , and Eleva ;

adult and other pediatric nutritional products, including Ensure®, Ensure Plus®, Ensure® Muscle Health, Ensure® (with Nutrivigor®), Ensure Complete®, Glucerna®, Glucerna Hunger Smart®, ProSure®, PediaSure®, PediaSure Sidekicks®, EleCare®, Juven®, Abound®, and Pedialyte®;

nutritional products used in enteral feeding in health care institutions, including Jevity®, Glucerna® 1.2 Cal, Glucerna® 1.5 Cal, Osmolite®, Oxepa®, Freego® (Enteral Pump) and Freego® sets, and Nepro®; and

Zone Perfect® bars and the EAS® family of nutritional brands, including Myoplex® and AdvantEdge®.

Primary marketing efforts for nutritional products are directed toward consumers or to securing the recommendation of Abbott's brand of products by physicians or other health care professionals. In addition, certain nutritional products sold as Similac®, Gain®, Grow®, Eleva , PediaSure®, PediaSure Sidekicks®, Pedialyte®, Ensure®, Zone Perfect®, EAS®/Myoplex®, and Glucerna® are also promoted directly to the public by consumer marketing efforts in select markets.

Competition for nutritional products in the segment is generally from other diversified consumer and health care manufacturers. Competitive factors include consumer advertising, formulation, packaging, scientific innovation, intellectual property, price, retail distribution, and availability of product forms. A significant aspect of competition is the search for ingredient innovations. The introduction of new products by competitors, changes in medical practices and procedures, and regulatory changes can result in product obsolescence. In addition, private label and local manufacturers' products may increase competitive pressure.

Vascular Products

These products include a broad line of coronary, endovascular, vessel closure, and structural heart devices for the treatment of vascular disease that are manufactured, marketed and sold worldwide. In the United States, these products are generally marketed and sold directly to hospitals from Abbott-owned distribution centers and public warehouses. Outside the United States, sales are made either directly to customers or through distributors, depending on the market served.

The principal products included in the Vascular Products segment are:

XIENCE Alpine®, XIENCE Xpedition®, XIENCE Prime®, XIENCE nano®, XIENCE V®, and XIENCE Pro® and XIENCE ProX, drug-eluting coronary stent systems developed on the Multi-Link Vision® platform;

Absorb , a drug-eluting coronary bioresorbable vascular scaffold;

Multi-Link 8®, Multi-Link Vision® and Multi-Link Mini Vision®, coronary metallic stents;

TREK® and Voyager®, coronary balloon dilatation products;

Hi-Torque Balance Middleweight Elite® and ASAHI® coronary guidewires (licensed from Asahi Intecc Co., Ltd.);

MitraClip®, a percutaneous mitral valve repair system;

Supera® Peripheral Stent System, a peripheral vascular stent system;

StarClose SE® and Perclose® vessel closure devices; and

Acculink®/Accunet® and Xact®/Emboshield NAV®, carotid stent systems.

The Vascular Products segment's products are subject to competition in technological innovation, price, convenience of use, service, product performance, long-term supply contracts, and product potential for overall cost-effectiveness and productivity gains. Some products in this segment can be subject to rapid product obsolescence or regulatory changes. Although Abbott has benefited from technological advantages of certain of its current products, these advantages may be reduced or eliminated as competitors introduce new products.

Other Products

The principal products in Abbott's other businesses include blood glucose, and flash glucose monitoring systems, including test strips, sensors, data management decision software, and accessories for people with diabetes, under the FreeStyle® brand, and medical devices for the eye, including cataract surgery, LASIK surgery, contact lens care products, and dry eye products. These products are marketed worldwide and generally sold directly to wholesalers, government agencies, private health care organizations, health care facilities, mail order pharmacies, and independent retailers from Abbott-owned distribution centers and public warehouses. Some of these products are marketed and distributed through distributors. Blood glucose monitoring systems, contact lens care products, and dry eye products are also

marketed and sold to consumers. These products are subject to regulatory changes and competition in technological innovation, price, convenience of use, service, and product performance.

INFORMATION WITH RESPECT TO ABBOTT'S BUSINESS IN GENERAL

Sources and Availability of Raw Materials

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 around the world. There have been no recent significant availability problems or supply shortages for raw materials or supplies.

Patents, Trademarks, and Licenses

Abbott is aware of the desirability for patent and trademark protection for its products. Accordingly, where possible, patents and trademarks are sought and obtained for Abbott's products in the United States and countries of interest to Abbott. Abbott owns and is licensed under a substantial number of patents and patent applications. Principal trademarks and the products they cover are discussed in the Narrative Description of Business on pages 1 through 5. These, and various patents which expire during the period 2016 to 2036, in the aggregate, are believed to be of material importance in the operation of Abbott's business. Abbott believes that no single patent, license, or trademark is material in relation to Abbott's business as a whole.

Seasonal Aspects, Customers, Backlog, and Renegotiation

There are no significant seasonal aspects to Abbott's business. Abbott has no single customer that, if the customer were lost, would have a material adverse effect on Abbott. Orders for Abbott's products are generally filled on a current basis, and order backlog is not material to Abbott's business. No material portion of Abbott's business is subject to renegotiation of profits or termination of contracts at the election of a government.

Research and Development

Abbott spent approximately $1.4 billion in 2015, $1.3 billion in 2014, and $1.4 billion in 2013 on research to discover and develop new products and processes and to improve existing products and processes.

Environmental Matters

Abbott believes that its operations comply in all material respects with applicable laws and regulations concerning environmental protection. Regulations under federal and state environmental laws impose stringent limitations on emissions and discharges to the environment from various manufacturing operations. Abbott's capital and operating expenditures for pollution control in 2015 were approximately $14 million and $36 million, respectively. Capital and operating expenditures for pollution control in 2016 are estimated to be $14 million and $38 million, respectively.

Abbott has been identified as one of many potentially responsible parties in investigations and/or remediations at several locations in the United States, including Puerto Rico, under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund. Abbott is also engaged in remediation at several other sites, some of which are owned by Abbott, in cooperation with the Environmental Protection Agency (EPA) or similar agencies. While it is not feasible to predict with certainty the final costs related to those investigations and remediation activities, Abbott believes that such costs, together with other expenditures to maintain compliance with applicable laws and regulations concerning environmental protection, should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations.

Employees

Abbott employed approximately 74,000 people as of December 31, 2015.

Regulation

The development, manufacture, marketing, sale, promotion, and distribution of Abbott's products are subject to comprehensive government regulation by the U.S. Food and Drug Administration and similar international regulatory agencies. Government regulation by various international, supranational, federal and state agencies addresses (among other matters) the development and approval to market Abbott's products, as well as the inspection of, and controls over, research and laboratory procedures, clinical investigations, product approvals and manufacturing, labeling, packaging, supply chains, marketing and promotion, pricing and reimbursement, sampling, distribution, quality control, post-market surveillance, record keeping, storage, and disposal practices. Abbott's international operations are also affected by trade and investment regulations in many countries. These may require local investment, restrict Abbott's investments, or limit the import of raw materials and finished products. In addition, Abbott is subject to laws and regulations pertaining to health care fraud and abuse, including state and federal anti-kickback and false claims laws in the United States. Prescription drug, nutrition, and medical device manufacturers such as Abbott are also subject to taxes, as well as application, product, user, establishment, and other fees. Governmental agencies can also invalidate intellectual property rights.

Compliance with these laws and regulations is costly and materially affects Abbott's business. Among other effects, health care regulations substantially increase the time, difficulty, and costs incurred in obtaining and maintaining approval to market newly developed and existing products. Abbott expects this regulatory environment will continue to require significant technical expertise and capital investment to ensure compliance. Failure to comply can delay the release of a new product or result in regulatory and enforcement actions, the seizure or recall of a product, the suspension or revocation of the authority necessary for a product's production and sale, and other civil or criminal sanctions, including fines and penalties.

Abbott's business can also be affected by ongoing studies of the utilization, safety, efficacy, and outcomes of health care products and their components that are regularly conducted by industry participants, government agencies, and others. These studies can call into question the utilization, safety, and efficacy of previously marketed products. In some cases, these studies have resulted, and may in the future result, in the discontinuation of marketing of such products in one or more countries, and may give rise to claims for damages from persons who believe they have been injured as a result of their use.

Access to human health care products continues to be a subject of investigation and action by governmental agencies, legislative bodies, and private organizations in many countries. A major focus is cost containment. Efforts to reduce health care costs are also being made in the private sector, notably by health care payors and providers, which have instituted various cost reduction and containment measures. Abbott expects insurers and providers will continue attempts to reduce the cost of health care products. Many countries control the price of health care products directly or indirectly, through reimbursement, payment, pricing, coverage limitations, or compulsory licensing. Budgetary pressures on health care payors may also heighten the scope and severity of pricing pressures on Abbott's products for the foreseeable future.

In the United States, the federal government regularly evaluates reimbursement for medical procedures in which medical devices and diagnostics may be used. The government follows a diagnosis-related group (DRG) payment system for certain institutional services provided under Medicare or Medicaid and has implemented a prospective payment system (PPS) for services delivered in hospital outpatient, nursing home, and home health settings. DRG and PPS entitle a health care facility to a fixed reimbursement based on the diagnosis and/or procedure rather than actual costs incurred in patient treatment, thereby increasing the incentive for the facility to limit or control expenditures for many health

care products. Abbott and other companies that sell medical devices were obligated to pay an excise tax on sales of certain medical devices. Under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (together, the Affordable Care Act), this excise tax is suspended from January 2016 until January 2018. Medicare also implemented a competitive bidding system for durable medical equipment (including diabetes products), enteral nutrition products, and supplies. Additionally, the Protecting Access to Medicare Act establishes a new payment system for clinical laboratory tests, which goes into effect in 2017.

The Affordable Care Act also includes provisions known as the Physician Payments Sunshine Act, which require manufacturers of drugs, devices, and medical supplies covered under Medicare and Medicaid to record any transfers of value to physicians and teaching hospitals and to report this data to the Centers for Medicare and Medicaid Services for subsequent public disclosure. Similar reporting requirements have also been enacted on the state level domestically, and an increasing number of governments worldwide either have adopted or are considering similar laws requiring transparency of interactions with health care professionals. Failure to report appropriate data may result in civil or criminal fines and/or penalties.

The regulation of data privacy and security, and the protection of the confidentiality of certain patient health information, is increasing. For example, the European Union continues to contemplate enacting stricter laws with enhanced financial penalties for noncompliance. Similarly, the U.S. Department of Health and Human Services has issued rules governing the use, disclosure, and security of protected health information, and the U.S. Food and Drug Administration has issued further guidance concerning data security for medical devices. Failure to comply with data privacy and security regulations can result in enforcement actions, which could include civil or criminal penalties. Transferring and managing protected health information will become more challenging as new laws and regulations are enacted, and with actions like the 2015 invalidation of the long-standing Safe Harbor mechanism for transfer of data from the European Union to the United States, Abbott expects there will be increasing complexity in this area.

Governmental cost containment efforts also affect Abbott's nutrition business. In the United States, for example, under regulations governing the federally funded Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), all states must have a cost containment program for infant formula. As a result, through competitive bidding states obtain rebates from manufacturers of infant formula whose products are used in the program.

Abbott expects debate to continue at all government levels worldwide over the marketing, manufacture, availability, method of delivery, and payment for health care products and services, as well as data privacy and security. Abbott believes that future legislation and regulation in the markets it serves could affect access to health care products and services, increase rebates, reduce prices or reimbursements or the rate of price increases for health care products and services, change health care delivery systems, create new fees and obligations for the pharmaceutical, nutrition, diagnostic, and medical device industries, or require additional reporting and disclosure. It is not possible to predict the extent to which Abbott or the health care industry in general might be affected by the matters discussed above.

INTERNATIONAL OPERATIONS

As discussed in greater detail in the section captioned, "Narrative Description of Business," Abbott markets products worldwide through affiliates and distributors. Most of the products discussed in the preceding sections of this report are also sold outside the United States. In addition, certain products of a local nature and variations of product lines to meet local regulatory requirements and marketing preferences are manufactured and marketed to customers outside the United States. International operations are subject to certain additional risks inherent in conducting business outside the United States, including price and currency exchange controls, changes in currency exchange rates, limitations on foreign participation in local enterprises, expropriation, nationalization, and other governmental action.

INTERNET INFORMATION

Copies of Abbott's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through Abbott's investor relations website (*www.abbottinvestor.com*) as soon as reasonably practicable after Abbott electronically files the material with, or furnishes it to, the Securities and Exchange Commission.

Abbott's corporate governance guidelines, outline of directorship qualifications, code of business conduct and the charters of Abbott's audit committee, compensation committee, nominations and governance committee, and public policy committee are all available on Abbott's investor relations website (*www.abbottinvestor.com*).

ITEM 1A. RISK FACTORS

In addition to the other information in this report, the following risk factors should be considered before deciding to invest in any of Abbott's securities. Additional risks and uncertainties not presently known to Abbott, or risks Abbott currently considers immaterial, could also affect Abbott's actual results. Abbott's business, financial condition, results of operations, or prospects could be materially adversely affected by any of these risks.

Abbott may acquire other businesses, license rights to technologies or products, form alliances, or dispose of or spin-off businesses, which could cause it to incur significant expenses and could negatively affect profitability.

Abbott may pursue acquisitions, licensing arrangements, and strategic alliances, or dispose of or spin-off some of its businesses, as part of its business strategy. Abbott may not complete these transactions in a timely manner, on a cost-effective basis, or at all, and may not realize the expected benefits. If Abbott is successful in making an acquisition, the products and technologies that are acquired may not be successful or may require significantly greater resources and investments than originally anticipated. Abbott may not be able to integrate acquisitions successfully into its existing business or transition disposed businesses efficiently, and could incur or assume significant debt and unknown or contingent liabilities. Abbott could also experience negative effects on its reported results of operations from acquisition or disposition-related charges, amortization of expenses related to intangibles and charges for impairment of long-term assets. These effects could cause a deterioration of Abbott's credit rating and result in increased borrowing costs and interest expense.

Abbott is subject to cost containment efforts that could cause a reduction in future revenues and operating income.

In the United States and other countries, Abbott's businesses have experienced downward pressure on product pricing. Cost containment efforts by governments and private organizations are described in greater detail in the section captioned "Regulation." To the extent these cost containment efforts are not offset by greater patient access to health care or other factors, Abbott's future revenues and operating income will be reduced.

Abbott is subject to numerous governmental regulations and it can be costly to comply with these regulations and to develop compliant products and processes.

Abbott's products are subject to rigorous regulation by the U.S. Food and Drug Administration (FDA) and numerous international, supranational, federal, and state authorities. The process of obtaining regulatory approvals to market a drug or medical device can be costly and time-consuming, and approvals might not be granted for future products, or additional indications or uses of existing products, on a timely basis, if at all. Delays in the receipt of, or failure to obtain approvals for, future products, or new indications and uses, could result in delayed realization of product revenues, reduction in revenues, and in substantial additional costs.

In addition, no assurance can be given that Abbott will remain in compliance with applicable FDA and other regulatory requirements once approval or marketing authorization has been obtained for a product. These requirements include, among other things, regulations regarding manufacturing practices, product labeling, and advertising and postmarketing reporting, including adverse event reports and field alerts due to manufacturing quality concerns. Many of Abbott's facilities and procedures and those of Abbott's suppliers are subject to ongoing regulation, including periodic inspection by the FDA and other regulatory authorities. Abbott must incur expense and spend time and effort to ensure compliance with these complex regulations. Possible regulatory actions for non-compliance could include warning letters, fines, damages, injunctions, civil penalties, recalls, seizures of Abbott's products, and criminal prosecution.

These actions could result in, among other things, substantial modifications to Abbott's business practices and operations; refunds, recalls, or seizures of Abbott's products; a total or partial shutdown of production in one or more of Abbott's facilities while Abbott or Abbott's suppliers remedy the alleged violation; the inability to obtain future pre-market approvals or marketing authorizations; and withdrawals or suspensions of current products from the market. Any of these events could disrupt Abbott's business and have a material adverse effect on Abbott's revenues, profitability and financial condition.

Laws and regulations affecting government benefit programs could impose new obligations on Abbott, require Abbott to change its business practices, and restrict its operations in the future.

Abbott's industry is subject to various international, supranational, federal, and state laws and regulations pertaining to government benefit program reimbursement, price reporting and regulation, and health care fraud and abuse, including anti-kickback and false claims laws, and international and individual state laws relating to pricing and sales and marketing practices. Violations of these laws may be punishable by criminal and/or civil sanctions, including, in some instances, substantial fines, imprisonment, and exclusion from participation in government health care programs, including Medicare, Medicaid, and Veterans Administration health programs in the U.S. These laws and regulations are broad in scope and they are subject to evolving interpretations, which could require Abbott to incur substantial costs associated with compliance or to alter one or more of its sales or marketing practices. In addition, violations of these laws, or allegations of such violations, could disrupt Abbott's business and result in a material adverse effect on Abbott's revenues, profitability, and financial condition.

Changes in the health care regulatory environment may adversely affect Abbott's business.

Both in the U.S. and internationally, government authorities may enact changes in regulatory requirements, legislative or administrative reforms to existing reimbursement programs, or make adverse decisions relating to our products' coverage or reimbursement, all of which could adversely impact the demand for and usage of our products or the prices that our customers are willing to pay for them.

In the U.S., a number of the provisions of the U.S. Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 change access to health care products and services and establish new fees for the medical device industry. Future rulemaking could increase rebates, reduce prices or the rate of price increases for health care products and services, or require additional reporting and disclosure. Abbott cannot predict the timing or impact of any future rulemaking.

For additional information concerning health care regulation, see the discussion in "Regulation" under Item 1, "Business."

The expiration or loss of patent protection and licenses may affect Abbott's future revenues and operating income.

Many of Abbott's businesses rely on patent and trademark and other intellectual property protection. Although most of the challenges to Abbott's intellectual property have come from other businesses, governments may also challenge intellectual property protections. To the extent Abbott's intellectual property is successfully challenged, invalidated, or circumvented or to the extent it does not allow Abbott to compete effectively, Abbott's businesses could suffer. To the extent that countries do not enforce Abbott's intellectual property rights or to the extent that countries require compulsory licensing of its intellectual property, Abbott's future revenues and operating income could be reduced. Litigation regarding Abbott's patents and trademarks is described in the section captioned "Legal Proceedings."

Competitors' intellectual property may prevent Abbott from selling its products or have a material adverse effect on Abbott's future profitability and financial condition.

Competitors may claim that an Abbott product infringes upon their intellectual property. Resolving an intellectual property infringement claim can be costly and time consuming and may require Abbott to enter into license agreements. Abbott cannot guarantee that it would be able to obtain license agreements on commercially reasonable terms. A successful claim of patent or other intellectual property infringement could subject Abbott to significant damages or an injunction preventing the manufacture, sale or use of affected Abbott products. Any of these events could have a material adverse effect on Abbott's profitability and financial condition.

Abbott's research and development efforts may not succeed in developing commercially successful products and technologies, which may cause Abbott's revenue and profitability to decline.

To remain competitive, Abbott must continue to launch new products and technologies. To accomplish this, Abbott commits substantial efforts, funds, and other resources to research and development. A high rate of failure is inherent in the research and development of new products and technologies. Abbott must make ongoing substantial expenditures without any assurance that its efforts will be commercially successful. Failure can occur at any point in the process, including after significant funds have been invested.

Promising new product candidates may fail to reach the market or may only have limited commercial success because of efficacy or safety concerns, failure to achieve positive clinical outcomes, inability to obtain necessary regulatory approvals, limited scope of approved uses, excessive costs to manufacture, the failure to establish or maintain intellectual property rights, or infringement of the intellectual property rights of others. Even if Abbott successfully develops new products or enhancements or new generations of Abbott's existing products, they may be quickly rendered obsolete by changing customer preferences, changing industry standards, or competitors' innovations. Innovations may not be accepted quickly in the marketplace because of, among other things, entrenched patterns of clinical practice or uncertainty over third-party reimbursement. Abbott cannot state with certainty when or whether any of its products under development will be launched, whether it will be able to develop, license, or otherwise acquire compounds or products, or whether any products will be commercially successful. Failure to launch successful new products or new indications for existing products may cause Abbott's products to become obsolete, causing Abbott's revenues and operating results to suffer.

New products and technological advances by Abbott's competitors may negatively affect Abbott's results of operations.

Abbott's products face intense competition from its competitors' products. Competitors' products may be safer, more effective, more effectively marketed or sold, or have lower prices or superior performance features than Abbott's products. Abbott cannot predict with certainty the timing or impact of the introduction of competitors' products.

The manufacture of many of Abbott's products is a highly exacting and complex process, and if Abbott or one of its suppliers encounters problems manufacturing products, Abbott's business could suffer.

The manufacture of many of Abbott's products is a highly exacting and complex process, due in part to strict regulatory requirements. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials, natural disasters, and environmental factors. In addition, single suppliers are currently used for certain products and materials. If problems arise during the production of a batch of product, that batch of product may have to be discarded. This could, among other things, lead to increased costs, lost revenue, damage to customer relations, time and expense spent investigating the cause and, depending on the cause,

similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. To the extent Abbott or one of its suppliers experiences significant manufacturing problems, this could have a material adverse effect on Abbott's revenues and profitability.

Significant safety concerns could arise for Abbott's products, which could have a material adverse effect on Abbott's revenues and financial condition.

Health care products typically receive regulatory approval based on data obtained in controlled clinical trials of limited duration. Following regulatory approval, these products will be used over longer periods of time in many patients. Investigators may also conduct additional, and perhaps more extensive, studies. If new safety issues are reported, Abbott may be required to amend the conditions of use for a product. For example, Abbott may be required to provide additional warnings on a product's label or narrow its approved intended use, either of which could reduce the product's market acceptance. If serious safety issues arise with an Abbott product, sales of the product could be halted by Abbott or by regulatory authorities. Safety issues affecting suppliers' or competitors' products also may reduce the market acceptance of Abbott's products.

In addition, in the ordinary course of business, Abbott is the subject of product liability claims and lawsuits alleging that its products or the products of other companies that Abbott promotes have resulted or could result in an unsafe condition for or injury to patients. Product liability claims and lawsuits, safety alerts or product recalls, and other allegations of product safety or quality issues, regardless of their validity or ultimate outcome, may have a material adverse effect on Abbott's business and reputation and on Abbott's ability to attract and retain customers. Consequences may also include additional costs, a decrease in market share for the products, lower income or exposure to other claims. Product liability losses are self-insured. Product liability claims could have a material adverse effect on Abbott's profitability and financial condition.

Deterioration in the economic position and credit quality of certain countries may negatively affect Abbott's results of operations.

Unfavorable economic conditions in certain countries may increase the time it takes to collect outstanding trade receivables. Financial instability and fiscal deficits in these countries may result in additional austerity measures to reduce costs, including health care. Deterioration in the quality of sovereign debt, including credit downgrades, could increase Abbott's collection risk where a significant amount of Abbott's receivables in these countries are with governmental health care systems.

Abbott depends on sophisticated information technology systems and a cyber attack or other breach of these systems could have a material adverse effect on Abbott's results of operations.

Similar to other large multi-national companies, the size and complexity of the information technology systems on which Abbott relies makes them vulnerable to a cyber attack, malicious intrusion, breakdown, destruction, loss of data privacy, or other significant disruption. These systems have been and are expected to continue to be the target of malware and other cyber attacks. In addition, third party hacking attempts may cause data relating to customers or Abbott's proprietary information to be compromised.

Abbott has invested in its systems and the protection of its data to reduce the risk of an invasion or interruption and monitors its systems on an ongoing basis for any current or potential threats. There can be no assurance that these measures and efforts will prevent future interruptions or breakdowns to any of the systems on which Abbott relies and that could have a significant effect on Abbott's business.

Abbott may incur operational difficulties or be exposed to claims and liabilities as a result of the separation.

AbbVie and Abbott entered into a separation and distribution agreement and various other agreements to govern the separation of AbbVie from Abbott and the relationship between the two companies going forward. These arrangements could lead to disputes between Abbott and AbbVie over Abbott's rights to certain shared property and rights and over the allocation of costs and revenues for products and operations. The separation and distribution agreement also provides for, among other things, indemnification obligations designed to make AbbVie financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after AbbVie's separation from Abbott, as well as those obligations of Abbott assumed by AbbVie pursuant to the separation and distribution agreement. It is possible that a court would disregard the allocation agreed to between Abbott and AbbVie and require Abbott to assume responsibility for obligations allocated to AbbVie. Third parties could also seek to hold Abbott responsible for any of these liabilities or obligations. The indemnity rights Abbott has under the separation agreement may not be sufficient to protect Abbott. Even if Abbott is successful in obtaining indemnification, Abbott may have to bear losses temporarily. In addition, Abbott's indemnity obligations to AbbVie may be significant. These risks could negatively affect Abbott's results of operations.

There could be significant liability if the distribution of AbbVie common stock to Abbott shareholders is determined to be a taxable transaction.

Abbott received a private letter ruling from the Internal Revenue Service (IRS) to the effect that, among other things, the separation and the distribution of AbbVie qualifies as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code (the Code). In addition, Abbott received an opinion from outside tax counsel to the effect that the separation and distribution qualifies as a transaction that is described in Sections 355(a) and 368(a)(1)(D) of the Code. The ruling and the opinion rely on certain facts, assumptions, representations and undertakings from Abbott and AbbVie regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings is incorrect or not satisfied, Abbott and its shareholders may not be able to rely on the ruling or the opinion of tax counsel and could be subject to significant tax liabilities. Notwithstanding the receipt by Abbott of the private letter ruling from the IRS and opinion of tax counsel, the IRS could determine on audit that the separation is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion that are not covered by the private letter ruling, or for other reasons, including as a result of certain significant changes in the share ownership of Abbott or AbbVie after the separation. If the separation is determined to be taxable for U.S. federal income tax purposes, Abbott and its shareholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities.

Abbott holds a significant investment in Mylan N.V. and is subject to market risk.

On February 27, 2015, Abbott completed the disposition of its developed markets branded generics pharmaceuticals business and, in exchange, received 110,000,000 Mylan N.V. ordinary shares. In April 2015, Abbott sold 40,250,000 of these Mylan N.V. ordinary shares. Abbott currently owns 69,750,000 Mylan N.V. ordinary shares. As long as Abbott holds the remaining shares, Abbott will have a substantial undiversified equity investment in Mylan N.V. and, therefore, will be subject to the risk of changes in the market value of those shares.

Fluctuation in foreign currency exchange rates may adversely affect our financial statements and Abbott's ability to realize projected sales and earnings.

Although Abbott's financial statements are denominated in U.S. dollars, a significant portion of Abbott's revenues and costs are realized in other currencies. Abbott's profitability is affected by movement

of the U.S. dollar against other currencies. Fluctuations in exchange rates between the U.S. dollar and other currencies may also affect the reported value of Abbott's assets and liabilities, as well as its cash flows. Some foreign currencies are subject to government exchange controls. While Abbott enters into hedging arrangements to mitigate some of its foreign currency exposure, Abbott cannot predict with any certainty changes in foreign currency exchange rates or its ability to mitigate these risks.

The international nature of Abbott's business subjects it to additional business risks that may cause its revenue and profitability to decline.

Abbott's business is subject to risks associated with doing business internationally. Sales outside of the United States make up approximately 70 percent of Abbott's net sales. Additional risks associated with Abbott's international operations include:

- differing local product preferences and product requirements;
- trade protection measures and import or export licensing requirements;
- difficulty in establishing, staffing, and managing operations;
- differing labor regulations;
- potentially negative consequences from changes in or interpretations of tax laws;
- political and economic instability, including sovereign debt issues;
- price controls, limitations on participation in local enterprises, expropriation, nationalization, and other governmental action;
- inflation, recession, and fluctuations in interest rates;
- compulsory licensing or diminished protection of intellectual property; and
- potential penalties or other adverse consequences for violations of anti-corruption, anti-bribery, and other similar laws and regulations, including the Foreign Corrupt Practices Act and the U.K. Bribery Act.

Events contemplated by these risks may, individually or in the aggregate, have a material adverse effect on Abbott's revenues and profitability.

Other factors can have a material adverse effect on Abbott's future profitability and financial condition.

Many other factors can affect Abbott's profitability and its financial condition, including:

- changes in or interpretations of laws and regulations, including changes in accounting standards, taxation requirements, product marketing application standards, product labeling, source and use laws, and environmental laws;
- differences between the fair value measurement of assets and liabilities and their actual value, particularly for pensions, retiree health care, stock compensation, intangibles, and goodwill; and for contingent liabilities such as litigation, the absence of a recorded amount, or an amount recorded at the minimum, compared to the actual amount;

changes in the rate of inflation (including the cost of raw materials, commodities, and supplies), interest rates, market value of Abbott's equity investments, and the performance of investments held by Abbott or Abbott's employee benefit trusts;

changes in the creditworthiness of counterparties that transact business with or provide services to Abbott or Abbott's employee benefit trusts;

changes in business, economic, and political conditions, including: war, political instability, terrorist attacks, the threat of future terrorist activity and related military action; global climate, extreme weather and natural disasters; widespread outbreaks of infectious diseases, the cost and availability of insurance due to any of the foregoing events; labor disputes, strikes, slow-downs, or other forms of labor or union activity; and pressure from third-party interest groups;

changes in Abbott's business units and investments and changes in the relative and absolute contribution of each to earnings and cash flow resulting from evolving business strategies, changing product mix, changes in tax laws or tax rates both in the U.S. and abroad and opportunities existing now or in the future;

changes in the buying patterns of a major distributor, retailer, or wholesale customer resulting from buyer purchasing decisions, pricing, seasonality, or other factors, or other problems with licensors, suppliers, distributors, and business partners;

changes in credit markets or to Abbott's credit rating could impact Abbott's ability to obtain financing for its business operations or result in increased borrowing costs and interest expense; and

legal difficulties, any of which could preclude or delay commercialization of products or adversely affect profitability, including claims asserting statutory or regulatory violations, and adverse litigation decisions.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements that are based on management's current expectations, estimates, and projections. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "forecasts," variations of these words, and similar expressions are intended to identify these forward-looking statements. Certain factors, including but not limited to those identified under "Item 1A. Risk Factors" of this Form 10-K, may cause actual results to differ materially from current expectations, estimates, projections, forecasts, and from past results. No assurance can be made that any expectation, estimate, or projection contained in a forward-looking statement will be achieved or will not be affected by the factors cited above or other future events. Abbott undertakes no obligation to release publicly any revisions to forward-looking statements as the result of subsequent events or developments, except as required by law.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Abbott's corporate offices are located at 100 Abbott Park Road, Abbott Park, Illinois 60064. The locations of Abbott's principal plants, as of December 31, 2015, are listed below.

Location	Segments of Products Produced
Abbott Park, Illinois	Diagnostic Products
Alajuela, Costa Rica	Vascular Products
Altavista, Virginia	Nutritional Products
Anasco, Puerto Rico*	Non-Reportable
Baddi, India	Established Pharmaceutical Products
Barceloneta, Puerto Rico*	Vascular Products
Belgorod, Russia	Established Pharmaceutical Products
Bogota, Colombia	Established Pharmaceutical Products
Buenos Aires, Argentina	Established Pharmaceutical Products
Cali, Colombia	Established Pharmaceutical Products
Casa Grande, Arizona	Nutritional Products
Clonmel, Ireland	Vascular Products
Columbus, Ohio	Nutritional Products
Cootehill, Ireland	Nutritional Products
Des Plaines, Illinois	Diagnostic Products
Donegal, Ireland	Non-Reportable
Fairfield, California*	Nutritional Products
Goa, India	Established Pharmaceutical Products
Granada, Spain	Nutritional Products
Groningen, the Netherlands	Non-Reportable
Hangzhou, China	Non-Reportable
Irving, Texas	Diagnostic Products
Jhagadia, India	Nutritional Products
Jiaxing, China	Nutritional Products
Karachi, Pakistan	Established Pharmaceutical Products
Lima, Peru	Established Pharmaceutical Products
Longford, Ireland	Diagnostic Products
Menlo Park, California	Vascular Products
Milpitas, California*	Non-Reportable
Neustadt, Germany	Established Pharmaceutical Products
Olst, the Netherlands	Established Pharmaceutical Products
Ottawa, Canada*	Diagnostic Products
Pokrov, Russia	Established Pharmaceutical Products
Pompeya, Argentina	Established Pharmaceutical Products
Quilmes, Argentina	Established Pharmaceutical Products
Redwood City, California*	Vascular Products
Rio de Janeiro, Brazil	Established Pharmaceutical Products
Santiago, Chile	Established Pharmaceutical Products
Singapore	Nutritional Products
Sligo, Ireland*	Nutritional and Diagnostic Products
Sturgis, Michigan	Nutritional Products
Sunnyvale, California	Non-Reportable
Temecula, California	Vascular Products
Tipp City, Ohio	Nutritional Products
Tlalpan, Mexico	Established Pharmaceutical Products
Uppsala, Sweden	Non-Reportable
Weesp, the Netherlands	Established Pharmaceutical Products
Wiesbaden, Germany	Diagnostic Products
Witney, England	Non-Reportable
Zwolle, the Netherlands	Nutritional Products

*

Leased property

In addition to the above, as of December 31, 2015, Abbott had manufacturing facilities in two other locations in the United States and in six countries outside the United States. Abbott's facilities are deemed suitable and provide adequate productive capacity.

Abbott's research and development facilities in the United States are primarily located in California, Illinois, New Jersey, and Ohio. Abbott also has research and development facilities in various other countries including China, Colombia, India, Singapore, and Spain.

Except as noted, the corporate offices, and those principal plants in the United States listed above, are owned by Abbott or subsidiaries of Abbott. The remaining manufacturing plants and all other facilities are owned or leased by Abbott or subsidiaries of Abbott. There are no material encumbrances on the properties.

ITEM 3. LEGAL PROCEEDINGS

Abbott is involved in various claims, legal proceedings and investigations, including (as of January 31, 2016) those described below. While it is not feasible to predict the outcome of such pending claims, proceedings and investigations with certainty, management is of the opinion that their ultimate resolution should not have a material adverse effect on Abbott's financial position, cash flows, or results of operations.

As previously mentioned, the Texas State Attorney General is investigating the sales and marketing activities of Abbott's biliary stent products and the United States Attorney's Office for the District of Maryland is investigating the sales and marketing activities for Abbott's coronary stents products. The government is seeking to determine whether any of these activities violated civil and/or criminal laws, including the Federal False Claims Act, the Food and Drug Cosmetic Act, and the Anti-Kickback Statute in connection with Medicare and/or Medicaid reimbursement paid to third parties.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Executive officers of Abbott are elected annually by the board of directors. All other officers are elected by the board or appointed by the chairman of the board. All officers are either elected at the first meeting of the board of directors held after the annual shareholder meeting or appointed by the chairman after that board meeting. Each officer holds office until a successor has been duly elected or appointed and qualified or until the officer's death, resignation, or removal. Vacancies may be filled at any time by the board. Any officer may be removed by the board of directors when, in its judgment, removal would serve the best interests of Abbott. Any officer appointed by the chairman of the board may be removed by the chairman whenever, in the chairman's judgment, removal would serve the best interests of Abbott. A vacancy in any office appointed by the chairman of the board may be filled by the chairman.

Abbott's executive officers, their ages as of February 19, 2016, and the dates of their first election as officers of Abbott are listed below. The executive officers' principal occupations and employment for the past five years and the year of appointment to the earliest reported office are also shown. Unless otherwise stated, employment was by Abbott. There are no family relationships between any corporate officers or directors.

Miles D. White, 60

1999 to present Chairman of the Board and Chief Executive Officer, and Director.

Elected Corporate Officer 1993.

Hubert L. Allen, 50

2013 to present Executive Vice President, General Counsel and Secretary.

2010 to 2012 Divisional Vice President and Associate General Counsel, Established Pharmaceuticals.

Elected Corporate Officer 2012.

Richard W. Ashley, 72

2004 to present Executive Vice President, Corporate Development.

Elected Corporate Officer 2004.

Brian J. Blaser, 51

2012 to present Executive Vice President, Diagnostics Products.

2010 to 2012 Senior Vice President, Diagnostics.

Elected Corporate Officer 2008.

John M. Capek, 54

2015 to present Executive Vice President, Ventures.

2007 to 2015 Executive Vice President, Medical Devices.

Elected Corporate Officer 2006.

Robert B. Ford, 42

2015 to present Executive Vice President, Medical Devices.

2014 to 2015 Senior Vice President, Diabetes Care.

2008 to 2014 Vice President, Diabetes Care, Commercial Operations.

Elected Corporate Officer 2008.

Thomas C. Freyman, 61

2015 to present Executive Vice President, Finance and Administration.

2004 to 2015 Executive Vice President, Finance and Chief Financial Officer.

Elected Corporate Officer 1991.

Thomas G. Frinzi, 60

2016 to present Senior Vice President, Abbott Medical Optics.

2010 to 2015 President and Chief Executive Officer, WaveTec Vision Systems, Inc. (a leading U.S. developer of guidance technology for cataract surgery).

Elected Corporate Officer 2016.

Stephen R. Fussell, 58

2013 to present Executive Vice President, Human Resources.

2005 to 2013 Senior Vice President, Human Resources.

Elected Corporate Officer 1999.

Heather L. Mason, 55

2015 to present Executive Vice President, Nutritional Products.

2014 to 2015 Executive Vice President, Nutritional Products, Global Commercial Operations.

2008 to 2014 Senior Vice President, Diabetes Care.

Elected Corporate Officer 2001.

Michael J. Warmuth, 53

2012 to present Executive Vice President, Established Pharmaceuticals.

2010 to 2012 Senior Vice President, Established Products, Pharmaceutical Products Group.

Elected Corporate Officer 2007.

Roger Bird, 59

2015 to present Senior Vice President, U.S. Nutrition.

2009 to 2015 Divisional Vice President and General Manager, China and Hong Kong, Nutritional Products.

Elected Corporate Officer 2015.

Jaime Contreras, 59

2013 to present Senior Vice President, Core Laboratory Diagnostics, Commercial Operations.

2008 to 2013 Vice President, Diagnostics, Global Commercial Operations.

Elected Corporate Officer 2003.

Andrew H. Lane, 45

2015 to present Senior Vice President, Established Pharmaceuticals, Emerging Markets.

2014 to 2015 Divisional Vice President, Established Pharmaceuticals, Asia Pacific.

2011 to 2014 Vice President, Asia Pacific, Takeda Pharmaceutical Company Limited (a Japanese pharmaceutical company).

Elected Corporate Officer 2015.

Deepak Nath, 43

2015 to present Senior Vice President, Abbott Vascular.

2015 Vice President, Vascular, Commercial.

2014 to 2015 Vice President, Molecular Diagnostics.

2012 to 2014 Divisional Vice President and General Manager, Ibis.

2011 to 2012 Divisional Vice President, CEEMEA, Vascular.

2009 to 2011 Divisional Vice President and General Manager, Nordics and Eastern European Operations, Vascular.

Elected Corporate Officer 2014.

Jean-Yves F. Pavee, 52

2013 to present Senior Vice President, Established Pharmaceuticals, Commercial Strategy.

2011 to 2013 Divisional Vice President, Established Pharmaceuticals, EMEA East.

2008 to 2011 Divisional Vice President, Europe South.

Elected Corporate Officer 2013.

Daniel Salvadori, 37

2014 to present Senior Vice President, Established Pharmaceuticals, Latin America.

2013 to 2014 Chief Executive Officer, Latin America, CFR Pharmaceuticals S.A. (a Latin American pharmaceutical company).

2012 to 2013 Executive President, Complex Therapeutics Division, CFR Pharmaceuticals S.A.

2010 to 2012 Head of Sales and Marketing, Latin America, Sandoz Pharmaceuticals, Novartis AG (a Swiss multinational pharmaceutical company).

Elected Corporate Officer 2014.

Jared L. Watkin, 48

2015 to present Senior Vice President, Diabetes Care.

2010 to 2015 Divisional Vice President, Technical Operations, Diabetes Care.

Elected Corporate Officer 2015.

Brian B. Yoor, 46

2015 to present Senior Vice President, Finance and Chief Financial Officer.

2013 to 2015 Vice President, Investor Relations.

2010 to 2013 Divisional Vice President, Controller, Diagnostics.

Elected Corporate Officer 2013.

Robert E. Funck, 54

2013 to present Vice President, Controller.

2009 to 2013 Vice President, Chief Ethics and Compliance Officer.

Elected Corporate Officer 2005.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Principal Market

The principal market for Abbott's common shares is the New York Stock Exchange. Shares are also listed on the Chicago Stock Exchange and traded on various regional and electronic exchanges. Outside the United States, Abbott's shares are listed on the London Stock Exchange and the SIX Swiss Exchange.

	Market Price Per Share			
	2015		2014	
	high	low	high	low
First Quarter	$ 47.88	$ 43.36	$ 40.49	$ 35.65
Second Quarter	50.47	45.55	41.30	36.65
Third Quarter	51.74	39.00	44.20	40.92
Fourth Quarter	46.38	39.28	46.50	39.28

Shareholders

There were 47,278 shareholders of record of Abbott common shares as of December 31, 2015.

Dividends

Abbott declared quarterly dividends of $0.24 per share on common shares in the first, second, and third quarters of 2015. In the fourth quarter of 2015, Abbott declared a quarterly dividend of $0.26 per share on common shares.

Abbott declared quarterly dividends of $0.22 per share on common shares in the first, second, and third quarters of 2014. In the fourth quarter of 2014, Abbott declared a quarterly dividend of $0.24 per share on common shares.

Tax Information for Shareholders

In 2001, the Illinois Department of Commerce and Economic Opportunity designated Abbott as an Illinois High Impact Business (HIB) for a period not to exceed twenty years. Dividends paid by a corporation that is designated as a HIB and conducts business in a foreign trade zone may be eligible for a subtraction from base income for Illinois income tax purposes. Abbott certified that the HIB requirements were met for the calendar year ending December 31, 2015.

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

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1, 2015 October 31, 2015	1,352(1)	$ 44.760	0	$ 2,261,537,480(2)
November 1, 2015 November 30, 2015	8,630,714(1)	$ 45.179	8,608,006	$ 1,872,622,039(2)
December 1, 2015 December 31, 2015	11,965,262(1)	$ 45.110	11,950,000	$ 1,333,561,834(2)
Total	20,597,328(1)	$ 45.139	20,558,006	$ 1,333,561,834(2)

(1)

These shares include:

(i)

the shares deemed surrendered to Abbott to pay the exercise price in connection with the exercise of employee stock options 1,352 in October, 3,333 in November, and 15,262 in December; and

(ii)

the shares purchased on the open market for the benefit of participants in the Abbott Laboratories, Limited Employee Stock Purchase Plan 0 in October, 19,375 in November, and 0 in December.

These shares do not include the shares surrendered to Abbott to satisfy tax withholding obligations in connection with the vesting of restricted stock or restricted stock units.

(2)

On September 11, 2014, Abbott announced that its board of directors approved the purchase of up to $3 billion of its common shares, from time to time.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended December 31				
	2015	**2014**	**2013**	**2012**	**2011**
	(dollars in millions, except per share data)				
Net sales (1)	$ 20,405	$ 20,247	$ 19,657	$ 19,050	$ 18,663
Earnings from continuing operations (1)	2,606	1,721	1,988	237	676
Net earnings	4,423	2,284	2,576	5,963	4,728
Basic earnings per common share from continuing operations (1)	1.73	1.13	1.27	0.15	0.43
Basic earnings per common share	2.94	1.50	1.64	3.76	3.03
Diluted earnings per common share from continuing operations (1)	1.72	1.12	1.26	0.15	0.43
Diluted earnings per common share	2.92	1.49	1.62	3.72	3.01
Total assets (2)	41,247	41,207	42,937	67,148	60,235
Long-term debt, including current portion (2)	5,874	3,448	3,381	18,307	13,025
Cash dividends declared per common share	0.98	0.90	0.64	1.67(3)	1.92

(1) Amounts reflect Abbott's developed markets branded generics pharmaceuticals, animal health and former research-based pharmaceuticals business as discontinued operations.

(2) Balances prior to 2015 have been adjusted to reflect the impact of the adoption of Accounting Standards Update (ASU) 2015-03 related to debt issuance costs. Prior to the adoption of ASU 2015-03, debt issuance costs were classified on the balance sheet as assets within Deferred Income Taxes and Other Assets.

(3) The $1.67 dividend for 2012 reflects a quarterly dividend of $0.14 per share in the fourth quarter of 2012, which contemplated the impact of the separation of AbbVie. On January 4, 2013, AbbVie reported that its board of directors had declared a quarterly dividend of $0.40 per share of AbbVie common stock.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Review

Abbott's revenues are derived primarily from the sale of a broad line of health care products under short-term receivable arrangements. Patent protection and licenses, technological and performance features, and inclusion of Abbott's products under a contract most impact which products are sold; price controls, competition and rebates most impact the net selling prices of products; and foreign currency translation impacts the measurement of net sales and costs. Abbott's primary products are nutritional products, branded generic pharmaceuticals, diagnostic testing products and vascular products. Sales in international markets comprise approximately 70 percent of consolidated net sales.

On February 27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business to Mylan Inc. (Mylan) for 110 million shares of a newly formed publicly traded entity that combined Mylan's existing business and Abbott's developed markets pharmaceuticals business. On February 10, 2015, Abbott completed the sale of its animal health business to Zoetis Inc. On January 1, 2013, Abbott completed the separation of AbbVie Inc. (AbbVie), which was formed to hold Abbott's research-based proprietary pharmaceuticals business. The historical operating results of these businesses prior to disposition or separation are excluded from Earnings from Continuing Operations and are presented on the Earnings from Discontinued Operations line in Abbott's Consolidated Statement of Earnings. Any assets or liabilities related to these businesses are being reported as held for disposition in Abbott's Consolidated Balance Sheet as of December 31, 2015 and 2014. The cash flows of these businesses up through the date of disposition or separation are included in its Consolidated Statements of Cash Flows for all periods presented.

Over the last three years, sales growth was driven primarily by the established pharmaceuticals, nutritional and diagnostics businesses. Sales in emerging markets, which represent nearly 50 percent of total company sales, increased 17.1 percent in 2015 and 12.5 percent in 2014, excluding the impact of foreign exchange. (Emerging markets include all countries except the United States, Western Europe, Japan, Canada, Australia and New Zealand.) Over the last three years, margin improvement was driven primarily by the nutritional, diagnostics, and vascular businesses. Abbott expanded its operating margin by 120 basis points in 2015 and 200 basis points in 2014. Abbott's sales, costs, and financial position over the same period were impacted by the strengthening of the U.S. dollar relative to international currencies and a challenging economic and fiscal environment in several emerging economies.

In Abbott's worldwide nutritional products business, sales over the last three years were positively impacted by demographics such as an aging population and an increasing rate of chronic disease in developed markets and the rise of a middle class in many emerging markets, as well as by numerous new product introductions that leveraged Abbott's strong brands. At the same time, manufacturing and distribution process changes, lower commodity costs, and other cost reductions drove margin improvements across the business. Operating margins for this business increased from 18.7 percent in 2013 to 25.0 percent in 2015.

In 2014, Abbott increased the local presence of its nutrition business in various countries by investing in its global infrastructure. Abbott opened three new manufacturing plants, one in China, one in India, and one in the United States to meet the demand for its products, and formed a strategic alliance with Fonterra, the world's largest dairy cooperative, to develop a proposed dairy farm hub in China.

In Abbott's worldwide diagnostics business, sales growth over the last three years reflected continued market penetration by the Core Laboratory business in the U.S. and China, and growth in other emerging markets, most notably in Latin America. In addition, the Point of Care diagnostics business continued to expand its geographic presence in targeted developed and emerging markets. Worldwide diagnostic sales increased 7.3 percent in 2015 and 6.4 percent in 2014, excluding the impact of foreign exchange. Margin

improvement continued to be a key focus in 2015. Operating margins increased from 22.2 percent of sales in 2013 to 25.2 percent in 2015 as the business continued to execute on efficiency initiatives in the manufacturing and supply chain functions.

The Established Pharmaceutical Products segment focuses on the sale of its products in emerging markets after the sale of its developed markets business to Mylan on February 27, 2015. The acquisition of CFR Pharmaceuticals S.A. (CFR) in September 2014 more than doubled Abbott's branded generics pharmaceutical presence in Latin America and further expanded its presence in emerging markets. Through the acquisition of Veropharm, a leading Russian pharmaceutical company in December 2014, Abbott established a manufacturing footprint in Russia and obtained a portfolio of medicines that is well aligned with Abbott's current pharmaceutical therapeutic areas of focus. Excluding the impact of foreign exchange, Established Pharmaceutical sales from continuing operations increased 34.1 percent in 2015 and 14.9 percent in 2014. Excluding the impact of the 2014 acquisitions as well as the impact of foreign exchange, 2015 Established Pharmaceutical sales from continuing operations increased 13.4 percent.

In the vascular business, over the last three years, Abbott has continued to develop its worldwide market-leading *XIENCE* drug-eluting stent (DES) franchise. The *XIENCE* franchise includes *XIENCE V, Prime, nano, Pro, ProX, Xpedition*, and *Alpine.* Abbott Vascular Products' latest product introduction, *XIENCE Alpine*, was launched in various markets across Europe and Asia in 2015 and the U.S. in late 2014. This is the only product on the market in the U.S. with an indication to treat chronic total occlusions. The *XIENCE* franchise maintained its market-leading global position in 2015. From 2013 to 2015, total vascular sales were flat, excluding the unfavorable impact of foreign exchange, as *MitraClip, Absorb,* and the endovascular franchise sales growth was almost entirely offset by pricing pressures primarily related to DES and other coronary products as well as lower DES market share in certain geographies. Operating margins improved from 32.0 percent in 2013 to 38.0 percent in 2015 as cost improvement initiatives were executed across the business.

On January 30, 2016, Abbott entered into a definitive agreement to acquire Alere, Inc. (Alere). With annual sales of approximately $2.5 billion, Alere is a global leader in point of care diagnostics. The acquisition, which is expected to significantly advance Abbott's global diagnostics presence and leadership, is subject to the approval of Alere shareholders and the satisfaction of customary closing conditions, including applicable regulatory approvals. Under the terms of the agreement, Abbott will pay $56 per common share at a total expected equity value of $5.8 billion. Alere's net debt, currently $2.6 billion, will be assumed or refinanced by Abbott. In February 2016, Abbott obtained a commitment for a 364-day senior unsecured bridge term loan facility for an amount not to exceed $9 billion in conjunction with its pending acquisition of Alere. While Abbott plans to use cash on hand at the time of the acquisition from anticipated long-term borrowings to acquire Alere, the bridge facility will provide back-up financing.

Abbott's short- and long-term debt totaled $9.0 billion at December 31, 2015. At December 31, 2015, Abbott's long-term debt rating was A+ by Standard and Poor's Corporation and A2 by Moody's Investors Service. As a result of the pending acquisition of Alere, Abbott's credit ratings are under review and it is anticipated that the ratings will be adjusted to reflect the increased borrowings that will be incurred to finance the acquisition. In March 2015, Abbott issued $2.5 billion of long-term debt consisting of $750 million that matures in 2020, $750 million in 2022 and $1.0 billion in 2025 with fixed interest rates of 2.0 percent, 2.55 percent, and 2.95 percent, respectively. Abbott also entered into interest rate swap contracts totaling $2.5 billion related to the debt issuance. These contracts have the effect of changing Abbott's obligation from a fixed interest rate to a variable interest rate obligation. In the fourth quarter of 2014, Abbott extinguished approximately $500 million of long-term debt that was assumed as part of the acquisition of CFR and incurred a charge of $18.3 million related to the early repayment of this debt.

Abbott declared dividends of $0.98 per share in 2015 compared to $0.90 per share in 2014, a 9% increase. Dividends paid were $1.443 billion in 2015 compared to $1.342 billion in 2014. The year-over-year change in dividends reflects the impact of the increase in the dividend rate. In December 2015, Abbott

increased the company's quarterly dividend to $0.26 per share from $0.24 per share, effective with the dividend paid in February 2016.

In addition to preparing for the close of the Alere acquisition, Abbott will focus on several other key initiatives in 2016. In the nutritional business, Abbott will continue to build its product portfolio with the introduction of new science-based products, expand in high-growth emerging markets and implement additional margin improvement initiatives. In the established pharmaceuticals business, Abbott will continue to focus on obtaining additional product approvals across numerous countries and increasing its penetration of emerging markets. In the diagnostics business, Abbott will focus on the development of next-generation instrument platforms and other advanced technologies, expansion in emerging markets, and further improvements in the segment's operating margin. In the vascular business, Abbott will continue to focus on marketing products in the coronary and endovascular franchises, and increasing *MitraClip* sales, as well as further clinical development of *Absorb*, its bioresorbable vascular scaffold (BVS) device and a further penetration of *Absorb* in numerous countries. In Abbott's other segments, Abbott will focus on developing differentiated technologies in higher growth markets.

Critical Accounting Policies

Sales Rebates In 2015, approximately 42 percent of Abbott's consolidated gross revenues were subject to various forms of rebates and allowances that Abbott recorded as reductions of revenues at the time of sale. Most of these rebates and allowances in 2015 are in the Nutritional Products and Diabetes Care segments. Abbott provides rebates to state agencies that administer the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), wholesalers, group purchasing organizations, and other government agencies and private entities. Rebate amounts are usually based upon the volume of purchases using contractual or statutory prices for a product. Factors used in the rebate calculations include the identification of which products have been sold subject to a rebate, which customer or government agency price terms apply, and the estimated lag time between sale and payment of a rebate. Using historical trends, adjusted for current changes, Abbott estimates the amount of the rebate that will be paid, and records the liability as a reduction of gross sales when Abbott records its sale of the product. Settlement of the rebate generally occurs from one to six months after sale. Abbott regularly analyzes the historical rebate trends and makes adjustments to reserves for changes in trends and terms of rebate programs. Rebates and chargebacks charged against gross sales in 2015, 2014 and 2013 amounted to approximately $2.2 billion, $2.1 billion and $1.9 billion, respectively, or 21.6 percent, 20.1 percent and 19.1 percent, respectively, based on gross sales of approximately $10.3 billion, $10.3 billion and $10.2 billion, respectively, subject to rebate. A one-percentage point increase in the percentage of rebates to related gross sales would decrease net sales by approximately $101 million in 2015. Abbott considers a one-percentage point increase to be a reasonably likely increase in the percentage of rebates to related gross sales. Other allowances charged against gross sales were approximately $124 million, $138 million and $146 million for cash discounts in 2015, 2014 and 2013, respectively, and $238 million, $210 million and $208 million for returns in 2015, 2014 and 2013, respectively. Cash discounts are known within 15 to 30 days of sale, and therefore can be reliably estimated. Returns can be reliably estimated because Abbott's historical returns are low, and because sales returns terms and other sales terms have remained relatively unchanged for several periods.

Management analyzes the adequacy of ending rebate accrual balances each quarter. In the domestic nutritional business, management uses both internal and external data available to estimate the level of inventory in the distribution channel. Management has access to several large customers' inventory management data, and for other customers, utilizes data from a third party that measures time on the retail shelf. These sources allow management to make reliable estimates of inventory in the distribution channel. Except for a transition period before or after a change in the supplier for the WIC business in a state, inventory in the distribution channel does not vary substantially. Management also estimates the states' processing lag time based on claims data. In addition, internal processing time is a factor in

estimating the accrual. In the WIC business, the state where the sale is made, which is the determining factor for the applicable price, is reliably determinable. Estimates are required for the amount of WIC sales within each state where Abbott has the WIC business. External data sources utilized for that estimate are participant data from the U.S. Department of Agriculture (USDA), which administers the WIC program, participant data from some of the states, and internally administered market research. The USDA has been making its data available for many years. Internal data includes historical redemption rates and pricing data. At December 31, 2015, Abbott had WIC business in 26 states.

Historically, adjustments to prior years' rebate accruals have not been material to net income. Abbott employs various techniques to verify the accuracy of claims submitted to it, and where possible, works with the organizations submitting claims to gain insight into changes that might affect the rebate amounts. For government agency programs, the calculation of a rebate involves interpretations of relevant regulations, which are subject to challenge or change in interpretation.

Income Taxes Abbott operates in numerous countries where its income tax returns are subject to audits and adjustments. Because Abbott operates globally, the nature of the audit items is often very complex, and the objectives of the government auditors can result in a tax on the same income in more than one country. Abbott employs internal and external tax professionals to minimize audit adjustment amounts where possible. In accordance with the accounting rules relating to the measurement of tax contingencies, in order to recognize an uncertain tax benefit, the taxpayer must be more likely than not of sustaining the position, and the measurement of the benefit is calculated as the largest amount that is more than 50 percent likely to be realized upon resolution of the benefit. Application of these rules requires a significant amount of judgment. In the U.S., Abbott's federal income tax returns through 2011 are settled except for one item, and the income tax returns for years after 2011 are open. Abbott does not record deferred income taxes on earnings reinvested indefinitely in foreign subsidiaries.

Pension and Post-Employment Benefits Abbott offers pension benefits and post-employment health care to many of its employees. Abbott engages outside actuaries to assist in the determination of the obligations and costs under these programs. Abbott must develop long-term assumptions, the most significant of which are the health care cost trend rates, discount rates and the expected return on plan assets. The discount rates used to measure liabilities were determined based on high-quality fixed income securities that match the duration of the expected retiree benefits. The health care cost trend rates represent Abbott's expected annual rates of change in the cost of health care benefits and is a forward projection of health care costs as of the measurement date. A difference between the assumed rates and the actual rates, which will not be known for decades, can be significant in relation to the obligations and the annual cost recorded for these programs. Low interest rates have significantly increased actuarial losses for these plans. At December 31, 2015, pretax net actuarial losses and prior service costs and (credits) recognized in Accumulated other comprehensive income (loss) for Abbott's defined benefit plans and medical and dental plans were losses of $2.9 billion and $70 million, respectively. Actuarial losses and gains are amortized over the remaining service attribution periods of the employees under the corridor method, in accordance with the rules for accounting for post-employment benefits. Differences between the expected long-term return on plan assets and the actual annual return are amortized over a five-year period. Note 13 to the consolidated financial statements describes the impact of a one-percentage point change in the health care cost trend rate; however, there can be no certainty that a change would be limited to only one percentage point.

Valuation of Intangible Assets Abbott has acquired and continues to acquire significant intangible assets that Abbott records at fair value. Transactions involving the purchase or sale of intangible assets occur with some frequency between companies in the health care field and valuations are usually based on a discounted cash flow analysis. The discounted cash flow model requires assumptions about the timing and amount of future net cash flows, risk, cost of capital, terminal values and market participants. Each of these factors can significantly affect the value of the intangible asset. Abbott engages independent

valuation experts who review Abbott's critical assumptions and calculations for acquisitions of significant intangibles. Abbott reviews definite-lived intangible assets for impairment each quarter using an undiscounted net cash flows approach. If the undiscounted cash flows of an intangible asset are less than the carrying value of an intangible asset, the intangible asset is written down to its fair value, which is usually the discounted cash flow amount. Where cash flows cannot be identified for an individual asset, the review is applied at the lowest group level for which cash flows are identifiable. Goodwill and indefinite-lived intangible assets, which relate to in-process research and development acquired in a business combination, are reviewed for impairment annually or when an event that could result in impairment occurs. At December 31, 2015, goodwill amounted to $9.6 billion and intangibles amounted to $5.6 billion, and amortization expense in continuing operations for intangible assets amounted to $601 million in 2015, $555 million in 2014 and $588 million in 2013. There were no impairments of goodwill in 2015, 2014 or 2013.

Litigation Abbott accounts for litigation losses in accordance with FASB Accounting Standards Codification No. 450, "Contingencies." Under ASC No. 450, loss contingency provisions are recorded for probable losses at management's best estimate of a loss, or when a best estimate cannot be made, a minimum loss contingency amount is recorded. These estimates are often initially developed substantially earlier than the ultimate loss is known, and the estimates are refined each accounting period as additional information becomes known. Accordingly, Abbott is often initially unable to develop a best estimate of loss, and therefore the minimum amount, which could be zero, is recorded. As information becomes known, either the minimum loss amount is increased, resulting in additional loss provisions, or a best estimate can be made, also resulting in additional loss provisions. Occasionally, a best estimate amount is changed to a lower amount when events result in an expectation of a more favorable outcome than previously expected. Abbott estimates the range of possible loss to be from approximately $35 million to $50 million for its legal proceedings and environmental exposures. Accruals of approximately $45 million have been recorded at December 31, 2015 for these proceedings and exposures. These accruals represent management's best estimate of probable loss, as defined by FASB ASC No. 450, "Contingencies."

Results of Operations

Sales

The following table details the components of sales growth by reportable segment for the last three years:

	Total % Change	Components of % Change		
		Price	Volume	Exchange
Total Net Sales				
2015 vs. 2014	0.8	(1.1)	10.2	(8.3)
2014 vs. 2013	3.0	(1.4)	6.9	(2.5)
Total U.S.				
2015 vs. 2014	2.2	(1.5)	3.7	
2014 vs. 2013	(1.4)	(3.9)	2.5	
Total International				
2015 vs. 2014	0.2	(1.0)	13.1	(11.9)
2014 vs. 2013	5.0	(0.2)	8.9	(3.7)
Established Pharmaceutical Products Segment				
2015 vs. 2014	19.3	0.3	33.8	(14.8)
2014 vs. 2013	9.0	2.1	12.8	(5.9)
Nutritional Products Segment				
2015 vs. 2014	0.3		5.5	(5.2)
2014 vs. 2013	3.2	0.8	4.2	(1.8)
Diagnostic Products Segment				
2015 vs. 2014	(1.6)	(1.0)	8.3	(8.9)
2014 vs. 2013	3.9	(0.9)	7.3	(2.5)
Vascular Products Segment				
2015 vs. 2014	(6.5)	(4.0)	5.3	(7.8)
2014 vs. 2013	(0.9)	(6.4)	6.9	(1.4)

The increases in Total Net Sales in 2015 and 2014 reflect unit growth, partially offset by the impact of unfavorable foreign exchange. The price declines related to Vascular Products sales in 2015 and 2014 primarily reflect pricing pressure on drug eluting stents and other coronary products as a result of market competition in the U.S. and other major markets. The impact of reimbursement reductions by the Centers for Medicare and Medicaid Services on Abbott's Diabetes Care business also contributed to the overall 3.9% price decline in the U.S. in 2014.

A comparison of significant product and product group sales is as follows. Percent changes are versus the prior year and are based on unrounded numbers.

(dollars in millions)	2015	Total Change	Impact of Exchange	Total Change Excl. Exchange
Total Established Pharmaceuticals				
Key Emerging Markets	$ 2,781	17%	(15)%	32%
Other	939	28	(12)	40
Nutritionals				
International Pediatric Nutritionals	2,378	1	(7)	8
U.S. Pediatric Nutritionals	1,592	4		4
International Adult Nutritionals	1,729	(2)	(11)	9
U.S. Adult Nutritionals	1,276	(2)		(2)
Diagnostics				
Immunochemistry	3,529	(2)	(10)	8
Vascular Products (1)				
Coronary Devices	2,176	(7)	(8)	1
Endovascular	520	(1)	(7)	6

(1) Coronary Devices include DES/BVS product portfolio, structural heart, guidewires, balloon catheters, and other coronary products. Endovascular includes vessel closure, carotid stents and other peripheral products.

(dollars in millions)	2014	Total Change	Impact of Exchange	Total Change Excl. Exchange
Total Established Pharmaceuticals				
Key Emerging Markets	$ 2,383	4%	(7)%	11%
Other	735	27	(3)	30
Nutritionals				
International Pediatric Nutritionals	2,362	5	(2)	7
U.S. Pediatric Nutritionals	1,533	(1)		(1)
International Adult Nutritionals	1,756	10	(4)	14
U.S. Adult Nutritionals	1,302	(3)		(3)
Diagnostics				
Immunochemistry	3,614	5	(2)	7
Vascular Products (2)				
Coronary Devices	2,342	(3)	(2)	(1)
Endovascular	527	11	(1)	12

(2)

Coronary Devices include DES/BVS product portfolio, structural heart, guidewires, balloon catheters, and other coronary products. Endovascular includes vessel closure, carotid stents and other peripheral products.

Excluding the unfavorable impact of foreign exchange, total Established Pharmaceutical Products sales increased 34.1 percent in 2015 and 14.9 percent in 2014. The Established Pharmaceutical Products

segment is focused on several key emerging markets including India, Russia, China and Brazil. Excluding the impact of foreign exchange, sales in these key emerging markets increased 32.4 percent in 2015 and 11.0 percent in 2014. Excluding the impact of foreign exchange, sales in Established Pharmaceuticals' other emerging markets increased 39.6 percent in 2015 and increased 30.1 percent in 2014. The increases in 2015 and 2014 include the impact of the acquisitions of CFR Pharmaceuticals in September 2014 and Veropharm in December 2014. Excluding sales from the acquisitions and the impact of foreign exchange, revenues increased 13.4% in 2015 and 7.9% in 2014.

Excluding the unfavorable impact of foreign exchange, total Nutritional Products sales increased 5.5 percent in 2015 and 5.0 percent in 2014. In Abbott's International Pediatric Nutritional business, the 2015 increase in sales was driven by growth in China, Russia, and several countries in Latin America and the Middle East as a result of share gains and market growth. The increase in 2015 U.S. Pediatric Nutritional sales primarily reflects higher infant formula revenue from new product launches.

Excluding the unfavorable impact of foreign exchange, the 2015 and 2014 increases in International Adult Nutritional sales are due primarily to volume growth in emerging markets and continued expansion of the adult nutrition category internationally. The decrease in 2015 and 2014 U.S. Adult Nutritional sales reflects the effects of increased competition and market dynamics in retail and institutional categories.

Excluding the unfavorable impact of foreign exchange, total Diagnostic Products sales increased 7.3 percent in 2015 and 6.4 percent in 2014. The sales increases were primarily driven by share gains in the Core Laboratory markets in the U.S. and internationally. 2015 and 2014 sales of immunochemistry products, the largest category in this segment, reflect continued execution of Abbott's strategy to deliver integrated solutions to large healthcare customers.

Excluding the unfavorable impact of foreign exchange, total Vascular Products sales grew 1.3% in 2015 and were virtually flat in 2014. In 2015, growth of Abbott's *MitraClip* structural heart product, its Endovascular business, including the *Supera* peripheral stent, and the *Absorb* bioresorbable vascular scaffold in various international markets was almost entirely offset by continued pricing pressures in DES products.

Abbott has periodically sold product rights to non-strategic products and has recorded the related gains in net sales in accordance with Abbott's revenue recognition policies as discussed in Note 1 to the consolidated financial statements. Related net sales were not significant in 2015, 2014 and 2013.

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

Operating Earnings

Gross profit margins were 54.2 percent of net sales in 2015, 51.7 percent in 2014 and 50.2 percent in 2013. The gross profit margin improvement in 2015 reflects higher margins in the Nutritional, Diagnostics, and Vascular Products segments.

In the U.S., states receive price rebates from manufacturers of infant formula under the federally subsidized Special Supplemental Nutrition Program for Women, Infants, and Children. There are also rebate programs for pharmaceutical products in numerous countries. These rebate programs continue to have a negative effect on the gross profit margins of the Nutritional and Established Pharmaceutical Products segments.

Research and development expense was $1.405 billion in 2015, $1.345 billion in 2014, and $1.371 billion in 2013 and represented a 4.5 percent increase in 2015, and a 1.9 percent decrease in 2014. The 2015 increase in research and development expenses was primarily due to higher spending across various businesses. In 2015, research and development expenditures totaled $474 million for the

Diagnostics Products segment, $239 million for the Vascular Products segment, $206 million for the Nutritional Products segment, and $137 million for the Established Pharmaceutical Products segment.

Selling, general and administrative expenses increased 3.9 percent in 2015 and 2.5 percent in 2014 versus the respective prior year. The 2015 increase reflects the impact of the CFR and Veropharm acquisitions, partially offset by the impact of cost improvement initiatives and the favorable impact of foreign exchange. The 2014 increase reflects an increase in restructuring costs associated with cost reduction initiatives and deal and other expenses related to recent acquisitions, partially offset by continued prudent cost management.

Business Acquisitions

In August 2015, Abbott completed the acquisition of the equity of Tendyne Holdings, Inc. (Tendyne) that Abbott did not already own for approximately $225 million in cash plus additional payments up to $150 million to be made upon completion of certain regulatory milestones. The acquisition of Tendyne, which is focused on developing minimally invasive mitral valve replacement therapies, allows Abbott to broaden its foundation in the treatment of mitral valve disease. The preliminary allocation of the fair value of the acquisition resulted in non-deductible acquired in-process research and development of approximately $220 million, which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation, non-deductible goodwill of approximately $142 million, other assets of approximately $13 million, net deferred tax liabilities of approximately $80 million, and contingent consideration of approximately $70 million. The preliminary allocation of fair value of the above acquisition will be finalized when the valuation is completed.

In September 2014, Abbott completed the acquisition of the controlling interest in CFR Pharmaceuticals S.A. (CFR) for approximately $2.9 billion in cash ($2.8 billion net of CFR cash on hand at closing). Including the assumption of approximately $570 million of debt, the total cost of the acquisition was $3.4 billion. The acquisition of CFR more than doubles Abbott's branded generics pharmaceutical presence in Latin America and further expands its presence in emerging markets. CFR's financial results are included in Abbott's financial statements beginning on September 26, 2014, the date that Abbott acquired control of this business. Abbott currently owns 99.9% of the outstanding ordinary shares of CFR. The fair value of the non-controlling interest at the acquisition date was approximately $3 million. The acquisition was funded with cash and cash equivalents and short-term investments. The final allocation of the fair value of the acquisition is shown in the table below.

(in billions)		
Acquired intangible assets, non-deductible	$	1.87
Goodwill, non-deductible		1.42
Acquired net tangible assets		0.03
Deferred income taxes recorded at acquisition		(0.40)
Total final allocation of fair value	$	2.92

Acquired intangible assets consist primarily of product rights for currently marketed products and are amortized over 12 to 16 years (average of 15 years). The goodwill is primarily attributable to intangible assets that do not qualify for separate recognition. The goodwill is identifiable to the Established Pharmaceutical Products segment. The acquired tangible assets consist primarily of cash and cash equivalents of approximately $94 million, trade accounts receivable of approximately $180 million, inventory of approximately $169 million, other current assets of approximately $51 million, property and equipment of approximately $210 million, and other long-term assets of approximately $145 million. Assumed liabilities consist of borrowings of approximately $570 million, trade accounts payable and other current liabilities of approximately $240 million and other non-current liabilities of approximately $14 million. Net sales for CFR Pharmaceuticals totaled approximately $750 million in 2015.

In December 2014, Abbott acquired control of Veropharm, a leading Russian pharmaceutical company for approximately $315 million excluding assumed debt, plus a subsequent $5 million payment related to a working capital adjustment. Through this acquisition, Abbott establishes a manufacturing footprint in Russia and obtains a portfolio of medicines that is well aligned with Abbott's current pharmaceutical therapeutic areas of focus. Abbott acquired control of Veropharm through its purchase of Limited Liability Company Garden Hills, the holding company that owns approximately 98 percent of Veropharm. Including the assumption of approximately $90 million of debt and a non-controlling interest with a fair value of $5 million, the total value of the acquired business was approximately $415 million. The final allocation of the fair value of the acquisition resulted in definite-lived non-deductible intangible assets of approximately $100 million, non-deductible goodwill of approximately $140 million, and net deferred tax liabilities of approximately $25 million. Non-deductible goodwill is identifiable with the Established Pharmaceutical Products segment. Additionally, Abbott acquired property, plant, and equipment of approximately $150 million, accounts receivable of approximately $45 million, inventory of approximately $25 million, and net liabilities of approximately $20 million. Acquired intangible assets consist of developed technology and are being amortized over 16 years. In 2015, Abbott acquired the remaining shares of Veropharm, increasing its ownership to 100 percent.

In December 2014, Abbott completed the acquisition of Topera, Inc. for approximately $250 million in cash, plus additional payments up to $300 million to be made upon completion of certain regulatory and sales milestones. The acquisition of Topera provides Abbott a foundational entry in the electrophysiology market. The final allocation of the fair value of the acquisition resulted in non-deductible acquired in-process research and development of approximately $60 million, which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation, non-deductible definite-lived intangible assets of approximately $215 million, non-deductible goodwill of approximately $145 million, net deferred tax liabilities of approximately $80 million, and contingent consideration of approximately $90 million. The fair value of the contingent consideration was determined based on an independent appraisal. Acquired intangible assets consist of developed technology and trademarks, and are being amortized over 17 years.

In August 2013, Abbott acquired 100 percent of IDEV Technologies, net of debt, for $310 million, in cash. The acquisition of IDEV Technologies expands Abbott's endovascular portfolio. The allocation of the fair value of the acquisition resulted in non-deductible acquired in-process research and development of approximately $170 million which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation, non-deductible definite-lived intangible assets of approximately $66 million, non-deductible goodwill of approximately $112 million and net deferred tax liabilities of $47 million. Acquired intangible assets consist of developed technology and are being amortized over 11 years.

In August 2013, Abbott acquired 100 percent of OptiMedica for $260 million, in cash, plus additional payments up to $150 million to be made upon completion of certain development, regulatory and sales milestones. The acquisition of OptiMedica provides Abbott with an immediate entry point into the laser assisted cataract surgery market. The allocation of the fair value of the acquisition resulted in non-deductible definite-lived intangible assets of approximately $160 million, non-deductible acquired in-process research and development of approximately $60 million which is accounted for as an indefinite-lived intangible asset until regulatory approval or discontinuation, non-deductible goodwill of approximately $130 million, net deferred tax liabilities of $49 million and contingent consideration of approximately $70 million. The fair value of the contingent consideration was determined based on an independent appraisal. Acquired intangible assets consist primarily of developed technology that is being amortized over 18 years.

Had the aggregate in each year of the above acquisitions taken place as of the beginning of the comparable prior annual reporting period, consolidated net sales and earnings would not have been significantly different from reported amounts.

Restructurings

In 2015 and 2014, Abbott management approved plans to streamline operations in order to reduce costs and improve efficiencies in various Abbott businesses including the nutritional, established pharmaceuticals and vascular businesses. Abbott recorded employee-related severance and other charges of approximately $95 million in 2015 and $164 million in 2014. Approximately $18 million in 2015 and $20 million in 2014 are recorded in Cost of products sold, approximately $34 million in 2015 and $53 million in 2014 are recorded in Research and development and approximately $43 million in 2015 and $91 million in 2014 are recorded in Selling, general and administrative expense. Additional charges of approximately $45 million in 2015 and $39 million in 2014 were recorded primarily for accelerated depreciation.

From 2013 to 2015, Abbott management approved various plans to reduce costs and improve efficiencies across various functional areas. In 2013, Abbott management also approved plans to streamline certain manufacturing operations in order to reduce costs and improve efficiencies in Abbott's established pharmaceuticals business. In 2012, Abbott management approved plans to streamline various commercial operations in order to reduce costs and improve efficiencies in Abbott's core diagnostics, established pharmaceuticals and nutritionals businesses. Abbott recorded employee-related severance charges of approximately $66 million in 2015, $125 million in 2014 and $78 million in 2013. Approximately $9 million in 2015, $7 million in 2014 and $14 million in 2013 are recorded in Cost of products sold, approximately $2 million in 2015 and $6 million in 2014 are recorded in Research and development, and approximately $55 million in 2015, $112 million in 2014 and $32 million in 2013 are recorded in Selling, general and administrative expense. The remaining charge of $32 million in 2013 is related to Abbott's developed market established pharmaceutical business and is being recognized in the results of discontinued operations. Additional charges of approximately $4 million in 2013 were also recorded primarily for accelerated depreciation.

In 2013 and prior years, Abbott management approved plans to streamline global manufacturing operations, reduce overall costs and improve efficiencies in its worldwide pharmaceutical, vascular and core diagnostics businesses as well as selected domestic and international commercial and research and development operations. Abbott recorded charges for employee severance as well as for the impairment of manufacturing facilities and other assets. In 2013 Abbott recorded employee severance charges of approximately $11 million which was classified as cost of products sold. An additional $41 million was recorded in 2013 relating to these restructurings, primarily for accelerated depreciation.

Interest Expense and Interest (Income)

In 2015, interest expense increased due to the issuance of $2.5 billion of long-term debt during the year. In 2014, interest expense increased due to a higher level of short-term borrowings during the year. In 2013, interest expense decreased due to a lower level of borrowings, which resulted from the transfer of approximately $14.6 billion of debt to AbbVie as part of the separation. Interest income increased in 2015 and 2014 due to a higher return earned on short-term investments during the year.

Other (Income) Expense, net

Other (income) expense, net, for 2015 includes a pretax gain on the sale of a portion of the Mylan N.V. shares received through the sale of the developed markets branded generics pharmaceuticals business and income resulting from a decrease in the fair value of contingent consideration related to a business acquisition; 2014 includes charges associated with the impairment of certain equity investments partially offset by gains on sales of investments. 2013 includes gains on sales of investments.

Net Loss on Extinguishment of Debt

In 2014, Abbott extinguished approximately $500 million of long-term debt assumed as part of the CFR Pharmaceuticals acquisition and incurred a cost of $18.3 million to extinguish this debt.

Taxes on Earnings

The income tax rates on earnings from continuing operations were 18.1 percent in 2015, 31.6 percent in 2014 and 2.6 percent in 2013. In 2015, taxes on earnings from continuing operations includes $71 million of tax expense related to gain on the disposal of shares of Mylan N.V. stock. The 2015 effective tax rate includes the impact of the R&D tax credit that was made permanent in the U.S. by the Protecting Americans from Tax Hikes Act of 2015. In 2014, taxes on earnings from continuing operations include $440 million of tax expense associated with a one-time repatriation of 2014 non-U.S. earnings partially offset by $125 million of tax benefits related to the resolution of various tax positions and the adjustment of tax uncertainties from prior years. 2013 taxes on earnings from continuing operations include $230 million of tax benefit related to the resolution of various tax positions from previous years. In addition, as a result of the American Taxpayer Relief Act of 2012 signed into law in January 2013, Abbott recorded a tax benefit to taxes on continuing operations of approximately $103 million in 2013 for the retroactive extension of the research tax credit and the look-through rules of section 954(c)(6) of the Internal Revenue Code to the beginning of 2012.

Exclusive of these discrete items, tax expense was favorably impacted by lower tax rates and tax exemptions on foreign income primarily derived from operations in Puerto Rico, Switzerland, Ireland, the Netherlands, and Singapore. Abbott benefits from a combination of favorable statutory tax rules, tax rulings, grants, and exemptions in these tax jurisdictions. See Note 14 to the consolidated financial statements for a full reconciliation of the effective tax rate to the U.S. federal statutory rate.

2015 tax expense related to discontinued operations includes $667 million of tax expense on certain current-year funds earned outside of the U.S. that were not designated as permanently reinvested overseas. Abbott accrued U.S. taxes on approximately $2.2 billion of 2014 earnings generated outside the U.S. in connection with a repatriation of these earnings. In addition to the $440 million of tax expense discussed above, the repatriation resulted in $82 million of additional tax expense in Abbott's 2014 income from discontinued operations. Abbott expects to accelerate the utilization of deferred tax assets and therefore cash taxes due in the U.S. on this repatriation are not expected to be material.

Discontinued Operations and Separation of AbbVie Inc.

On February 27, 2015, Abbott completed the sale of its developed markets branded generics pharmaceuticals business to Mylan Inc. (Mylan) for equity ownership of a newly formed entity (Mylan N.V.) that combined Mylan's existing business and Abbott's developed markets pharmaceuticals business. Mylan N.V. is publicly traded. Historically, this business was included in Abbott's Established Pharmaceutical Products segment. At the date of the closing, the 110 million Mylan N.V. shares that Abbott received were valued at $5.77 billion and Abbott recorded an after -tax gain on the sale of the business of approximately $1.6 billion. Abbott retained its branded generics pharmaceuticals business in emerging markets. At the close of this transaction, Abbott and Mylan entered into a transition services agreement pursuant to which Abbott and Mylan are providing various back office support services to each other on an interim transitional basis. Transition services may be provided for up to 2 years. Charges by Abbott under this transition services agreement are recorded as a reduction of the costs to provide the respective service in the applicable expense category in the Consolidated Statement of Earnings. This transitional support does not constitute significant continuing involvement in Mylan's operations. Abbott also entered into manufacturing supply agreements with Mylan related to certain products, with the supply term ranging from 3 to 10 years and requiring a 2 year notice prior to termination. The cash flows associated with these transition services and manufacturing supply agreements are not expected to be

significant, and therefore, these cash flows are not direct cash flows of the disposed component under Accounting Standards Codification 205.

On February 10, 2015, Abbott completed the sale of its animal health business to Zoetis Inc.

As a result of the disposition of the above businesses, the current and prior years' operating results of these businesses up to the date of sale are reported as part of discontinued operations on the Earnings from Discontinued Operations, net of taxes line in the Consolidated Statement of Earnings. Discontinued operations include an allocation of interest expense assuming a uniform ratio of consolidated debt to equity for all of Abbott's historical operations.

On January 1, 2013, Abbott completed the separation of AbbVie Inc. (AbbVie), which was formed to hold Abbott's research-based proprietary pharmaceuticals business. Abbott has received a ruling from the Internal Revenue Service that the separation qualifies as a tax-free distribution to Abbott and its U.S. shareholders for U.S. federal income tax purposes.

For a small portion of AbbVie's operations, the legal transfer of AbbVie's assets (net of liabilities) did not occur with the separation of AbbVie on January 1, 2013 due to the time required to transfer marketing authorizations and other regulatory requirements in each of these countries. Under the terms of the separation agreement with Abbott, AbbVie is subject to the risks and entitled to the benefits generated by these operations and assets. The majority of these operations were transferred to AbbVie in 2013 and 2014. These assets and liabilities have been presented as held for disposition in the Consolidated Balance Sheet. At December 31, 2015, the assets and liabilities held for disposition consist of cash and trade accounts receivable of $54 million, inventories of $43 million, other assets of $10 million, and trade accounts payable and accrued liabilities of $373 million. Abbott has recorded a prepaid asset of $266 million for its obligation to transfer these net liabilities held for disposition to AbbVie.

Abbott has retained all liabilities for all U.S. federal and foreign income taxes on income prior to the separation, as well as certain non-income taxes attributable to AbbVie's business. AbbVie generally will be liable for all other taxes attributable to its business. In 2015, 2014 and 2013, discontinued operations include a favorable adjustment to tax expense of $4 million, $166 million and $193 million, respectively, as a result of the resolution of various tax positions pertaining to AbbVie's operations.

The operating results of Abbott's developed markets branded generics pharmaceuticals and animal health businesses as well as the income tax expense related to the businesses transferred to AbbVie, which are being reported as discontinued operations are as follows:

	Year Ended December 31		
(in millions)	**2015**	**2014**	**2013**
Net Sales			
Developed markets generics pharmaceuticals and animal health businesses	$ 256	$ 2,076	$ 2,191
AbbVie			
Total	$ 256	$ 2,076	$ 2,191
Earnings Before Tax			
Developed markets generics pharmaceuticals and animal health businesses	$ 13	$ 505	$ 480
AbbVie			
Total	$ 13	$ 505	$ 480
Net Earnings			
Developed markets generics pharmaceuticals and animal health businesses	$ 62	$ 397	$ 395
AbbVie	3	166	193
Total	$ 65	$ 563	$ 588

Research and Development Programs

Abbott currently has numerous pharmaceutical, medical devices, diagnostic and nutritional products in development.

Research and Development Process

In the Established Pharmaceuticals segment, the development process focuses on the geographic expansion and continuous improvement of the segment's existing products to provide benefits to patients and customers. As Established Pharmaceuticals does not actively pursue primary research, development usually begins with work on existing products or after the acquisition of an advanced stage licensing opportunity.

Depending upon the product, the phases of development may include:

Drug product development.

Phase I bioequivalence studies to compare a future Established Pharmaceutical's brand with an already marketed compound with the same active pharmaceutical ingredient (API).

Phase II studies to test the efficacy of benefits in a small group of patients.

Phase III studies to broaden the testing to a wider population that reflects the actual medical use.

Phase IV and other post-marketing studies to obtain new clinical use data on existing products within approved indications.

The specific requirements (e.g. scope of clinical trials) for obtaining regulatory approval vary across different countries and geographic regions. The process may range from one year for a bioequivalence study project to 6 or more years for complex formulations, new indications, or geographic expansion in specific countries, such as China.

In the Diagnostics segment, the phases of the research and development process include:

Discovery which focuses on identification of a product that will address a specific therapeutic area, platform, or unmet clinical need.

Concept/Feasibility during which the materials and manufacturing processes are evaluated, testing may include product characterization and analysis is performed to confirm clinical utility.

Development during which extensive testing is performed to demonstrate that the product meets specified design requirements and that the design specifications conform to user needs and intended uses.

The regulatory requirements for diagnostic products vary across different countries and geographic regions. In the U.S., the FDA classifies diagnostic products into classes (I, II, or III) and the classification determines the regulatory process for approval. While the Diagnostics segment has products in all three classes, the vast majority of its products are categorized as Class I or Class II. Submission of a separate regulatory filing is not required for Class I products. Class II devices typically require pre-market notification to the FDA through a regulatory filing known as a 510(k) submission. Most Class III products are subject to the FDA's Pre-Marketing Approval (PMA) requirements. Other Class III products, such as those used to screen blood, require the submission and approval of a Biological License Application (BLA).

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

In the Vascular segment, the research and development process begins with research on a specific technology that is evaluated for feasibility and commercial viability. If the research program passes that hurdle, it moves forward into development. The development process includes evaluation and selection of a product design, completion of clinical trials to test the product's safety and efficacy, and validation of the manufacturing process to demonstrate its repeatability and ability to consistently meet pre-determined specifications.

Similar to the diagnostic products discussed above, in the U.S., vascular products are classified as Class I, II, or III. Most of Abbott's vascular products are classified as Class II devices that follow the 510(k) regulatory process or Class III devices that are subject to the PMA process.

In the EU, vascular products are also categorized into different classes and the regulatory process, which is governed by the European Medical Device Directive, varies by class. Each product must bear a CE mark to show compliance with the Directive. Some products require submission of a design dossier to the appropriate regulatory authority for review and approval prior to CE marking of the device. For other products, the company is required to prepare a technical file which includes testing results and clinical evaluations but can self-certify its ability to apply the CE mark to the product. Outside the U.S. and the EU, the regulatory requirements vary across different countries and regions.

After approval and commercial launch of some vascular products, post-market trials may be conducted either due to a conditional requirement of the regulatory market approval or with the objective of proving product superiority.

In the Nutritional segment, the research and development process generally focuses on identifying and developing ingredients and products that address the nutritional needs of particular populations (e.g., infants, athletes) or patients (e.g., people with diabetes). Depending upon the country and/or region, if claims regarding a product's efficacy will be made, clinical studies typically must be conducted.

In the U.S., the FDA requires that it be notified of proposed new formulations and formulation or packaging changes related to infant formula products. Prior to the launch of an infant formula or product packaging change, the company is required to obtain the FDA's confirmation that it has no objections to the proposed product or packaging. For other nutrition products, notification or pre-approval from the FDA is not required unless the product includes a new food additive. In some countries, regulatory approval may be required for certain nutritional products, including infant formula and medical nutritional products.

Areas of Focus

In 2016 and beyond, Abbott's significant areas of therapeutic focus will include the following:

Established Pharmaceuticals Abbott focuses on building country specific portfolios made up of global and local pharmaceutical brands that best meet the needs of patients in each country. More than 300 branded generic development projects are active for one or several emerging markets. Over the next several years, Established Pharmaceuticals plans to expand its product portfolio in its key markets through the development and launch of new branded generics with the aim to be among the first to market with a new branded generic for a particular pharmaceutical product, further geographic expansion of existing brands, new product enhancements, and strategic licensing activities. Abbott is also actively working on the further development of several key brands such as Creon, Duphaston and Influvac. Depending on the product, the development activities focus on new data, markets, formulations, combinations or indications.

Vascular Ongoing projects in the pipeline include:

Absorb, the world's first drug eluting bioresorbable vascular scaffold (BVS) device for the treatment of coronary artery disease that is gradually resorbed into the vessel wall. *Absorb GT1* received CE approval and was launched in the second quarter of 2015. Abbott filed for regulatory approval in the U.S. and Japan in the second quarter of 2015. In 2015, Abbott also released clinical results which demonstrated similarity to the Xience metallic drug-eluting stent (DES) at one year through randomized non-inferiority studies. Abbott is also actively working on the development of future generations of BVS technologies.

MitraClip device for the treatment of mitral regurgitation (MR). *MitraClip* is available in the U.S., Europe, parts of Asia, the Middle East and Latin America for patients who are at prohibitive risk for mitral valve surgery. Abbott continued clinical development of the *MitraClip* therapy including the COAPT trial, a prospective, randomized trial in the United States that will evaluate the impact of *MitraClip* treatment for an expanded indication. In addition, Abbott continues to work on the development of next generation systems for the treatment of MR.

Supera self-expanding nitinol stent system which was acquired as part of the acquisition of IDEV Technologies in August 2013. With its proprietary interwoven wire technology, *Supera* is designed based on biomimetic principles to mimic the body's natural movement. *Supera* is available in the U.S., Europe, and various countries in Asia, the Middle East and Latin America for the treatment of blockages in blood vessels due to peripheral artery disease, with expanded size matrix approved in the U.S. Abbott is developing *Supera*'s next generation delivery system.

Abbott is also developing future versions of metallic DES, guide wires and balloon delivery catheters. *Armada 18*, Abbott's new peripheral Percutaneous transluminal angioplasty balloon catheter for the treatment of challenging cases in the superficial femoral artery and below the knee categories, received CE approval and was launched in the third quarter of 2015.

Medical Optics Abbott is developing a number of new products which are designed to enhance surgical efficiency and/or improve visual outcomes for patients undergoing cataract and LASIK surgery. In 2015, Abbott launched the TECNIS® Monofocal 1-Piece intraocular lens (IOL) with the TECNIS iTec Preloaded Delivery System in the U.S. The TECNIS iTec Preloaded Delivery System is designed to provide

an additional level of safety and surgical efficiency to the outcomes already provided by the TECNIS® Monofocal 1-Piece IOL. The TECNIS® Multifocal Low Add products were launched in the U.S. and provide surgeons the ability to customize treatment based on the patient's vision needs and lifestyle. The WHITESTAR *Signature*® Pro phacoemulsification system for removal of cataracts was approved and launched in the U.S.; this system includes a first of its kind application designed for iPad® mobile digital devices that gives surgeons the opportunity to download and analyze data to improve surgical efficiency. The iDESIGN® Advanced WaveScan Studio System was launched in the U.S. and China; this system provides a high-definition scan of the eye that can be used to create a personalized LASIK treatment plan based on the unique "blueprint" of each person's eyes.

In 2016, Abbott will continue to develop next generation equipment and consumables, including improvements to the LASIK platform with upgrades to its iDesign system and a new Eximer Laser, as well as upgrades to the Catalys laser cataract surgery system. Abbott will seek approval to launch existing products into new markets to better leverage its product portfolio.

Molecular Diagnostics Various new molecular in vitro diagnostic (IVD) products and next generation instrument systems are in various stages of development and commercialization. Abbott's companion diagnostic program includes collaborative efforts with multiple major pharmaceutical companies.

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

Diabetes Care In 2015, Abbott completed its clinical outcome trial, Replace, for its FreeStyle Libre Flash Glucose Monitoring System in people with Type 2 diabetes. The system eliminates the need for routine finger pricks by reading glucose levels through a sensor that can be worn on the back of the upper arm for up to 14 days. The FreeStyle Libre System also requires no finger pricks for calibration. In 2014, Abbott received CE Mark in Europe for the FreeStyle Libre System and in 2015 it also received CE Mark for an indication for children and young people with diabetes ages 4-17 years old. FreeStyle Libre Pro, which is designed to be used by healthcare professionals in a clinic setting, was launched to patients in India and the PMA for FreeStyle Libre Pro was submitted in the U.S.

Nutrition Abbott is focusing its research and development spend on platforms that span the pediatric, adult and performance nutrition areas: gastro intestinal health, brain health, mobility and metabolism, and user experience platforms. Numerous new products that build on advances in these platforms are currently under development, including clinical outcome testing, and are expected to be launched over the coming years.

Given the diversity of Abbott's business, its intention to remain a broad-based healthcare company and the numerous sources for potential future growth, no individual project is expected to be material to cash flows or results of operations over the next five years. Factors considered included research and development expenses projected to be incurred for the project over the next year relative to Abbott's total research and development expenses as well as qualitative factors, such as marketplace perceptions and impact of a new product on Abbott's overall market position. There were no delays in Abbott's 2015 research and development activities that are expected to have a material impact on operations.

While the aggregate cost to complete the numerous projects currently in development is expected to be material, the total cost to complete will depend upon Abbott's ability to successfully complete each project, the rate at which each project advances, and the ultimate timing for completion. Given the potential for significant delays and the high rate of failure inherent in the development of pharmaceutical, medical device and diagnostic products and technologies, it is not possible to accurately estimate the total cost to complete all projects currently in development. Abbott plans to manage its portfolio of projects to achieve research and development spending equal to approximately 6 percent to 7 percent of sales each

year. Abbott does not regularly accumulate or make management decisions based on the total expenses incurred for a particular development phase in a given period.

Goodwill

At December 31, 2015, goodwill recorded as a result of business combinations totaled $9.6 billion. Goodwill is reviewed for impairment annually in the third quarter or when an event that could result in an impairment occurs, using a quantitative assessment to determine whether it is more likely than not that the fair value of any reporting unit is less than its carrying amount. The income and market approaches are used to calculate the fair value of each reporting unit. The results of the last impairment test indicated that the fair value of each reporting unit was substantially in excess of its carrying value except for the Medical Optics unit. Goodwill related to the Medical Optics unit totals approximately $2 billion. While the fair value of the Medical Optics unit exceeds its carrying value by approximately 15%, various factors could develop and result in a valuation in the future where the fair value of the Medical Optics unit has declined below its carrying value, thereby triggering the requirement to estimate the implied fair value of the goodwill and measure for impairment. These factors include a lower than projected growth rate for the business, longer regulatory approval timelines for products currently under development, and the negative impact of foreign currency movements as well as an increase in the discount rate used in the quantitative assessment.

Financial Condition

Cash Flow

Net cash from operating activities amounted to $3.0 billion, $3.7 billion and $3.3 billion in 2015, 2014 and 2013, respectively. The decrease in Net cash from operating activities in 2015 was due in large part to the divestiture of the developed market established pharmaceuticals business in February 2015 as well as an increase in contributions to defined benefit plans in 2015. The increase in Net cash from operating activities in 2014 was due to an improvement in operating results, as well as lower cash contributions to pension plans. Net cash from operating activities in 2013 reflects approximately $435 million of one-time net cash outflows related to the separation of AbbVie and $724 million of contributions to defined benefit pension plans. The income tax component of operating cash flow in 2015, 2014 and 2013 includes $70 million, $268 million and $427 million, respectively, of non-cash tax benefits primarily related to the favorable resolution of various tax positions pertaining to prior years; 2015 reflects the non-cash impact of approximately $1.1 billion of tax expense associated with the gain on sale of businesses and 2013 also includes a $103 million tax benefit for the retroactive impact of U.S. tax law changes, which is expected to be realized in future years.

While over 85% of the cash and cash equivalents at December 31, 2015 is considered reinvested indefinitely in foreign subsidiaries, Abbott does not expect such reinvestment to affect its liquidity and capital resources. If these funds were needed for operations in the U.S., Abbott may be required to accrue and pay U.S. income taxes to repatriate these funds. Abbott believes that it has sufficient sources of liquidity to support its assumption that the disclosed amount of undistributed earnings at December 31, 2015 can be considered to be reinvested indefinitely.

Abbott funded $579 million in 2015, $393 million in 2014 and $724 million in 2013 to defined benefit pension plans. Abbott expects pension funding of approximately $576 million in 2016 for its pension plans, of which approximately $470 million relates to its main domestic pension plans. Abbott expects annual cash flow from operating activities to continue to exceed Abbott's capital expenditures and cash dividends.

Debt and Capital

At December 31, 2015, Abbott's long-term debt rating was A+ by Standard & Poor's Corporation and A2 by Moody's Investors Service. As a result of the pending acquisition of Alere, Abbott's credit ratings

are under review and it is anticipated that the ratings will be adjusted to reflect the increased borrowings that will be incurred to finance the acquisition. Abbott has readily available financial resources, including unused lines of credit of $5.0 billion that support commercial paper borrowing arrangements which expire in 2019.

In March 2015, Abbott issued $2.5 billion of long-term debt that matures in 2020, 2022 and 2025 with fixed interest rates of 2.0 percent, 2.55 percent, and 2.95 percent, respectively. Proceeds from this debt were used to pay down short-term borrowings. Abbott also entered into interest rate swap contracts totaling $2.5 billion. These contracts have the effect of changing Abbott's obligation from a fixed interest rate to a variable interest rate obligation.

In 2014, Abbott redeemed approximately $500 million of long-term notes that were assumed as part of the acquisition of CFR Pharmaceuticals.

In September 2014, the board of directors authorized the repurchase of up to $3.0 billion of Abbott's common shares from time to time. The 2014 authorization was in addition to the $512 million unused portion of a previous program announced in June 2013. In 2015, Abbott repurchased 11.3 million shares at a cost of $512 million under the unused portion of the 2013 authorization and 36.2 million shares at a cost of $1.7 billion under the program authorized in 2014 for a total of 47.5 million shares at a cost of $2.2 billion. In 2014, Abbott repurchased 54.6 million shares at a cost of $2.1 billion under the program announced in June 2013. In 2013, Abbott repurchased 10.5 million shares at a cost of $388 million under the 2013 authorization and 33.0 million shares at a cost of $1.2 billion under a previous authorization for a total of 43.5 million shares at a cost of $1.6 billion.

Abbott declared dividends of $0.98 per share in 2015 compared to $0.90 per share in 2014, a 9% increase. Dividends paid were $1.443 billion in 2015 compared to $1.342 billion in 2014. The year-over-year change in dividends reflects the impact of the increase in the dividend rate.

Working Capital

The increase of cash and cash equivalents from $4.1 billion at December 31, 2014 to $5.0 billion at December 31, 2015 reflects the cash generated by operating activities as well as the proceeds from the sale of investment securities. Working capital was $5.0 billion at December 31, 2015 and $3.1 billion at December 31, 2014. The increase in working capital in 2015 was due to an increase in cash and cash equivalents and short-term investments and a decrease in short-term borrowings primarily due to the proceeds received related to the recent divestiture of businesses and the issuance of long-term debt.

Substantially all of Abbott's trade receivables in Italy, Spain, Portugal, and Greece are with governmental health systems. The collection of outstanding receivables in these countries improved in 2014 and has been stable in 2015. Governmental receivables in these four countries accounted for less than 1 percent of Abbott's total assets and 7 percent of total net trade receivables as of December 31, 2015, down from 9 percent as of December 31, 2014.

With the exception of Greece, Abbott historically has collected almost all of the outstanding receivables in these countries. Abbott continues to monitor the credit worthiness of customers located in these and other geographic areas and establishes an allowance against a trade receivable when it is probable that the balance will not be collected. In addition to closely monitoring economic conditions and budgetary and other fiscal developments in these countries, Abbott regularly communicates with its customers regarding the status of receivable balances, including their payment plans and obtains positive confirmation of the validity of the receivables. Abbott also monitors the potential for and periodically has utilized factoring arrangements to mitigate credit risk although the receivables included in such arrangements have historically not been a material amount of total outstanding receivables. If government funding were to become unavailable in these countries or if significant adverse changes in their reimbursement practices were to occur, Abbott may not be able to collect the entire balance.

Venezuela Operations

Since January 2010, Venezuela has been designated as a highly inflationary economy under U.S. GAAP. In 2014 and 2015, the government of Venezuela operated multiple mechanisms to exchange bolivars into U.S. dollars. These mechanisms included the CENCOEX, SICAD, and SIMADI rates, which stood at 6.3, 13.5, and approximately 200, respectively, at December 31, 2015. In 2015, Abbott continued to use the CENCOEX rate of 6.3 Venezuelan bolivars to the U.S. dollar to report the results, financial position, and cash flows related to its operations in Venezuela since Abbott continued to qualify for this exchange rate to pay for the import of various products into Venezuela.

Revenue from operations in Venezuela represented approximately 2% of Abbott's total net sales and pre-tax income totaled approximately $200 million in 2015 and $175 million in 2014. Abbott's sales in Venezuela primarily relate to the Nutritional and Established Pharmaceuticals segments. The economic uncertainty associated with Venezuela increased in 2015 due to the continued hyper-inflation and political uncertainty in the country and lower oil prices, among other factors. Abbott had net monetary assets that are subject to revaluation in Venezuela of approximately $440 million at December 31, 2015. Such assets are comprised primarily of cash.

On February 17, 2016, the Venezuelan government announced that the three-tier exchange rate system will be reduced to two rates and the official rate for food and medicine imports will be adjusted from 6.3 to 10 bolivars per U.S. dollar. As a result of the new 10 bolivars per U.S. dollar exchange rate, Abbott's net monetary assets in Venezuela will be subject to revaluation during the quarter ending March 31, 2016, which will result in recognition of a foreign currency exchange loss in that period. Based on Abbott's net monetary assets subject to revaluation at December 31, 2015, remeasuring these assets at a rate of 10 bolivars per U.S. dollar would result in a foreign currency loss of approximately $165 million.

Abbott cannot be certain that the Venezuelan government will not make further revisions to the official exchange rate in the future which could result in additional foreign currency losses. While Abbott intends to continue to sell medically critical products in this country, Abbott cannot predict the impact of continued hyper-inflation, low oil prices, and the new exchange rate system on the Venezuelan economy or on the future operating results and financial position of its business in this country.

Capital Expenditures

Capital expenditures of $1.1 billion in 2015, 2014 and 2013 were principally for upgrading and expanding manufacturing and research and development facilities and equipment in various segments, investments in information technology, and laboratory instruments placed with customers.

Contractual Obligations

The table below summarizes Abbott's estimated contractual obligations as of December 31, 2015.

	Payments Due By Period				
	Total	2016	2017-2018	2019-2020	2021 and Thereafter
			(in millions)		
Long-term debt, including current maturities	$ 5,814	$ 3	$ 3	$ 2,296	$ 3,512
Interest on debt obligations	3,077	239	477	366	1,995
Operating lease obligations	638	163	201	132	142
Capitalized auto lease obligations	45	15	30		
Purchase commitments (a)	1,919	1,822	65	32	
Other long-term liabilities	1,188		686	354	148
Total (b)	$ 12,681	$ 2,242	$ 1,462	$ 3,180	$ 5,797

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

(b) Net unrecognized tax benefits totaling approximately $600 million are excluded from the table above as Abbott is unable to reasonably estimate the period of cash settlement with the respective taxing authorities on such items. See Note 14 Taxes on Earnings from Continuing Operations for further details. The company has employee benefit obligations consisting of pensions and other postemployment benefits, including medical and life, which have been excluded from the table. A discussion of the company's pension and postretirement plans, including funding matters is included in Note 13 Post-employment Benefits.

Contingent Obligations

Abbott has periodically entered into agreements with other companies in the ordinary course of business, such as assignment of product rights, which has resulted in Abbott becoming secondarily liable for obligations that Abbott was previously primarily liable. Since Abbott no longer maintains a business relationship with the other parties, Abbott is unable to develop an estimate of the maximum potential amount of future payments, if any, under these obligations. Based upon past experience, the likelihood of payments under these agreements is remote. In addition, Abbott periodically acquires a business or product rights in which Abbott agrees to pay contingent consideration based on attaining certain thresholds or based on the occurrence of certain events.

Legislative Issues

Abbott's primary markets are highly competitive and subject to substantial government regulations throughout the world. Abbott expects debate to continue over the availability, method of delivery, and payment for health care products and services. It is not possible to predict the extent to which Abbott or the health care industry in general might be adversely affected by these factors in the future. A more complete discussion of these factors is contained in Item 1, Business, and Item 1A, Risk Factors.

Recently Issued Accounting Standards

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-01, Financial Instruments Recognition and Measurement of Financial Assets and Financial Liabilities, which provides new guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. The standard becomes effective for Abbott beginning in the first quarter of 2018 and early adoption is permitted. Abbott is currently evaluating the effect, if any, that the standard will have on its consolidated financial statements and related disclosures.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*, which requires entities to classify all deferred tax assets and liabilities as non-current on the balance sheet. The standard may be adopted on either a prospective or retrospective basis. The standard is effective for fiscal years beginning after December 15, 2016, and early adoption is permitted. Effective December 31, 2015, Abbott adopted ASU 2015-17 and applied the new standard retrospectively. As a result of applying ASU 2015-17 to the previously reported Consolidated Balance Sheet as of December 31, 2014, Deferred income taxes within the Total Current Assets line decreased and the Deferred income taxes and other assets line increased by approximately $1.7 billion, respectively; Other accrued liabilities within the Total Current Liabilities line decreased by $65 million and the Post-employment obligations and other long-term liabilities line increased by $12 million. Reclassification of the deferred tax balances from current to noncurrent affected the netting of these balances as a deferred tax asset or liability in various jurisdictions.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. This ASU, which is effective for fiscal years and interim periods beginning after December 15, 2015, requires debt issuance costs to be presented in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Early adoption is permitted and retrospective application is required. Effective December 31, 2015, Abbott adopted ASU 2015-03 and the Consolidated Balance Sheet was retrospectively adjusted to reflect the new presentation. The adoption of ASU 2015-03 did not have a material impact to Abbott's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive model for accounting for revenue from contracts with customers and will supersede most existing revenue recognition guidance. The standard becomes effective for Abbott in the first quarter of 2018. Abbott is currently evaluating the effect, if any, that the standard will have on its consolidated financial statements and related disclosures.

Private Securities Litigation Reform Act of 1995 A Caution Concerning Forward-Looking Statements

Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Abbott cautions investors that any forward-looking statements or projections made by Abbott, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Economic, competitive, governmental, technological and other factors that may affect Abbott's operations are discussed in Item 1A, Risk Factors.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Instruments and Risk Management

Market Price Sensitive Investments

The fair value of the available-for-sale equity securities held by Abbott was approximately $3.8 billion and $9 million as of December 31, 2015 and 2014, respectively. The increase is due primarily to the shares of Mylan N.V. that Abbott received in the sale of its developed markets branded generics pharmaceuticals business and that it continued to hold at December 31, 2015. All available-for-sale equity securities are subject to potential changes in fair value. A hypothetical 20 percent decrease in the share prices of these investments would decrease their fair value at December 31, 2015 by approximately $750 million. Abbott monitors these investments for other than temporary declines in fair value, and charges impairment losses to income when an other than temporary decline in fair value occurs.

Non-Publicly Traded Equity Securities

Abbott holds equity securities from strategic technology acquisitions that are not traded on public stock exchanges. The carrying value of these investments was approximately $120 million and $100 million as of December 31, 2015 and 2014, respectively. No individual investment is recorded at a value in excess of $25 million. Abbott monitors these investments for other than temporary declines in market value, and charges impairment losses to income when an other than temporary decline in estimated fair value occurs.

Interest Rate Sensitive Financial Instruments

At December 31, 2015 and 2014, Abbott had interest rate hedge contracts totaling $4.0 billion and $1.5 billion, respectively, to manage its exposure to changes in the fair value of debt. The effect of these hedges is to change the fixed interest rate to a variable rate for the portion of the debt that is hedged. Abbott does not use derivative financial instruments, such as interest rate swaps, to manage its exposure to changes in interest rates for its investment securities. At December 31, 2015, Abbott had $2.7 billion of domestic commercial paper outstanding with an average annual interest rate of 0.31% with an average remaining life of 27 days. The fair value of long-term debt at December 31, 2015 and 2014 amounted to $6.3 billion and $4.1 billion, respectively (average interest rates of 4.1% and 5.3% as of December 31, 2015 and 2014, respectively) with maturities through 2040. At December 31, 2015 and 2014, the fair value of current and long-term investment securities amounted to approximately $5.2 billion and $626 million, respectively. A hypothetical 100-basis point change in the interest rates would not have a material effect on cash flows, income or fair values. (A 100-basis point change is believed to be a reasonably possible near-term change in rates.)

Foreign Currency Sensitive Financial Instruments

Certain Abbott foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates for anticipated intercompany purchases by those subsidiaries whose functional currencies are not the U.S. dollar. These contracts are designated as cash flow hedges of the variability of the cash flows due to changes in foreign currency exchange rates and are marked-to-market with the resulting gains or losses reflected in Accumulated other comprehensive income (loss). Gains or losses will be included in Cost of products sold at the time the products are sold, generally within the next twelve to eighteen months. At December 31, 2015 and 2014, Abbott held $2.4 billion and $1.5 billion, respectively, of such contracts. Contracts held at December 31, 2015 will mature in 2016 or 2017 depending upon the contract. Contracts held at December 31, 2014 matured in 2015 or will mature in 2016 depending upon the contract.

Abbott enters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated intercompany loans and trade payables and third-party trade payables and

receivables. The contracts are marked-to-market, and resulting gains or losses are reflected in income and are generally offset by losses or gains on the foreign currency exposure being managed. At December 31, 2015 and 2014, Abbott held $14.0 billion and $14.1 billion, respectively, of such contracts, which generally mature in the next twelve months.

Abbott has designated foreign denominated short-term debt of approximately $439 million and approximately $445 million as of December 31, 2015 and 2014, respectively, as a hedge of the net investment in a foreign subsidiary. Accordingly, changes in the fair value of this debt due to changes in exchange rates are recorded in Accumulated other comprehensive income (loss), net of tax.

The following table reflects the total foreign currency forward contracts outstanding at December 31, 2015 and 2014:

	2015			2014		
	Contract Amount	Weighted Average Exchange Rate	Fair and Carrying Value Receivable/ (Payable)	Contract Amount	Weighted Average Exchange Rate	Fair and Carrying Value Receivable/ (Payable)
	(in millions)					
Primarily U.S. Dollars to be exchanged for the following currencies:						
Euro	$ 8,999	1.0943	$ 67	$ 7,574	1.2458	$ 19
British Pound	1,531	1.5098	6	1,295	1.5790	9
Japanese Yen	711	121.8078	(1)	2,258	115.0311	56
Canadian Dollar	312	1.2917	18	371	1.1197	13
All other currencies	4,880	N/A	(13)	4,064	N/A	31
Total	$ 16,433		$ 77	$ 15,562		$ 128

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Abbott Laboratories and Subsidiaries

Consolidated Statement of Earnings
(in millions except per share data)

	Year Ended December 31		
	2015	**2014**	**2013**
Net Sales	$ 20,405	$ 20,247	$ 19,657
Cost of products sold, excluding amortization of intangible assets	8,747	9,218	9,193
Amortization of intangible assets	601	555	588
Research and development	1,405	1,345	1,371
Selling, general and administrative	6,785	6,530	6,372
Total Operating Cost and Expenses	17,538	17,648	17,524
Operating Earnings	2,867	2,599	2,133
Interest expense	163	150	145
Interest income	(105)	(77)	(67)
Net loss on extinguishment of debt		18	
Net foreign exchange (gain) loss	(93)	(24)	46
Other (income) expense, net	(281)	14	(32)
Earnings from Continuing Operations Before Taxes	3,183	2,518	2,041
Taxes on Earnings from Continuing Operations	577	797	53
Earnings from Continuing Operations	2,606	1,721	1,988
Earnings from Discontinued Operations, net of taxes	65	563	588
Gain on sale of Discontinued Operations, net of taxes	1,752		
Net Earnings from Discontinued Operations, net of taxes	1,817	563	588
Net Earnings	$ 4,423	$ 2,284	$ 2,576
Basic Earnings Per Common Share			
Continuing Operations	$ 1.73	$ 1.13	$ 1.27
Discontinued Operations	1.21	0.37	0.37
Net Earnings	$ 2.94	$ 1.50	$ 1.64
Diluted Earnings Per Common Share			
Continuing Operations	$ 1.72	$ 1.12	$ 1.26
Discontinued Operations	1.20	0.37	0.36
Net Earnings	$ 2.92	$ 1.49	$ 1.62
Average Number of Common Shares Outstanding Used for Basic Earnings Per Common Share	1,496	1,516	