

Tax Information Regarding Acquisition of St. Jude Medical, Inc. by Abbott Laboratories

The following information provides a general explanation of the application of certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury regulations promulgated thereunder, with respect to the receipt by a shareholder of the Merger Consideration (defined below) in the mergers (defined below) and the effect thereon on the tax basis in St. Jude Medical, Inc. (“St. Jude”) common stock. This information does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Abbott Laboratories (“Abbott”) does not provide tax advice to its shareholders. The examples provided below are solely for illustrative purposes and as a convenience to St. Jude shareholders and their own tax advisors when establishing their specific tax positions.

If you did not receive the Merger Consideration for St. Jude common stock, you may disregard this notice. Additionally, this notice does not apply to St. Jude common shares sold, exchanged or otherwise disposed of prior to the time of the acquisition.

We urge you to consult your own tax advisor regarding the particular consequences to you of the receipt of the Merger Consideration and any cash in lieu of fractional shares of Abbott common stock, including the applicability and effect of all U.S. federal, state and local and non-U.S. tax laws. We also urge you to read the Form S-4 that Abbott filed with the Securities and Exchange Commission (“SEC”) on September 20, 2016, in particular the discussions on pages 187-190 under the heading “Material U.S. Federal Income Tax Consequences.” You may access the Information Statement on the SEC’s website at www.sec.gov or on Abbott’s website at www.abbottinvestor.com.

Merger of St. Jude and Abbott

Pursuant to an agreement entered into on April 27, 2016, St. Jude on January 4, 2017, merged with Vault Merger Sub, Inc., a direct wholly owned subsidiary of Abbott, with St. Jude surviving (the “merger”), and subsequently, on the same date, merged with and into Vault Merger Sub LLC, a direct wholly owned subsidiary of Abbott, with Vault Merger Sub LLC surviving (the “subsequent merger” and together with the merger, the “mergers”). In the merger, the St. Jude common stock was cancelled and extinguished and automatically converted into the right to receive (a) 0.8708 shares of Abbott common stock, and (b) \$46.75 in cash ((a) and (b) together, the “Merger Consideration”).

Abbott and St. Jude received written opinions from their respective counsel, each to the effect that for U.S. federal income tax purposes, the merger and the subsequent merger will be treated as a single integrated transaction that will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. As a consequence, it is expected that for U.S. federal income tax purposes, the merger and the subsequent merger will be treated as a single integrated transaction that will qualify as a “reorganization” within the meaning of Section 368(a) of the Code.

General U.S. Federal Income Tax Consequences

A St. Jude shareholder receiving the Merger Consideration generally will recognize gain but not loss, to the extent of the lesser of:

- (1) the sum of the fair market value of Abbott shares (see below) and cash received (excluding any cash received in lieu of a fractional share) by such shareholder in exchange for the St. Jude shares minus such shareholder's tax basis in the St. Jude shares; and
- (2) the amount of cash received (excluding any cash received in lieu of a fractional share).

In some cases, if a St. Jude shareholder actually or constructively owns Abbott shares other than shares of Abbott received in the Merger Consideration, the recognized gain could be treated as having the effect of a distribution of a dividend in which case such gain would be treated as dividend income.

A St. Jude shareholder that receives cash in lieu of a fractional share of Abbott common stock generally will be treated as having received such fractional share as Merger Consideration and then as having received the cash in exchange for such fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share of Abbott common stock.

Any gain (or loss with respect to a fractional share) recognized by a St. Jude shareholder generally will be long-term capital gain if the St. Jude shares exchanged for the Merger Consideration are held as a capital asset by the shareholder and as of January 4, 2017, the holding period for such shares is greater than one year.

Abbott believes it would be reasonable to base the fair market value of a share of Abbott stock received by a St. Jude shareholder in the Merger Consideration on the price of such share as of the close of business on January 4, 2017. Based on this approach, the fair market value of Abbott stock for purposes of determining gain of a St. Jude shareholder would be \$39.36. However, fair market value is generally a facts and circumstances determination, and it is possible that a different fair market value for Abbott shares could be utilized which would yield different results. Shareholders should consult their own tax advisors as to the particular tax consequences to them from receiving the Merger Consideration.

St. Jude shareholders, who acquired different blocks of St. Jude common stock at different times or different prices, should consult their tax advisor regarding the manner in which gain or loss should be determined, the character of that gain or loss and the basis in the shares of Abbott common stock received.

Tax Basis Information

Pursuant to Section 358 of the Code, each St. Jude shareholder will need to allocate their tax basis in St. Jude shares immediately before the mergers to the shares of Abbott common stock received in the Merger Consideration. The aggregate tax basis of the Abbott common stock received by each St. Jude shareholder (including fractional shares deemed received) will equal:

- (1) the aggregate tax basis of such shareholder's St. Jude shares surrendered, decreased by
- (2) the amount of cash received by such shareholder (excluding cash received in lieu of a fractional share), and increased by
- (3) (a) the amount, if any, which was treated as a dividend and (b) the amount of gain, if any, recognized by the shareholder on the receipt of the Merger Consideration (excluding gain recognized due to receiving cash in lieu of a fractional share).

Because less than one Abbott share is received by St. Jude shareholders in exchange for more than one share of St. Jude, a St. Jude shareholder's adjusted tax basis in a St. Jude share must be allocated to Abbott shares received in a manner that reflects, to the greatest extent possible, the basis in the St. Jude shares that were acquired on the same date and at the same price. To the extent it is not possible to allocate the adjusted tax basis in this manner, the adjusted tax basis of the St. Jude shares

surrendered must be allocated to the Abbott shares in a manner that minimizes the disparity in the holding periods of the St. Jude shares whose basis is allocated to any particular Abbott share received.

Abbott has posted an Internal Revenue Service Form 8937 (Report of Organizational Actions Affecting Basis of Securities) on the Abbott Laboratories website (available at www.abbottinvestor.com) to assist shareholders and their tax advisors. See the below for sample calculations of basis in Abbott common stock received in the mergers.

Example of Tax Basis Allocation

We provide below an example of the computation of gain and tax basis, discussed above, for two hypothetical St. Jude shareholders.

Facts

Shareholder A and Shareholder B each exchanged 100 St. Jude common shares for the Merger Consideration in the merger.

Shareholder A had acquired her shares in a single block at a price of \$20 per share (\$2,000 aggregate tax basis) and Shareholder B had acquired her shares in a single block at a price of \$60 per share (\$6,000 aggregate tax basis). At the time of the merger, the fair market value of an Abbott share is assumed to be \$39.36. In the merger, Shareholders A and B in exchange for their shares of St. Jude each became entitled to 87.08 shares of Abbott common stock (0.8708×100) having a total value of \$3,427.47 ($87.08 \times \39.36) and \$4,675 in cash ($\46.75×100). In lieu of a St. Jude shareholder receiving a fractional Abbott share, the aggregate fractional shares were sold by the exchange agent for \$40.81 per share and Shareholder A and Shareholder B each received \$3.26 ($0.08 \times \40.81) for their fractional Abbott share.

Computations

The chart below illustrates the determination of Shareholder A's and Shareholder B's gain from receiving the Merger Consideration and their tax basis in Abbott shares.

Step 1 - Total gain or loss realized in the merger	Shareholder A	Shareholder B
Cash received for shares exchanged	\$4,675.00	\$4,675.00
Value of Abbott shares received	\$3,427.47	\$3,427.47
Total value of cash and stock received	\$8,102.47	\$8,102.47
Less: Tax basis of St. Jude shares exchanged	(\$2,000.00)	(\$6,000.00)
Total gain realized	\$6,102.47	\$2,102.47
Step 2 - Taxable gain recognized in the merger		
(a) Total gain realized	\$6,102.47	\$2,102.47
(b) Total cash received	\$4,675.00	\$4,675.00
Taxable gain (lesser of (a) and (b))	\$4,675.00	\$2,102.47
Step 3 - Tax basis in Abbott shares received		
Tax basis of St. Jude shares exchanged	\$2,000.00	\$6,000.00
Less: Total cash received	(\$4,675.00)	(\$4,675.00)
Plus: Amount reported as taxable income	\$4,675.00	\$2,102.47
Tax basis in Abbott shares received	\$2,000.00	\$3,427.47
Number of Abbott shares deemed received	87.080	87.080
Tax basis per Abbott share received	\$22.967	\$39.360
Whole Abbott shares actually received	87	87
Aggregate tax basis in whole Abbott shares received	\$1,998.16	\$3,424.32
Step 4 - Taxable gain or loss recognized on Abbott fractional share		
Tax basis per Abbott share received	\$22.967	\$39.360
Abbott fractional shares received in cash	0.080	0.080
Tax basis in Abbott fractional shares in cash	\$1.84	\$3.15
Cash received in lieu of Abbott fractional shares	\$3.26	\$3.26
Less: Tax basis of Abbott fractional shares	(\$1.84)	(\$3.15)
Taxable gain or loss recognized on Abbott fractional shares	\$1.43	\$0.12

Significant Holders

Certain St. Jude shareholders who, immediately before the merger, owned 5% or more of the outstanding stock of St. Jude (by vote or value) and received the Merger Consideration, are also required to include a statement related to the mergers with their U.S. Federal income tax returns for the year in which the mergers occurred. A sample of this statement, "STATEMENT PURSUANT TO §1.368-3(b) BY [INSERT NAME AND TAXPAYER IDENTIFICATION NUMBER (IF ANY) OF TAXPAYER], A SIGNIFICANT HOLDER," is attached to this notice for your convenience.

Additional Information

The receipt of the Merger Consideration is reportable by each St. Jude shareholder in their tax year that includes January 4, 2017. Please see the Abbott Laboratories Form S-4/A filed with the Securities and Exchange Commission on September 20, 2016, for further general U.S. federal income tax consequences. Shareholders should consult their own tax advisors as to the particular tax consequences to them from receiving the Merger Consideration in the mergers.

STATEMENT PURSUANT TO §1.368-3(b) BY [INSERT NAME AND TAXPAYER IDENTIFICATION NUMBER (IF ANY) OF TAXPAYER], A SIGNIFICANT HOLDER

Pursuant to an agreement entered into on April 27, 2016, St. Jude Medical, Inc. (“St. Jude”), on January 4, 2017, merged with Vault Merger Sub, Inc., a direct wholly owned subsidiary of Abbott Laboratories (“Abbott”), with St. Jude surviving (the “merger”), and subsequently, on the same date, merged with and into Vault Merger Sub LLC, a direct wholly owned subsidiary of Abbott, with Vault Merger Sub LLC surviving (together with the merger, the “mergers”). In the merger, the St. Jude common stock was cancelled and extinguished and automatically converted into the right to receive (a) 0.8708 shares of Abbott common stock, and (b) \$46.75 in cash. For U.S. federal income tax purposes, the mergers will be treated as a single integrated transaction that will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”).

1. Names and employer identification number of the parties to the reorganization are:

Abbott Laboratories

EIN: 36-0698440

St. Jude Medical, Inc.

EIN: 41-1276891

2. The date of the reorganization was January 4, 2017.

3. The taxpayer transferred St. Jude common shares in the merger having an aggregate value of \$[insert aggregate value of St. Jude common shares immediately before the merger] and an aggregate tax basis of \$[insert aggregate tax basis of St. Jude common shares immediately before the merger]. The taxpayer transferred no securities in the merger and the election under section 362(e)(2)(c) of the Code was not applicable to the taxpayer.

THIS STATEMENT SHOULD BE ATTACHED TO YOUR 2017 U.S. FEDERAL INCOME TAX RETURN, IF A CALENDAR YEAR FILER.